

**PRESS RELEASE**

Toulouse, 19 September 2023 at 7 am

# ACTIA GROUP 2023 HALF-YEARLY RESULTS

ACTIA generated revenue of €288.7 million over the first half of 2023, an improvement of 16.2% compared with the same period in 2022. In line with its expectations for the year, the Group is enjoying a sustained level of business activity, even if the ongoing supply difficulties for certain components continue to limit production with a backlog of around ten million at end June 2023.

Over the first half of 2023, against a background of high inflation and a difficult labour market, EBITDA generated by ACTIA Group's continuing operations nevertheless rose by 3.3% to €20.7 million, or 7.2% of revenue. The effect of seasonality on sales, particularly for the SatCom business, is expected to create a significant improvement in the second half of 2023.

You will recall that ACTIA Group disposed of two non-strategic businesses in 2022 in order to concentrate its resources on embedded electronics for mobility and the management of energy, as well as strengthening its financial structure; gearing has thus been reduced to 156.1% compared with 218.4% at end June 2022. The disposals, coupled with ACTIA's ongoing efforts to adapt to the current environment, also contributed to the strong growth of operating income to €7.6 million, or 2.6% of revenue, compared to €3.5 million at end June 2022, or just 1.4% of revenue.

On 13 September 2023, ACTIA Group and Diadem, the parent company of STEEL Electronique, announced that they had entered into exclusive discussions to study the terms of merger with this Toulouse high-tech in the field of Space. The transaction, still subject to negotiation, would make it possible to create a leading industrial entity as a supplier of embedded electronics, essentially as a Tier 2 supplier in the areas of Aeronautics, Space and NewSpace, and Telecommunications (ground and embedded space systems).

Looking forward to 2025, the solid growth prospects for its portfolio of customers, as well as ACTIA Group's order book, continue to justify a revenue target in excess of €800 million, independently from any acquisition. For 2023, ACTIA continues to forecast revenue growth of more than 15%.

In € millions	H1 2023 (1)	H1 2022 adjusted	Change €m	% change	FY 2022 (IFRS 5)
<b>Revenue</b>	<b>288.7</b>	<b>248.5</b>	<b>+40.2</b>	<b>+16.2%</b>	<b>499.8</b>
<b>EBITDA continuing operations<sup>(2)</sup></b>	<b>20.7</b>	<b>20.0</b>	<b>+0.7</b>	<b>+3.3%</b>	<b>40.8</b>
<i>as a % of revenue</i>	<i>7.2%</i>	<i>8.1%</i>			<i>8.2%</i>
<b>Current operating income</b>	<b>8.1</b>	<b>3.3</b>	<b>+4.8</b>	<b>+143.6%</b>	<b>9.6</b>
<i>as a % of revenue</i>	<i>2.8%</i>	<i>1.3%</i>			<i>1.9%</i>
<b>Operating income</b>	<b>7.6</b>	<b>3.5</b>	<b>+4.2</b>	<b>+120.3%</b>	<b>9.8</b>
<i>as a % of revenue</i>	<i>2.6%</i>	<i>1.4%</i>			<i>2.0%</i>
<b>Financial result</b>	<b>(1.5)</b>	<b>(0.5)</b>	<b>(1.0)</b>	<b>(204.3%)</b>	<b>(7.7)</b>
<b>Income from continuing operations</b>	<b>2.3</b>	<b>3.6</b>	<b>(1.3)</b>	<b>(36.3%)</b>	<b>1.8</b>
Income from discontinued operations	(0.5)	(11.1)	+10.6	+95.8%	18.8
<b>Net income</b>	<b>1.8</b>	<b>(7.5)</b>	<b>+9.3</b>	<b>+124.0%</b>	<b>20.6</b>
<i>as a % of revenue</i>	<i>0.6%</i>	<i>(3.0%)</i>			<i>4.1%</i>
<b>Net income – Group share</b>	<b>1.4</b>	<b>(8.1)</b>	<b>+9.5</b>	<b>+117.2%</b>	<b>19.9</b>
<b>Total EBITDA<sup>(3)</sup></b>	<b>19.9</b>	<b>10.0</b>	<b>9.9</b>	<b>+98.9%</b>	<b>59.9</b>
<i>as a % of revenue</i>	<i>6.9%</i>	<i>4.0%</i>			<i>12.0%</i>
<b>Debt / Equity (Gearing)</b>	<b>156.1%</b>	<b>218.4%</b>	<b>-</b>	<b>-</b>	<b>153.7%</b>

(1) The interim financial statements for 2023 (1 January to 30 June 2023) were approved by the Board at the meeting held on 18 September 2023.

