HALF-YEARLY FINANCIAL REPORT

30 JUNE 2023

www.actia.com

ACTIA Group
French limited liability company with a Board of Directors

with Share Capital of €15,074,955.75

Head Office: 5, rue Jorge Semprun

31400 Toulouse

Toulouse Trade and Companies Register: 542,080,791

We present herein the interim financial report covering the six-month period ended 30 June 2023, drawn up in compliance with the provisions of Article 4.2 of the EURONEXT Growth Markets Rule Book.

This report is distributed in compliance with the provisions of Article 4.1.4 of the EURONEXT Growth Markets Rule Book. It is also available on our company site - www.actia.com.

CONTENTS

1 CHAIRMAN'S STATEMENT

I hereby certify, to the best of my knowledge, that the condensed interim financial statements have been drawn up in compliance with the applicable accounting standards and give a true and fair view of the assets, financial health and results of all the companies included in the scope of consolidation and that the half-yearly management report in Section 2 "Half-yearly Management Report" gives a true and fair view of the important events that have occurred during the six months under review and of their effect on the interim accounts, the principal related party transactions, and a description of the principal risks and areas of uncertainty for the remaining six months of the financial year.

18 September 2023

Jean-Louis Pech

Chairman and CEO

2 HALF-YEARLY MANAGEMENT REPORT

As a reminder, the Power Division was sold on 1st August 2022. In compliance with IFRS standards, and in order to make it easier to understand changes to retained operations, this operation is recognised in "discontinued operations".

2.1 Automotive Division

2.1.1 Turnover

During the first half of 2023, the division increased turnover by 15.3 %, to €246.6 million, which equates to 85.4 % of the Group's consolidated turnover.

In € millions:	2023			2022			% variation		
	Q1	**Q2**	**H1**	Q1	Q2	H1	Q1	Q2	H1
OEM	**88.2**	**98.8**	**187.0**	74.9	82.8	157.7	17.8%	19.3%	18.6%
Aftermarket	**7.1**	**6.6**	**13.7**	11.4	6.9	18.3	-37.7%	-4.3%	-25.1%
MDS	**18.4**	**16.4**	**34.8**	12.4	18.9	31.3	48.4%	-13.2%	11.2%
Other	**5.4**	**5.8**	**11.1**	2.6	3.9	6.6	107.7%	48.7%	68.2%
Total	**119.0**	**127.6**	**246.6**	101.3	112.5	213.8	17.5%	13.4%	15.3%

- Original Equipment Manufacturers (OEM): €187.0 million: +18.6 %

Despite unfavourable circumstances linked to the end of the telematics contract with Volvo Car in April 2022 (impact of -€11.7 million), the division posted significant growth, driven by the upswing in **Off Highway** activities (+42.0 %), especially solutions aimed at agricultural vehicles. All market segments increased, even turnover with **automotive manufacturers** (+1.6 %), boosted by solid deliveries of VCIs (communication interface used for vehicle diagnostics). Having started from a lower level of market activity (Group growth opportunity), the rail segment rose by 66.2 % over the period. ACTIA's more traditional sectors such as **HGVs and Buses & Coaches** confirmed their major role in Group business, increasing by 14.1 % and 14.2 %, respectively.
Although it is sometimes still affected by supply shortages, with out-of-stock parts leading to late deliveries, the segment is strengthened by its multi-year contracts on the one hand and solid sales on the other, untouched by the health crisis and consistently high ever since.

- Aftermarket: €13.7 million: -25.1 %

Changes to this market segment are linked to the sale of the Vehicle Inspection (-66.2 %) and Garage Equipment (-21.7 %) business in April 2022. Business now focuses primarily on multi-make diagnostics, developed commercially through distributors, and support for fleet managers. The latter, which were hard hit by the health crisis and an end to travel, especially intercity journeys, have not yet resumed their investments.

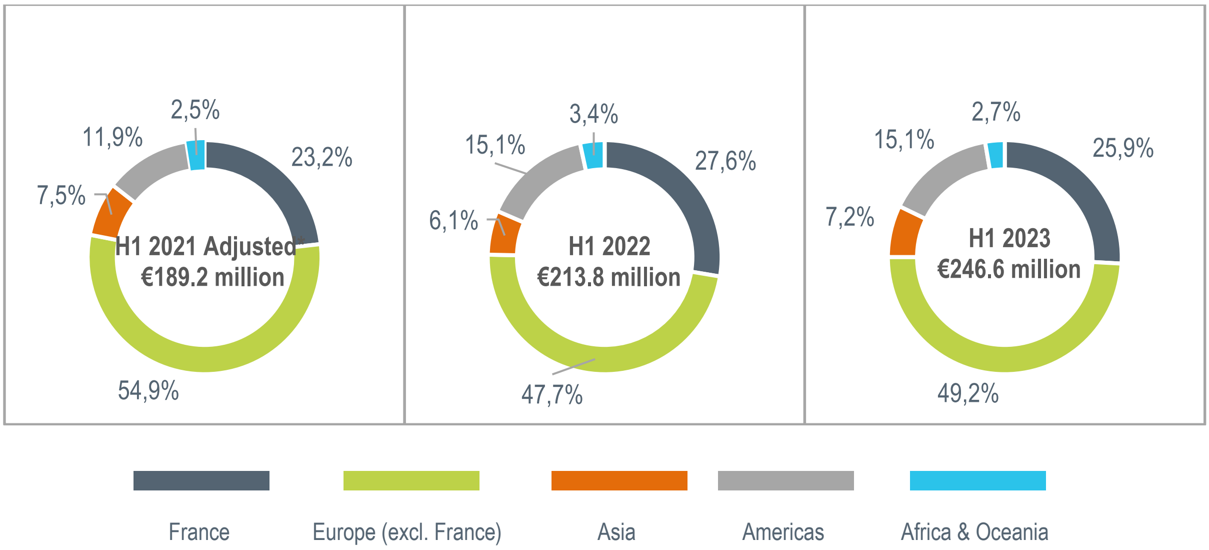
- Manufacturing-Design & Services (MDS): €34.8 million: +11.2 %

Building on its recovery since 2022, the **Aerospace** sector posted significant growth again during the first six months of 43.8 %, despite supply problems affecting some electronic components, while home automation, which posted record figures in 2022, after significant increases in 2020 and 2021, fell by 27.0 %, negatively impacted by the slowdown in the construction industry and falling demand from the general public.
Sales remain high, especially in the Aerospace segment, where the solutions offered by ACTIA are perfectly in line with **NewSpace** manufacturing needs.

- Other: €11.1 million: +68.2 %

Service offers in the engineering field confirmed their development potential, increasing by 68.2 % over the six-month period.

The Automotive Division is structurally focused on the international market, which, as of 30 June 2023, accounted for 74.1 % of business, compared to 72.4 % one year earlier. Having being consistently above 70 % for many years, the change over one year is due largely to Germany (+56.3 %) with Diagnostic activities for German automotive manufacturers, Brazil (+54.9 %) with the development of the rail sector and agricultural vehicles for ACTIA, and Austria (+94.6 %) linked to increased business with HGV manufacturers, bearing in mind that Sweden remains the number 1 invoicing country outside of France, up 9.2 % despite the end of the Volvo Car telematics contract.



2.1.2 Results

The results of the Automotive Division were as follows:

In €K	H1 2023	H1 2022	Variation H1 23- H1 22
Turnover	**246,615**	213,813	32,802
Operating income	**7,176**	2,727	4,449
Financial Result	**-468**	-26	-442
Income from continuing operations	**3,630**	3,537	93
Income from discontinued operations	***0***	*-11,086*	*11,086*
Income for the period	**3,630**	-7,548	11,178

The division had an operating income of €7.2 million, compared to €2.7 million for the first half of 2022.