(2) EBITDA: Net income + tax + impairment of goodwill + interest and financial charges + provisions for depreciation +/- derivative financial instruments.

(3) Total EBITDA (including both continuing and discontinued operations) serves as the basis for calculating debt leverage ratios.

## 2023 CONSOLIDATED HALF-YEARLY RESULTS

*Revenue and activity by division for the period were covered in the press release of 2 August 2023.*

At 30 June 2023, ACTIA's total consolidated revenue amounted to €288.7 million, up 16.2% compared with the first half of 2022. With the exception of the SatCom and Aftermarket businesses (disposal in April 2022 of the Technical Inspection and garage equipment activities), all segments have progressed. The **Automotive Division** represented 85.4% of the Group's half-yearly revenues, a total of €246.6 million, up by 15.3% despite an unfavourable basis of comparison with the end of the light vehicle telematics contract having a negative impact on revenue of €11.7 million over the half year. The division generated EBITDA of €19.0 million, which grew by 8.6% even taking into account the measures taken in the first half to create a 'natural' hedge (by increasing sales in USD in the Euro zone) which were not enough, however, to fully offset the impact of the EUR/USD exchange rate on a strongly growing business. The **Telecoms Division** represented 14.5% of the Group's half-yearly revenues, a total of €41.9 million, up by 21.1%. The division generated EBITDA of €1.3 million, which declined by 56.9% due to the product mix over the period. Invoicing by the SatCom business is expected to be higher at the end of the year, thus helping to absorb the division's fixed costs.

ACTIA Group generated EBITDA from continuing operations of €20.7 million, an increase of 3.3%. The EBITDA margin was 7.2%. The increase in the value of the dollar had a negative impact of €3.7 million on first half 2023 EBITDA, a cost the natural hedging strategy could partially offset. Purchases consumed, at 55.4% of production over the period, or the same level as in 2022, were kept under control in view of the increase in revenue. This reflected an easing in the supply difficulties. However, production capacity was still affected by shortages in some families of components, reducing the efficiency of the manufacturing base. Furthermore, the increase in payroll costs, brought about by both an increase in headcount to 3,953 at end June 2023 from 3,729 at end December 2022, and in wages, was not sufficient to cover labour requirements. Thus, in a labour market that remained difficult in certain key regions for the Group, the use of outsourcing resulted in an increase in external charges of €7.9 million to €37.9 million. They also included €1.4 million in non-recurrent expenses for the old light vehicle telematics contract.

Progress in the R&D programmes resulted in a slight decrease in the rate of capitalisation and the research tax credit remaining stable at €2.3 million. R&D headcount at end June had grown to 1,398 from 1,342 at end December 2022. First half R&D commitments, at €42.3 million, of which 36.9% invoiced, 46.3% expensed and 16.8% capitalised, were up €1.5 million, or 3.6% compared with June 2022. They reflect the high level of R&D activity arising from the commercial successes of the past few years that ensure the Group's organic growth and from the redesigns undertaken to adapt to the components market.

Provisions for depreciation, at €13.0 million, were down by €2.4 million due mainly to the end of the period for depreciation of the capital expenditure programme in 2017-2019 and lower levels of capitalisation. With a view to optimising its profitability, the Group continued to focus essentially on the programmes linked to signed contracts. After non-recurrent expenses of €0.5 million, ACTIA more than doubled its operating income to €7.6 million for the first half of 2023 from €3.5 million for the same period in 2022.

The financial result for the first half of 2023 was a negative €1.5 million. It consisted of €3.5 million in interest and financial charges, the €1.4 million increase of which was caused by a rise in variable rates on short-term borrowings and the medium-term loans taken out over the past two years: the average interest rate increased from 1.49% at end June 2022 to 2.97%, including State guaranteed loans, at end June 2023. The balance of €2.0 million in other financial income/expense, reflects the favourable valuation of the foreign exchange hedging instruments over the period. Net income – Group share amounted to €1.4 million for the first half of 2023, compared with a negative €8.1 million in 2022, partly thanks to the disposal of the Power Division.

## DEBT, CASH & BALANCE SHEET

Net debt excluding IFRS 16 lease liabilities stood at €191.3 million compared with €187.4 million at end December 2022. IFRS 16 lease liabilities amounted to €19.5 million. Gearing was 156.1% compared with 218.4% at end June 2022, before the disposals of non-strategic businesses. No significant new borrowings were made over the first half, but the Group's debt reduction programme was hampered by two non-recurrent cash disbursements for a total of €9.0 million (arbitrage of the disposal of the Power business, activation of a guarantee for the old light vehicle telematics contract for which ACTIA is pursuing its supplier and the regularisation of the cost of 3G licences following a three-way agreement with the customer and the supplier).

The Group generated Free Cash Flow<sup>(1)</sup> from continuing operations of €7.5 million compared with €5.7 million at end June 2022, up by 31.6%. The business generated €15.6 million in cash. WCR had a positive impact of €1.8 million and collection of the research tax credit of €4.2 million made it possible to achieve a positive operating cash flow of €20.9 million compared with €4.2 million in the first half of 2022. This improvement was partially related to the disposal of the Power business as of 1 August 2022. The cash flow from operations covered capital expenditure, mainly an expense of €10.9 million, and one of €4.9 million for an adjustment of the selling price for the Power Division. Lastly, the Group distributed €2.4 million in June 2023 corresponding to the 2022 dividends, and also repaid borrowings amounting to €24.2 million.

ACTIA had cash of €26.2 million at 30 June 2023, allowing it to meet its short-term maturities and 56.6% of its short-term lines of credit (excluding deconsolidating factoring) had been used at that date.

## 2023 OUTLOOK

With a slight improvement in the supply of components by the end of the year, which should enable the factories to once again run smoothly, ACTIA maintains its annual growth target of over 15%, given sustained activity as in the second half of 2022. A considerable improvement in operational profitability is expected due to the seasonality of invoicing this year, particularly the Telecoms Division that will return to its normal cycle concerning the SatCom segment, and the overall satisfactory level of activity covering a greater portion of fixed costs. By continuing to focus on inventory levels and receivables, ACTIA Group plans to continue its actions to reduce the impact on WCR in a period of sustained growth.

Based on the solidity of its order book of €444.0 million, up from €429.8 million at 30 June 2022, and its constantly reinforced portfolio of multi-year contracts, ACTIA Group aims to achieve revenue in excess of €800 million by end 2025. Future growth will go hand in hand with a new segmentation of the Group's business into 4 Divisions (*Mobility, Energy, Aerospace, Engineering*) in order to ensure greater clarity and visibility, and by the same token reinforce the potential for growth. It is also with this in mind that ACTIA Group has entered into discussions for a merger with STEEL Electronique in the Aerospace field, confirmation of its desire to develop in the NewSpace segment. The changes in segmentation will take place over the next three years.

(1) Free Cash Flow: EBITDA - tax +/- changes in WCR – Capital expenditure

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## ABOUT ACTIA

ACTIA Group is a mid-market company (ETI) founded in 1986. It is at once family-owned and international and its head office is located in France. The family aspect guarantees the long-term future of the Group and its independence with an ever-present entrepreneurial spirit. ACTIA's business is to design and produce electronics to control systems in the particularly demanding fields of the automotive, rail, aeronautics, space, defence, energy and telecommunications industries.

The commitments made by ACTIA are reflected in the Group's ambitious contributions to addressing societal issues: mobility, connectivity, safety and the environment. Control over the design and production of products bearing the ACTIA signature is a true guarantee of quality. Without exception, all Group employees share this belief in quality in a fully certified environment.

## KEY FIGURES

- 2022 turnover: €499.8 million.
- Over 3,950 employees around the world including 1,400 engineers and technicians working in R&D.
- Present in 16 countries.
- Between 14 and 18% of revenue reinvested every year in R&D.

## STOCK EXCHANGES

- Euronext Growth Paris
- ISIN FR0000076655 – Mnemonic: ALATI Reuters: MRSP.PA – Bloomberg: AIELF: FP
- Indices: Euronext Growth All Shares – Euronext Tech Croissance – Euronext Helios Space – Enternext PEA-PME 150 – GAIA index

## CONTACTS

ACTIA - Catherine Mallet - Tel: +33 (0)561 176198 – [contact.investisseurs@actia.fr](mailto:contact.investisseurs@actia.fr)  
CALYPTUS - Marie Calleux - Tel: +33 (0)153 656868 – [actia@calyptus.net](mailto:actia@calyptus.net)

## DATES FOR THE DIARY

Publication of the 2023 Half-yearly Report: 19 September 2023  
Video-conference to present the 2023 half-yearly results: Wednesday 20 September 2023 at 3 pm  
2023 third quarter turnover: Wednesday 15 November 2023 at 7 am