Boosted by its commercial success stories yet subject to a highly restrictive environment, ACTIA managed to keep up a solid pace of growth, although it was not able to meet all of its customers' expectations. That said, the situation was much improved compared to the two years marked by the **components supply** crisis. With one-tenth the number of out-of-stock parts, the situation **is improving yet remains vulnerable** to non-compliance with delivery times or allocations, meaning that plants are struggling to achieve their former operational performance levels, leading to more late deliveries and abnormally high stock levels.

Over the period, and compared to the first half of 2022, the impact of fluctuations in the **EUR/USD exchange rate** on purchases was only partly mitigated through the use of hedging tools. As stated last year, the tunnel of dollar purchases which they usually allow us to build up was not possible due to the rapid drop in value of the euro through to autumn. Its value then began to increase again progressively, settling within the range 1.07-1.09. The natural hedging strategy instigated at that time, with partial invoicing in US dollars for some key accounts in Europe, is starting to bear fruit, but did not allow us to fully compensate for the impact of the drop in value of the euro. While the volume of dollar purchases fell slightly despite business growth (-2.3 %), the new hedging tools set up in 2022 when the EUR/USD exchange rate was unfavourable allowed us to limit the immediate effects, but were not sufficient to reach the same performance level as during H1 2022. The additional cost is estimated to be €2.4 million compared to the constant average exchange rate method. As a result, the Automotive Division was able to purchase dollars at an average exchange rate over the period of 1.0571 compared to 1.1129 in the first half of 2022, a rate below that of the cash market, where the average exchange rate over the period was 1.0866, compared to 1.0940 in the first half of 2022. Valuation of hedging instruments generated revenue of €2.0 million, compared to revenue of €0.4 million at 30 June 2022.

Since 30 June 2022, **headcount** in the division has increased by 366 people to 3,558 employees (+11.5 %) as a consequence of product activity and developments linked to recent commercial success stories. However, the increase still falls short of our needs. As the job market remains tense in many countries, the division was forced to continue using subcontractors (+€1.9 million) and temporary staff (+€1.1 million) to carry out its assignments, with a knock-on effect on profitability. Over 60% of recruitments were in Tunisia, a country under less tension, which helped keep rising costs under control. Consequently, personnel expenses rose by 8.6 % despite increases in headcount and salaries over the year, the application of which was brought forward to 1st April this year in France (they usually take effect on 1st July), to help employees cope with inflation. Noteworthy events included the end of assistance from the French Government in February 2023 (furlough schemes) and the sale of the Vehicle Inspection & Garage Equipment business (April 2022), which also had an impact on expenses. R&D activity over the period, which can generate significant variances in capitalised production from one situation to another, increased to €4.5 million compared to €3.9 million (+16.3 %), as a consequence of development work on contracts won.

R&D expenditure reached €33.4 million during the first six months, an increase of €1.2 million, proof of the Group's efforts to keep expenses under control without sacrificing future growth. It also reflects the recruitment difficulties that are proving restrictive for ACTIA. Given these difficulties, the Group's various design offices are relying on support from our Tunisian subsidiary, where headcount rose by 192 people and hiring continues. R&D expenditure corresponded to 13.5 % of turnover, compared to 15.1 % at 30/06/2022. With a slightly higher level of capitalisation, up by €0.6 million compared to 30/06/22, and a decrease in other contributions (research tax credit and subsidies: -20.0 %), the income statement was negatively impacted by the cost of R&D (€1.0 million) compared to the first half of 2022.

Provisions for depreciation fell by 14.5 % to €11.8 million.

During the first six months, these elements were reflected in the operating income of the Automotive Division, which increased to €7.2 million, 2.9 % of turnover, compared to 1.3 % at 30 June 2022, in a context that remained unstable, underscoring the considerable efforts made to improve profitability. The contribution of continuing operations to Group net income was €3.6 million.

It is worth noting that stock levels in the division were stable at €165.3 million (+0.5 % compared to 31/12/22), the shortage of some components leading to the accumulation of others. However, considerable efforts are being made by staff to bring stock levels down to a level that is more in line with the activity.

2.2 Telecom Division

2.2.1 Turnover

During the first half of 2023, the division increased turnover by 21.1 %, to €41.9 million, which equates to 14.5 % of the Group's consolidated turnover.

In € millions:	2023			2022			% variation		
	Q1	**Q2**	**H1**	Q1	Q2	H1	Q1	Q2	H1
SatCom	5.7	8.7	**14.4**	6.0	11.6	17.6	-4.5%	-24.9%	-17.9%
Energy	7.7	7.5	**15.2**	4.9	5.9	10.8	57.8%	26.9%	40.9%
Rail	5.7	6.6	**12.3**	2.3	4.0	6.3	151.4%	66.0%	96.7%
Total	**19.1**	**22.9**	**41.9**	13.1	21.5	34.6	45.6%	6.2%	21.1%

- SatCom: €14.4 million: -17.9 %

As the final deliveries under the contract with Egypt are being released (-76.9 % over the period), the operating department is returning to a more normal delivery cycle, with a higher proportion of deliveries in the last four months. Compared to 2022, an exceptional year that broke all the records, business is down by 17.9 %, but the outlook is not affected.

- Energy: €15.2 million: +40.9 %

Driven by the digitalisation of power networks, this activity has been growing steadily for several years, as it provides a solution to the challenge of how to transform networks to accommodate the diverse types of electricity production ushered in by the increasing use of renewable energies. The 40.9 % increase is even more remarkable given that the products in question are still subject to uncertainties regarding the supply of electronic components.

- Rail: €12.3 million: +96.7 %

Considered a growth opportunity for the Group and more specifically for the Telecom Division, the upswing in this activity led to growth of 96.7 % compared to the first half of 2022. 2022 was marked by supply problems, both for ACTIA and its customers, resulting in programme delays. Although those delays have not been made up, the operating department continues to develop, while still remaining vulnerable to supply issues.

As deliveries for Egypt gradually come to an end, the Telecom Division is primarily focused on France, which accounted for 93.8 % of its turnover at 30 June 2023.

2.2.2 Results

The results of the Telecom Division were as follows:

In €K	H1 2023	H1 2022	Variation H1 22- H1 21
Turnover	**41,945**	34,635	7,310
Operating income	**143**	1,417	-1,274
Financial Result	**-286**	-111	-174
Income for the period	**-454**	1,072	-1,526

The sharp rise in turnover is not observed in the operating income, which stood at €0.1 million compared to €1.4 million at 30 June 2022. With SatCom activities falling over the period, the product mix is less conducive to absorbing its fixed costs. The Telecom Division saw its operating margin decrease from 4.1 % to 0.3 %, while continuing its efforts to support the beginning of major programmes requiring R&D expertise. This situation, which is frequent in the SatCom business, should improve greatly after 30 June, given the expected level of activity during the second half-year period.

Headcount increased by 9.8 % compared to 30 June 2022 (+ 34 people) and personnel expenses by 9.6 %, proof of the division's efforts to keep expenses under control despite the salary increases awarded over the period.

R&D expenditure rose by 3.1 % and has an impact on the income statement for the amount of €2.1 million (<1.2 %>), with a re-invoicing rate at 60.2 % for the period. Ongoing developments led to an increase in capitalisation, which stood at 13.1 % of expenditure compared to 4.0 % at 30 June 2022.

External charges increased by 19.6 % compared to the first half of 2022, with transport costs having doubled as a consequence of changes in the product mix (€0.5 million compared to €0.2 million) and the ongoing need to use subcontractors and temporary staff to consolidate teams at certain times of year (+€0.6 million).

2.3 Group

2.3.1 Turnover

The Group's consolidated financial statements show turnover for the **first half of 2023** of **€288.7 million, up by 16.2 %.**

In € millions:	2023			2022			% variation		
	Q1	**Q2**	**H1**	Q1	Q2	H1	Q1	Q2	H1
Automotive	**119.0**	**127.6**	**246.6**	101.3	112.5	213.8	17.5%	13.4%	15.3%
Telecom	**19.1**	**22.9**	**41.9**	13.1	21.5	34.6	45.6%	6.2%	21.1%
Total	**138.2**	**150.5**	**288.7**	114.4	134.1	248.5	20.8%	12.2%	16.2%

ACTIA therefore posted an increase in turnover of 12.2 %, to €150.5 million, for the second quarter, after a first-quarter figure of €138.2 million (+20.8 %). Apart from the SatCom and Aftermarket businesses (sale in April 2022 of the Vehicle Inspection & Garage Equipment business), all segments posted an increase.
Group activity is strong despite ongoing tensions affecting some components, meaning that not all customer orders can be produced. Production delays still stood at around ten million euros at 30 June 2023. In this context, consolidated turnover for the first half of 2023 stood at €288.7 million, up by 16.2 % compared to the first half of 2022.
In the second quarter, sales by the international subsidiaries amounted to €76.3 million (+28.4 %). At €74.2 million (-0.7 %), turnover for the French companies was stable, absorbing the drop in electronics subcontracting, especially in the field of home automation, after record growth in 2022. International customers accounted for 65.1 % of sales in the second quarter, compared to 63.8 % in the same quarter in 2022. They rose by +13.9 %, reflecting the vitality of the Group's markets. Over the first six months, international customers accounted for 64.4 % of consolidated turnover, with the increase in Germany and Brazil offsetting the drop in Egypt, due to the progressive end of deliveries to the SatCom customer.

2.3.2 Results

We remind you that the war in Ukraine does not have a direct impact on the Group's sales activities. However, ACTIA remains impacted by rising energy costs and the drop in value of the euro, stemming from the situation in Ukraine.

The consolidated results were as follows:

In €K	**H1 2023**	H1 2022	Variation H1 23- H1 22
Turnover	**288,692**	248,483	40,209
Operating income	**7,625**	3,462	4,164
Financial Result	**-1,491**	-490	-1,001
Income from continuing operations	**2,273**	3,567	-1,294
Income from discontinued operations	***-465***	*-11,086*	*10,621*
Income for the period	**1,808**	*-7,519*	9,326
attributable to Group shareholders	**1,388**	-8,079	9,468
attributable to non-controlling interests	**419**	561	-141

The Group had an operating income of €7.6 million, compared to €3.5 million for the first half of 2022.

In an environment that remains complex, in part due to ongoing **supply difficulties** affecting some component families, in a context of rising inflation, and still negatively impacted by the weak euro, the improvement steps undertaken to increase the Group's productivity are starting to produce their effects.

Further, the **order book** remains solid, currently representing €444.0 million. As already stated, it does not reflect the reality of multi-year contracts, since 72.1 % concern deliveries in under one year, a figure that is higher than that for 31/12/2022 (€400.0 million, with 76.1 % in under one year).

With the contract wins of the previous months and a significantly improved financial situation for the financial year, which nevertheless remained vulnerable at 31 December 2022, the Group maintained its policy of restricting investments to focus primarily on programmes backed by signed contracts, thus limiting the effects on the balance sheet. Financing of **R&D** by customers at the start of the contract stood at 36.9 % of expenses incurred, compared to 40.3 % at 30 June 2022, reflecting the need to work on developing some own products, especially on the design element, to adapt to changes in component-related constraints. Overall expenses rose by 3.6 % to €42.3 million, compared to €40.9 million at 30 June 2022, bringing the R&D expenditure-to-turnover ratio down to 14.7 % (16.4 % at 30/06/22). However, this ratio may vary during the year, as programmes and invoicing progress, and the end-of-year ratio remains much more meaningful.

Headcount increased from 3,729 at year-end 2022 to 3,953 at 30 June 2023 (+6.0 %), which equates to an 11.4 % increase (403 people) over one year. The increase is significant but still does not match the Group's needs. Hiring and replacing voluntary departures is still difficult in many countries. Specifically, Tunisia managed to consolidate its headcount, both in production (+33 people) and R&D (+192 people), while Europe hired 137 people, including 61 in France. Those figures do not cover all of the Group's needs, meaning it still has to use external subcontractors to meet its commitments. Personnel expenses rose to €71.4 million (+9.0 %), as a result of recruitments, the salary increases awarded and the distribution of headcount. They account for 24.7 % of turnover, compared to 26.4 % at 30/06/2022. A point to note is that in France, Government furlough schemes (APLD) came to an end in February 2023 (€419 thousand compared to €923 thousand for the first half of 2022).

External charges rose by €7.9 million to €37.9 million, accounting for 13.1% of turnover, compared to 12.1 % at 30/06/22, which equates to an increase of 26.3 %. This new increase is due to the need to use external services to make up for hiring difficulties, as well as specific, one-off needs at ACTIA Telecom. The short-term decrease in transport costs, despite rising turnover, is offset by the increase in mission-related expenses, because the end of the health crisis marked the resumption of visits to our customers and suppliers. Attention is drawn to an additional charge for guarantee recorded for the period, in relation to the Volvo Car telematics contract. Its activation by the customer resulted in an additional cost of €1.4 million, bearing in mind that ACTIA is taking action against its Chinese supplier, which is responsible for the product defect.

Changes in the **EUR/USD exchange rate** remained highly significant compared to the first half of 2022, and the hedging tools used by the Group have only had a limited effect on purchasing costs since the drop in value of the euro (spring-autumn 2022). As a result, ACTIA purchased dollars at an average exchange rate for the period of 1.0597 compared to 1.1145 during the first half of 2022, without managing to outperform the cash market during the first half of 2023, as it usually does. Because the drop in value of the euro was particularly rapid and significant, the hedging tools cushioned the impact last year, but meant we were not able to take advantage of the rising value of the euro in late 2022-early 2023. The natural hedging strategy undertaken in late 2022, with partial invoicing in dollars of some key accounts in Europe, did however provide a way of limiting the impacts, given that dollar purchases decreased over the period ($56.6 million compared to $64.1 million in the first half of 2022). They cost €53.5 million, which equates to an additional cost of €2.6 million at a constant exchange rate. In comparison with the valuation of hedging instruments at 30 June 2022, the change in fair value positively impacted the financial result by €2.0 million.

Financial interest rose by €1.4 million to €3.5 million (+66.1 %), due to the sharp rise in interest rates and use of short-term lines of credit (overdraft and mobilisation of variable-rate trade receivables) to finance working capital requirements. Medium-term financing, including the second wave of state-guaranteed loans (transformed to medium-term during 2022) and "Obligations Relance" loans, also had an impact on changes in the average cost, with the share of loans set up before 2021 with extremely favourable interest rates gradually decreasing from period to period. In this way, the average interest rate rose slightly to 2.97% (including state-guaranteed loans) compared to 1.49% at 30/06/22. The financial result therefore stood at <€1.5 million> compared to <€0.5 million> at 30 June 2022.

Financial debt stood at €210.8 million, slightly up on 31 December 2022 (+1.0 %, +€2.1 million), reflecting the efforts made by ACTIA to keep it under control. Bear in mind that over the period, the Group was negatively impacted by two exceptional cash outflows, with the payment of €4.1 million to Volvo Car for activation of the guarantee on batteries and the final agreement on 3G licences (telematics contract), and arbitration of the sale of Power activities to Plastic Omnium (€4.9 million paid in June 2023 by ACTIA, of which €4.0 million had been recorded in provisions at 31/12/22). Despite the growth in business, the change in Working Capital Requirements stood at €1.8 million compared to <€4.9 million> for the first half of 2022. Business generated cash of €20.9 million compared to €4.2 million for the first half of 2022, this change being partially linked to the Power activities divested on 1st August 2022.

ACTIA recorded **taxation** of €3.9 million, compared to revenue of €0.6 million for the first half of the previous year, and **net income** went from <€7.5 million> to €1.8 million, the first half of 2022 having being affected by losses of the Power activities.

In the specific context of the Group, driven by solid growth yet still restricted by the shortage of some components and the consequences of the war in Ukraine on the euro, financing of WCR, R&D and exceptional operations costing €9.0 million (exercising of the guarantee in progress with the supplier, payment of 3G licences and unfavourable balance of the Power sale), cash generation linked to the business was not sufficient to reduce gearing, which stood at 156.1 % compared to 153.7 % at 31 December 2022, and 218.4 % at 30 June 2022. Gearing, excluding the mobilisation of receivables, grew from 133.7% at 31 December 2022 (194.2% at 30 June 2022) to 139.4%, reflecting limited mobilisation of trade receivables at 30/06/2023. The implementation of factoring solutions, some of which were deconsolidated (€28.9 million at 30/06/23 compared to €10.1 million at 31/12/22), undertaken at the end of June, is set to be more widely deployed for the Group's main structures during the second half of the year, and should generate over €20 million in extra cash.

With lower provisions for depreciation, due to the end of depreciation for some programmes and controlled investments over the last three years, Group EBITDA rose by 3.3 % compared to 30/06/22, despite the burden of inflation.

The calculation method is detailed below:

In €K	H1 2023	H1 2022
Income from continuing operations	**2,273**	3,567
Taxation	**3,909**	-554
Interest and financial costs	**3,521**	2,120
Provisions for depreciation	**12,961**	15,335
Impairment of goodwill	**0**	0
Financial instruments	**-1,982**	-445
Total EBITDA from continuing operations	**20,682**	20,023

2.4 Outlook

With a slight improvement in component supplies by the end of the year, which should mark the return to smooth operations at its plants, ACTIA is maintaining its target of more than 15 % growth for 2023.

As in 2022, some cost increases were passed on to customers through price increases at the start of the year, which helped offset price rises on the components market, the sharp rise in energy costs, and salary increases. Some of the additional costs, incurred by supply disruptions and the higher price of some raw materials, continue to be part of a specific process that customers accept, but its volume is decreasing week by week.

Pursuing its cost reduction strategy, the Group keeps its use of external resources to the absolute minimum, but ongoing tensions on the job market are forcing it to use subcontractors and temporary staff.

By working on its stock levels and setting up factoring on its main structures in order to improve mobilisation of its trade receivables, the Group is taking action to reduce the impact on its WCR during a period of solid growth. With cash that solidly backed up its activities during the first six months, these actions guarantee better financing of the business during the second half of the year; the arrival of medium-term loans to back up R&D developments, due in the next few weeks, will add to that financing capacity. With processing of requests to and responses from partners happening later than in previous years, the first agreements were just coming in as we went to press.

ACTIA had €26.2 million in cash at 30 June 2023, meaning it was able to meet its short-term repayment obligations, and 56.6 % of its short-term lines (excluding the deconsolidating factor) were drawn on that date.

Bolstered by a solid order book and its portfolio of multi-year contracts, the ACTIA Group is aiming for revenue of more than €800 million by the end of 2025. This growth will go hand in hand with a further segmentation of the Group's activities into 4 Divisions (Mobility, Energy, Aerospace, Engineering), to offer a clearer picture and improved visibility, driving growth even further. This change will be implemented over the next three years.

Consequently, the ACTIA Group Board of Directors approved the financial statements on 30 June 2023 according to the going concern principle.

2.5 Principal related party transactions

The principal transactions between related parties are described in Note 20 “Transactions with related parties” in the notes to the condensed consolidated interim financial statements at 30 June 2023.

3 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3.1 Condensed statement of the financial situation

Consolidated assets in €K	Notes	30/06/2023	31/12/2022
Goodwill	Note 4	24,148	24,148
Development costs	Note 4	50,775	46,197
Other intangible assets	Note 4	5,182	4,360
Total intangible assets	**Note 4**	**80,160**	**74,705**
Land	Note 5	2,790	2,799
Buildings	Note 5	34,231	36,756
Technical equipment	Note 5	15,866	16,428
Other tangible assets	Note 5	12,107	11,497
Total tangible assets	**Note 5**	**64,994**	**67,480**
Equity method investments		861	908
Other non-current financial assets		2,089	2,243
Deferred taxation	Note 10	11,718	13,294
Non-current tax credit		13,400	15,137
TOTAL NON-CURRENT ASSETS		**173,167**	**173,767**
Inventory and work-in-process	Note 6	207,632	210,654
Trade receivables	Note 7	136,700	159,762
Other current receivables	Note 7	24,282	20,513
Current tax credit	Note 7	11,775	10,980
Fair value of financial asset instruments	Note 9.2		
Cash and cash equivalents	Note 9.1	26,239	48,372
TOTAL CURRENT ASSETS		**433,628**	**450,280**
Assets held for sale			2,232
TOTAL ASSETS		**606,795**	**626,279**

Consolidated Equity Capital and Liabilities in €K	Notes	30/06/2023	31/12/2022
Capital	Note 12	15,075	15,075
Premiums	Note 12	17,561	17,561
Reserves	Note 12	102,965	85,418
Translation reserve	Note 12	(4,843)	(3,660)
Treasury shares	Note 12	(162)	(162)
Net income	Note 12	1,388	19,950
Group common shareholders' equity	**Note 12**	**131,984**	**134,181**
Non-controlling interests	**Note 12**	**3,046**	**1,582**
EQUITY	**Note 12**	**135,030**	**135,763**
Borrowings from credit institutions	Note 11	122,078	140,555
Finance lease financial liabilities	Note 11	14,004	16,570
Other financial liabilities	Note 11	326	499
Total non-current debt	**Note 11**	**136,408**	**157,624**
Deferred tax liabilities	Note 10	1,110	959
Pension liabilities and other long-term benefits	Note 14	7,375	7,010
TOTAL NON-CURRENT LIABILITIES		**144,893**	**165,593**
Provisions	**Note 13**	**5,459**	**12,363**
Borrowings from credit institutions - current share	Note 11	48,876	52,181
Finance lease financial liabilities - current share	Note 11	5,479	4,705
Other financial liabilities - current share	Note 11	421	948
Short-term bank borrowings	Note 11	45,843	41,637
Fair value of financial liability instruments	Note 9.2	1,187	3,169
Total current debt		**101,805**	**102,640**
Suppliers	Note 15	96,670	104,467
Other liabilities	Note 15	103,331	84,956
Corporate taxes (IS)	Note 15	2,137	1,141
Deferred income	Note 15	17,470	18,939
TOTAL CURRENT LIABILITIES		**326,872**	**324,506**
Liabilities held for sale			417
TOTAL EQUITY AND LIABILITIES		**606,795**	**626,279**

3.2 Condensed income statement

Consolidated income in €K	Notes	H1 2023	H1 2022
Revenue from ordinary activities (*Turnover*)	**Note 17**	**288,692**	**248,483**
- Materials and supplies	Note 17	(163,975)	(140,331)
- Personnel expenses	Note 17	(71,428)	(65,526)
- External expenses	Note 17	(37,938)	(30,032)
- Taxes		(2,910)	(3,002)
- Provisions for depreciation	Note 17	(12,961)	(15,335)
+/- Changes in stocks of finished goods and work in progress		7,349	4,877
+/- Exchange gains / losses on operating activities		(980)	1,943
+ Research tax credit		2,296	2,267
Current operating income	**Note 17**	**8,145**	**3,343**
+ Other revenue and operating expenses		(520)	118
- Impairment of goodwill	Note 4	6	0
Operating income	**Note 17**	**7,625**	**3,462**
+ Income from cash and cash equivalents		0	8
- Interest and financial costs	Note 17	(3,521)	(2,120)
+ Other financial income / (costs)		2,023	1,622
Financial result	**Note 19**	**(1,491)**	**(490)**
+ Net income Group share equity method consolidated companies		48	42
+ Income tax	Note 17	(3,909)	554
Net income from continuing operations	**Note 17**	**2,273**	**3,567**
Net income from discontinued operations	**Note 16.2**	**(465)**	**(11,086)**
Income for the period	**Note 17**	**1,808**	**(7,519)**
* attributable to Group shareholders		0	
Net income from continuing operations		1,854	3,006
Net income from discontinued operations		(465)	(11,086)
Net income for the period		1,388	(8,079)
* non-controlling interests		0	
Net income from continuing operations		419	561
Net income from discontinued operations		0	0
Net income for the period		419	561
Basic and diluted net earnings per share from continuing operations (in €) - Group share		**0,09**	**0,15**
Basic and diluted net earnings per share from discontinued operations (in €) - Group share		**(0.02)**	**(0.55)**
Basic and diluted earnings per share (in €) - Group share		**0.07**	**(0.40)**

3.3 Condensed statement of comprehensive income

Statement of comprehensive income in € thousands	**H1 2023**	**H1 2022**
Income for the period	**1,808**	**(7,519)**
Items that will not be reclassified to profit or loss	(2)	1,799
Defined benefit pension plans – Actuarial differences	(5)	2,399
Deferred taxation on defined benefit pension plans – Actuarial differences	3	(600)
Items that may subsequently be reclassified to profit or loss	(1,135)	469
Cumulative translation differences	(1,135)	469
Other comprehensive income, net of tax	**(1,136)**	**2,268**
Comprehensive income for the period	**672**	**(5,252)**
Attributable:		
* to Group shareholders	199	(5,841)
* to non-controlling interests	472	590
Consolidated comprehensive income attributable to Group shareholders and coming from:		
* Continuing operations	665	5,355
* Discontinued operations	(465)	(11,196)
Consolidated comprehensive income attributable to non-controlling interests and coming from:		
* Continuing operations	472	590
* Discontinued operations		

3.4 Condensed statement of changes in equity

In €K	Capital	Treasury shares	Premiums	Consolidated reserves, retained earnings	Translation reserve	Total attributable to the Group	Non-controlling interests	Total Shareholders' funds
At 01/01/2021	**15,075**	**(162)**	**17,561**	**83 190**	**(2 649)**	**113,014**	**563**	**113,577**
Comprehensive income								
Consolidated income				(8,079)		(8,079)	561	(7,519)
Other comprehensive income				1,799	440	2,238	29	2,268
Comprehensive income for the period	**0**	**0**	**0**	**(6,280)**	**440**	**(5,841)**	**590**	**(5,251)**
Transactions with shareholders								
Distributions to shareholders						0	(202)	(202)
Changes in scope				(41)		(41)	541	500
Other				126		126	(1)	125
At 30/06/2022	**15,075**	**(162)**	**17,561**	**76,994**	**(2,209)**	**107,258**	**1,491**	**108,749**
At 01/01/2023	**15,075**	**(162)**	**17,561**	**105,368**	**(3,660)**	**134,181**	**1,582**	**135,763**
Comprehensive income								
Consolidated income				1,388		1,388	419	1,808
Other comprehensive income				(6)	(1,183)	(1,189)	53	(1,136)
Comprehensive income for the period	**0**	**0**	**0**	**1,382**	**(1,183)**	**199**	**472**	**672**
Transactions with shareholders								
Distributions to shareholders				(2,414)		(2,414)	(209)	(2,623)
Issuance and repayment of shares						0		0
Changes in scope						0	1,205	1,205
Other				18		18	(4)	14
At 30/06/2022	**15,075**	**(162)**	**17,561**	**104,354**	**(4,843)**	**131,984**	**3,046**	**135,030**

3.5 Condensed consolidated cash flow statement

Consolidated cash flow statement in € thousands	Notes	H1 2023	H1 2022
Net income from continuing operations	**Note 3.2**	**1,808**	**(7,519)**
Adjustments for:		0	
Depreciation, amortisation and provisions		6,267	17,000
Profit / loss from disposal of assets		3,894	288
Interest charges	Note 3.2	3,521	2,130
Current tax charge (excl. research tax credit)		1,959	602
Changes to deferred taxation		1,690	(1,114)
Research tax credit		(2,296)	(2,653)
Other income / expense		(1,163)	167
Share of the profit / loss of associates	Note 3.2	(48)	(42)
Operating cash flow before changes to working capital requirements		***15,633***	***8,859***
Changes to working capital requirements related to the business		1,826	(4,943)
Income tax paid (excluding research tax credit)		(665)	(1,274)
Research tax credit collected		4,117	1,597
Net cash flow from operating activities		**20,910**	**4,239**
Of which cash flow from discontinued operating activities		**(36)**	**(9,439)**
Capital purchases	Note 4 et 5	(10,888)	(11,159)
Dividends received from associates		90	27
Income from disposal of assets		50	11,089
Changes in loans and advances		156	(644)
Acquisitions during the period under net of cash acquired	Note 16.2	(5,195)	0
Net cash flow from investing activities		**(15,787)**	**(687)**
Of which cash flow from discontinued operating activities		**(4,913)**	**(1,030)**
Dividends paid to the owners of the parent company		(2,413)	0
Dividends paid to non-controlling interests in consolidated companies		0	(202)
New borrowings	Note 11	1,729	29,511
Repayment of borrowings	Note 11	(24,196)	(29,686)
Financing of discontinued operations		0	(10,916)
Reimbursement of lease liabilities	Note 11	(3,120)	(3,433)
Interest paid		(3,521)	(2,130)
Net cash flow from financing activities		**(31,522)**	**(16,855)**
Of which cash flow from discontinued operating activities		**0**	**10,616**
Effect of exchange rate changes		(263)	(601)
Cash and cash equivalents - opening balance	Note 9.1	7,058	21,576
Cash and cash equivalents - closing balance	Note 9.1	(19,604)	7,672
Changes in cash and cash equivalents		**(26,662)**	**(13,904)**

3.6 Notes to the consolidated financial statements

Note 1. Information about the Group - Entity presenting the financial statements

ACTIA Group S.A. is domiciled in France. The Company's registered head office is located at 5, Rue Jorge Semprun - 31400 Toulouse. The Company's condensed consolidated financial statements include the Company and its subsidiaries (jointly referred to as the "Group"). The principal business areas of the Group are high-added-value, on-board electronic systems for the automotive and telecommunications markets.

The condensed consolidated financial statements at 30 June 2023 were approved by the Board of Directors on 18 September 2023.

The condensed consolidated financial statements at 30 June 2023 were subject to a limited review by the statutory auditors.

Significant events of the period

As stated in the 2022 Annual Report, the war in Ukraine does not have a direct impact on the Group's sales activities. However, ACTIA is impacted by rising energy costs and the resulting drop in value of the euro.

Although the situation has improved, the Group is still not able to operate as usual, and remains vulnerable to shortages of some component families, which disrupt the smooth running of its plants.

Over the period, ACTIA was negatively impacted by two exceptional cash outflows, with the payment of €4.1 million to Volvo Car for activation of the guarantee on batteries and the final agreement on 3G licences (telematics contract), and arbitration of the sale of Power activities to Plastic Omnium (€4.9 million paid in June 2023 by ACTIA, of which €4.0 million had been recorded in provisions at 31/12/22).

Note 2. Accounting principles

Note 2.1 Basis for the preparation of the financial statements

The accounting methods and means of calculation have been applied in an identical manner for all the periods presented.

The sums stated in these financial statements are expressed in thousands of Euros (€K).

The condensed consolidated interim financial statements are drawn up in accordance with the IAS 34 standard, *Interim financial reporting.* They do not include all the information required for the annual financial statements and should be read in conjunction with the Group's financial statements for the financial period ended 31 December 2022, presented in the 2022 Annual Report.

Note 2.2 Use of estimates and judgements

The preparation of financial statements in accordance with IFRS requires management to exercise judgement, and make estimates and assumptions that have an impact on the application of the accounting methods and on the value of assets, liabilities, income and expenditure. These underlying estimates and assumptions are made on the basis of past experience and other factors considered to be reasonable in view of the circumstances. They therefore serve as the basis for exercising the judgement needed to determine the book value of certain assets and liabilities that cannot otherwise be determined directly from other sources. The actual value may differ from the estimated value.

These underlying estimates and assumptions are constantly re-examined. The impact of changes to accounting estimates is recognised during the period in which the change occurs if they only affect that period, or in the period in which the change occurs and the subsequent periods if these are also affected by the change.

The principal line items in the balance sheet that are affected by these estimates are deferred tax (see Note 10, "Deferred taxation"), goodwill (see Note 4 "Intangible assets"), capitalised development costs (see Note 4 "Intangible assets"), and provisions (see Note 13, "Provisions").

Note 2.3 Changes to IFRS

The new IAS/IFRS texts and interpretations that became effective on 1 January 2023 and have been **applied by the Group** when preparing these consolidated financial statements at 30 June 2023 are as follows:

	IASB date of application	EU date of adoption	EU date of application
Amendments to IAS 1 - Presentation of financial statements and Wording practice 2 on the IFRS: Disclosure of accounting policies	01/01/2023	02/03/2021	02/03/2021
Amendments to IAS 8 - Accounting policies, changes of accounting estimates and errors: Definition of changes of estimates	01/01/2023	02/03/2022	02/03/2022
Amendments to IAS 12 – Taxes on income: Deferred taxation relative to assets and liabilities resulting from the same transaction	01/01/2023	11/08/2022	11/08/2022

The application of these texts had no impact on the Group's consolidated financial statements.

New standards, interpretations and amendments to IFRS standards published and **applied early** by the Group as of 1 January 2023: none.

Note 3. Consolidated companies

During the first half of 2023, ACTIA Automotive divested the majority of its shares in ACTIA India to the minority shareholder. Since the residual interest does not confer any influence of note, the subsidiary was deconsolidated from the financial statements at 30 June 2023.

Note 4. Intangible assets

During the first half of 2023, capitalised development costs amounted to €6.4 million compared to €5.1 million for the first half of 2022.

Details of acquisitions of intangible assets are given in the following table:

In €K	30/06/2023	30/06/2022
Development costs		
Automotive Division	5,258	4,752
Telecom Division	1,173	343
Total	**6,431**	**5,095**
Other intangible assets		
Automotive Division	896	417
Telecom Division	28	
Total	**924**	**417**

The value of goodwill did not change from 31 December 2022. Impairment tests are conducted each year at closing on 31 December, or in the event of indications of loss of value (15 % drop in turnover or 30 % drop in operating income of the CGU at constant scope). In view of the expected results for 2023, no impairment is to be recorded.

Note 5. Tangible assets

During the first half of 2023, acquisitions of tangible assets amounted to €4.6 million (compared to €12.4 million for the first half of 2022); all were acquired from outside suppliers.

Details of these acquisitions are given in the following table:

In €K	30/06/2023	30/06/2022
Land		
Automotive Division		
Telecom Division		
Sub-total	**0**	**0**
Buildings		
Automotive Division	993	6,136
Telecom Division	302	170
Other (incl. Holding company)	3	0
Sub-total	**1,297**	**6,306**
Technical equipment		
Automotive Division	750	1,445
Telecom Division	0	249
Sub-total	**750**	**1,694**
Other tangible assets		
Automotive Division	1,993	3,702
Telecom Division	530	688
Other (incl. Holding company)	0	21
Sub-total	**2,523**	**4,411**
Total	**4,570**	**12,411**

Note 6. Stocks and work in progress

The net realisable value of stocks was as follows:

In €K	30/06/2022	31/12/2021	30/06/2021
Raw materials	111,015	116,592	93,808
R&D costs pursuant to the execution of contracts	44,406	47,726	47,613
Intermediate and finished products	42,654	37,346	33,110
Goods	9,557	8,989	7,927
Total	**207,632**	**210,654**	**182,458**

During the first half of 2023, stocks fell overall by €3.1 million (compared to +€9.8 million in the first half of 2022).

Pledged inventories are set out in § Note 21 "Encumbered assets".

Note 7. Trade and other receivables

The details of trade receivables and other current receivables are given in the following table:

In €K	Net value at 31/12/2022	Changes over the period	Depreciation / reversals	Other changes	Effect of exchange rates	IFRS 5	Net value at 30/06/2023
Trade receivables	159,762	5,154	(322)	(510)	(968)	585	163,700
Other current receivables	20,513	4,041	0	(160)	(135)	23	24,282
Current tax credit	10,981	781	0	(21)	35	0	11,776
Total	**191,255**	**9,975**	**(322)**	**(690)**	**(1,068)**	**608**	**199,758**

Non-recourse factoring and reverse factoring solutions are in place in the subsidiaries ACTIA Nordic (Sweden), ACTIA Systems (Spain), ACTIA Telecom and ACTIA Automotive for a used envelope of €28.9 million at 30 June 2023 compared to €10.1 million at 31 December 2022. Under IFRS 9, as the totality of the risks and benefits related to the assigned receivables had been transferred to the assignee as part of this factoring transaction, the assigned receivables were deconsolidated.

At 30 June 2023, the schedule for gross trade receivables not yet due and past due (aged balance) was as follows:

In €K	Not yet due	Past due by 0 to 30 days	Past due by 31 to 60 days	Past due by 61 to 90 days	Past due by more than 91 days	Total trade receivables (Gross)
Gross at 30/06/2023	132,364	15,854	3,876	3,741	12,659	**168,494**
Gross at 31/12/2022	133,594	10,563	4,689	2,209	13,228	**164,283**

No significant uncollectable debt was recognised at 30 June 2023 or at 30 June 2022.

Note 8. Other contractual assets / liabilities and order book

Note 8.1 Other contractual assets / liabilities

As part of the application of the IFRS 15 "Revenue from contracts with customers", for any given contract, the cumulative sum of revenues recognised in exchange for all the contractual service obligations, after deduction of the payments received and the trade receivables accounted for separately, are presented below under the headings contractual assets or contractual liabilities, if the balance is negative.

Any provisions for onerous contracts, known as forecast losses, are excluded from these balances and presented under provisions for liabilities and charges.

In €K	At 30/06/2023	At 31/12/2022	At 30/06/2022
Contractual assets	**14,342**	**20,511**	**14,454**
Contractual liabilities	**(6,963)**	**(9,502)**	**(7,720)**

Note 8.2 Order book

The Group applies IFRS 15 "Revenue from contracts with customers", which introduces the notion of a financial order book ("revenue still to be recognised for service obligations that are either as yet unexecuted or partially executed at the date of closing").

Therefore, the total order book for the Group (firm orders for multi-year contracts) stood at €444,031 thousand at 30 June 2023, of which 72.1 % was expected to generate revenues within one year.

In €K	At 30/06/2022	At 30/06/2022
Order book	444,031	429,800

Note 9. Cash, cash equivalents and financial instruments at fair value through profit and loss

Note 9.1 Cash and cash equivalents

These changed as follows:

In €K	30/06/2023	31/12/2022	Change
Cash equivalents	98	93	5
Cash	26,239	48,279	(22,138)
Cash and cash equivalents	26,141	**48,372**	**(22,133)**
(Short-term bank borrowings)	**(45,843)**	**(41,637)**	**(4,206)**
Total	**(19,604)**	**6,735**	**(26,339)**
Cash presented in the Assets/Liabilities held for sale lines	**0**	**324**	
Cash and cash equivalents - closing balance presented in the Cash flow statement	**(19,604)**	**7,058**	

Short-term bank borrowings are included in “Short-term debt” under Current liabilities.

Marketable securities are recognised at their market value on the date of closing. The impact on income for the period is as follows:

In €K	Fair value at 30/06/23	Fair value at 31/12/22	Impact on income
Marketable securities	98	93	5

Note 9.2 Financial instruments at fair value through profit and loss

These include:

- Interest rate hedging instruments

ACTIA no longer has any interest rate hedging instruments;

- Currency hedging instruments

At 30 June 2023, ACTIA Automotive and ACTIA Systems held currency hedging contracts. Details of these hedges are given in the following table:

In currency	Maximum amount remaining to be acquired at 30/06/2023	Maturity
Currency purchases		
Futures contract EUR / USD	9,800,000 $	< 1 year
EUR/USD TARF	1,300,000 $	< 1 year
EUR/USD Accumulator	84,054,000 $	< 1 year
EUR/USD Accumulator	14,300,000 $	< 2 year
Total	**109,454,000 $**	

The Group recognises these currency hedging instruments at fair value through profit and loss. They are presented in the “Financial result” on the “Other revenue and operating expenses” line of the condensed income statement.

The impact of this treatment on the financial statements is shown in the following table:

In €K	30/06/2023		31/12/2022		30/06/2022	
	Fair Value	Impact on income	Fair value	Impact on income	Fair value	Impact on income
ASSET / (LIABILITY) Derivatives						
EUR/USD Hedges	(1,187)	1,982	(3,169)	(4,059)	1,335	445
Total	**(1,187)**	**1,982**	**(3,169)**	**(4,059)**	**1,335**	**445**

Note 10. Deferred taxation

In €K	30/06/2023	31/12/2022
Tax assets recognised under:		
Timing differences	3,021	5,127
Of which provision for pension benefits	*1,352*	*1,273*
Of which profits on stocks	*392*	*548*
Of which other adjustments	*1,278*	*3,305*
Losses carried forward	8,696	8,167
Net total tax assets	**11,718**	**13,294**
Tax liabilities recognised under:		
Deferred tax liabilities	1,110	959
Net total tax liabilities	**1,110**	**959**
Net total deferred tax assets and liabilities	**10,608**	**12,335**

Note 11. Financial debt

Financial debt by type and by maturity breaks down as follows:

En k€	30/06/2023				31/12/2022			
	< 1 year	From 1 to 5 years	> 5 ans	Total	<1 year	From 1 to 5 years	> 5 years	Total
Bond issues	4,583	6,250	18,000	**28,833**	4,583	6,250	18,000	**28,833**
Borrowings from credit institutions	44,293	93,552	4,276	**142,121**	47,598	110,282	6,022	**163,902**
Miscellaneous liabilities	421	134	192	**747**	948	307	192	**1,447**
Debt – lease financing (*)	5,479	10,981	3,022	**19,483**	4,705	13,247	3,323	**21,275**
Short-term bank borrowings and overdrafts	45,843			**45,843**	41,637			**41,637**
Total	**100,619**	**110,918**	**25,491**	**237,027**	**99,471**	**130,086**	**27,538**	**257,095**

During the first half 2023, financial debt changed as follows:

En k€	At 01/01/2023	Monetary changes		Non-monetary changes					At 30/06/2023
		New borrowings	Repayment of borrowings	Changes in scope	IFRS 16	Changes in fair value	Cumulative translation differences	Other	
Bond issues	**28,833**								**28,833**
Borrowings from credit institutions	**163,902**	1,656	(23,588)				151		**142,121**
Miscellaneous liabilities	**1,448**	73	(328)	(454)			(5)	13	**747**
Debt – lease financing	**21,275**		(3,120)		1,770		(442)		**19,483**
Short-term bank borrowings and overdrafts	**41,637**		4,295				(91)		**45,843**
Total	**257,096**	**1,729**	**(22,740)**	**(454)**	**1,770**	**0**	**(386)**	**13**	**237,027**

At 30 June 2023, the schedule for financial debt, including interest not yet accrued, breaks down as follows:

In €K	< 1 year		From 1 to 5 years		> 5 years		Total		
	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal + Interest
Bond issues	4,583	1,332	6,250	4,248	18,000	990	**28,833**	**6,569**	**35,403**
Borrowings from credit institutions	44,293	1,553	93,552	2,349	4,276	74	**142,121**	**3,976**	**146,097**
Miscellaneous liabilities	421		134		192		**747**	**0**	**747**
Debt – lease financing	5,479	9	10,981		3,022		**19,483**	**9**	**19,491**
Short-term bank borrowings and overdrafts	45,843	1,576					**45,843**	**1,576**	**47,419**
Total	**100,619**	**4,470**	**110,918**	**6,596**	**25,491**	**1,064**	**237,027**	**12,130**	**249,157**

Financial debt by currency breaks down as follows:

In €K	EUR	USD	Other	Total
Bond issues	28,833	0	0	**28,833**
Borrowings from credit institutions	140,588	1,533	0	**142,121**
Miscellaneous liabilities	747	0	0	**747**
Debt – lease financing	12,351	45	7,087	**19,483**
Short-term bank borrowings and overdrafts	44,510	1	1,332	**45,843**
Total	**227,030**	**1,579**	**8,418**	**237,027**

The breakdown between fixed and variable rate debt was as follows:

In €K	30/06/2023			31/12/2022		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Bond issues	28,833		**28,833**	28,833		**28,833**
Borrowings from credit institutions	142,073	48	**142,121**	163,818	84	**163,902**
Miscellaneous liabilities	747		**747**	1,447		**1,447**
Debt – lease financing	19,483		**19 483**	21,275		**21,275**
Short-term bank borrowings and overdrafts	4,186	41,656	**45,843**	1,762	39,875	**41,637**
Total	**195,322**	**41,705**	**237,027**	**217,136**	**39,959**	**257,095**
Percentage breakdown	82,4%	17,6%	**100,0%**	84,5%	15,5%	**100,0%**

All debt covenants and short-term borrowings must be checked on an annual basis at year end. At 30 June 2023, they applied to 17.0% of debt.

At 31 December 2022, the Group was no longer in line with the gearing ratio for 12 borrowings. However, by keeping banking partners regularly up to date, we were able to have these covenants suspended on that date.

The guarantees given for borrowings and financial debts are listed in Note 21 “Encumbered assets”.

In connection with the loan agreements obtained by the Group, certain banks include in these agreements general provisions relating to the right to use assets or obtain new loans and, sometimes, a requirement to maintain the composition of the capital, with any changes requiring prior information of the partners.

Note 12. Equity

Details of changes to the number of shares over the period were as follows:

In units	31/12/2022	Capital increase	30/06/2023
ACTIA Group shares - ISIN FR 0000076655	**20,099,941**	**None**	**20,099,941**

Note 13. Provisions

The resolution of some disputes and the extinction of some risks led to a reversal of provisions for liabilities and charges for the amount of €6,904 thousand, in exchange for the recording of final costs.

Note 14. Personnel benefits

During the first half of 2023, provisions for pension and other long-term benefits increased by €375 thousand to €7,375 thousand at 30 June 2023. The actuarial difference recognised under Other Comprehensive Income corresponds to a provision of <€4.8> thousand. The assumptions underlying the calculation at 30 June 2023 changed as follows:

- Discount rate of 3.75 % (3.75 % at 31/12/22) for the French companies, 9.89% (8.80 % at 31/12/22) for the Tunisian companies,

The other assumptions underlying the calculation did not change. They may be adjusted on the basis of internal analyses of the payroll.

Note 15. Other current liabilities

The details of other current liabilities are given in the following table:

In €K	Net value at 31/12/2022	Changes over the period	IFRS 5	Effect of exchange rates	Variation de perimètre	Net value at 30/06/2023
Suppliers of goods and services	104,467	(7,272)	73	(627)	28	96,670
Other operating liabilities	84,956	20,656	206	(2,441)	(46)	103,331
Corporate taxes (IS)	1,141	984	9	3	0	2,137
Total	**190,563**	**14,368**	**289**	**(3,065)**	**(19)**	**202,138**

Note 16. Assets and liabilities held for sale and discontinued operations

Note 16.1 Assets and liabilities held for sale

In 2021, the Group launched a project to sell the Vehicle Inspection & Garage Equipment business including:

- The sale of its garage equipment and vehicle Inspection business,
- The real estate site in Chartres, France,
- And 30 % of the shares of its subsidiary ACTIA CZ.

The Vehicle Inspection & Garage Equipment business had been presented in “Assets and liabilities held for sale” at 31 December 2021.

The operation was finalised on 21 April 2022 for an amount of €12 million. The net impact of the operation was recognised in “Other revenue and operating expenses” for a negligible amount. At 31 December 2022, assets and liabilities of the ATAL subsidiary (formerly ACTIA CZ) remained.

At 30 June 2023, the Group considered that the conditions for recording under “Assets and liabilities held for sale” were no longer met on the date when the financial statements were approved.

Note 16.2 Discontinued operations

In early 2022, the Group also undertook a project to divest its Power Division, including Actia Power and its three subsidiaries in France, Germany and the USA.

Further to an exclusive negotiation period, an agreement was signed with Plastic Omnium on 26 June 2022.

On 1st August 2022, the Power Division sale agreement was finalised via the signature of a closing agreement based on a company worth of €52.5 million.

At 31 December 2022, ACTIA considered that the criteria set out in IFRS 5 - Non-current assets held for sale and discontinued operations were met. Consequently, the results and cash flows for this division are presented in the same way as for a discontinued operation.

The capital gain generated from the sale of the Power business is included in the operating income from discontinued operations.

In accordance with the memorandum of understanding signed by the parties, the provisional sale price which had given rise to a payment on 1st August 2022 was reviewed and submitted for arbitration in order to fix the final sale price. This arbitration process resulted in an unfavourable adjustment of the price (€4.9 million) in June, with immediate payment, covered by the reversal of the €4 million provision recorded in the financial statements at 31 December 2022.

An operation that is discontinued, sold or in the process of being sold is defined as a component of an entity with cash flows that are identifiable with respect to the rest of the entity and represents a distinct, major business line or region. For all the periods published, the result of these operations is presented on a different line in the income statement - "Discontinued operations" - and is adjusted in the cash flow statement.

Financial data concerning discontinued operations is presented below:

Consolidated income in €K	30/06/2023	31/12/2022
Revenue from ordinary activities *(Turnover)*	**0**	**13,035**
Current operating income	**(218)**	**(14,892)**
Operating income	**(725)**	**18,039**
Financial result	**0**	**(171)**
Net income	**(465)**	**18,835**

Consolidated cash flow statement in € thousands	30/06/2023	31/12/2022
Net income from continuing operations	**(465)**	**18,835**
Net cash flow from operating activities	**(36)**	**(11,179)**
Net cash flow from investing activities	**(4,913)**	**48,476**
Net cash flow from financing activities	**0**	**12,520**
Effect of exchange rate changes	0	(157)
Cash and cash equivalents - opening balance	0	1,301
Cash and cash equivalents - closing balance	(4,949)	50,960
Changes in cash and cash equivalents	**(4,949)**	**49,660**

Note 17. Operating segments

In accordance with the provisions of IFRS 8, the information by operating segment is based on the approach taken by management, meaning the way in which management allocates resources depending on the performance of the different segments. Within the Group, the Chairman of the Board of Directors and CEO is the chief operating decision maker. The Group has two segments to present, which offer distinct products and services and are managed separately insofar as they require different technological and commercial strategies. The types of activities conducted by each of the two segments presented may be summarised as follows:

- The Automotive Division that includes Original Equipment Manufacturers (OEM), Aftermarket and Manufacturing-Design & Services (MDS) products;
- The Telecom Division that includes SatCom, Energy, and Rail products.

In addition to these two operating segments there is also:

- An "Others" heading that includes the holding company ACTIA Group S.A. and the SCI Les Coteaux de Pouvourville property management company (both accounted for by the equity method).

During the first half of 2023, the key indicators by operating segment were as follows:

In €K	30/06/2023			
	Automotive	Telecom	Other	Consolidated Group accounts
Revenue from ordinary activities				
(Turnover)	246,615	41,945	132	**288,692**
Materials and supplies	(148,924)	(14,360)	(691)	**(163,975)**
Personnel costs	(58,766)	(11,841)	(821)	**(71,428)**
External expenses	(28,163)	(8,897)	(878)	**(37,938)**
Provisions for depreciation	(11,784)	(1,152)	(25)	**(12,961)**
Current operating income	**7,697**	**121**	**327**	**8,145**
Charge in value of goodwill	0	0	0	**0**
Operating income	**7,176**	**143**	**307**	**7,625**
Interest and financial costs	(2,521)	(258)	(742)	**(3,521)**
Fair value of hedging instruments	1,982	0	0	**1,982**
Income tax	(3,079)	(311)	(519)	**(3,909)**
NET INCOME FROM CONTINUING OPERATIONS	**3,630**	**(454)**	**(903)**	**2,273**
NET INCOME FROM DISCONTINUED OPERATIONS	**0**	**0**	**(465)**	**(465)**
NET INCOME	**3,630**	**(454)**	**(1,368)**	**1,808**
EBITDA (CONTINUING OPERATIONS)	**19,031**	**1,267**	**384**	**20,682**
EBITDA (CONTINUING AND DISCONTINUED OPERATIONS)	**19,031**	**1,267**	**(341)**	**19,957**
SEGMENT ASSETS				
Non-current assets	133,772	37,264	2,131	**173,167**
Stocks	165,334	42,298	0	**207,632**
Trade receivables	108,362	54,795	544	**163,700**
Other current receivables	29,554	2,525	3,979	**36,057**
Cash and cash equivalents	23,700	1,916	623	**26,239**
Assets held for sale	0	0	0	**0**
TOTAL SEGMENT ASSETS	**460,721**	**138,797**	**7 277**	**606,795**
INVESTMENTS				
Intangible	6,154	1,201	0	**7,354**
Tangible	4,296	1,101	28	**5,425**
Financial	(164)	9	(1)	**(156)**
TOTAL INVESTMENTS	**10,285**	**2,311**	**27**	**12,623**
SEGMENT LIABILITIES				
Non-current liabilities	99,024	16,921	28,948	**144,893**
Short-term debt	81,144	9,051	10,424	**100,619**
Accounts payable	85,930	9,209	1,531	**96,670**
Other current liabilities	77,639	51,072	873	**129,584**
Liabilities held for sale	0	0	0	**0**
TOTAL SEGMENT LIABILITIES	**343,738**	**86,253**	**41,775**	**471,766**

The adjusted information at 30 June 2022 is the following:

In €K	30/06/2022			
	Automotive	Telecom	Other	Consolidated Group accounts
Revenue from ordinary activities				
(Turnover)	213,813	34,635	35	**248,483**
Materials and supplies	(128,268)	(11,362)	(700)	**(140,331)**
Personnel costs	(54,107)	(10,804)	(615)	**(65,526)**
External expenses	(21,165)	(7,436)	(1,431)	**(30,032)**
Provisions for depreciation	(13,781)	(1,531)	(23)	**(15,335)**
Current operating income	**3,033**	**978**	**(668)**	**3,343**
Change in value of goodwill				**0**
Operating income	**2,727**	**1,417**	**(682)**	**3,462**
Interest and financial costs	(1,479)	(102)	(539)	**(2,120)**
Fair value of hedging instruments	445			**445**
Income tax	831	(234)	(44)	**554**
NET INCOME FROM CONTINUING OPERATIONS	**3,537**	**1,072**	**(1,042)**	**3,567**
NET INCOME FROM DISCONTINUED OPERATIONS	**(11,086)**	**0**	**0**	**(11,086)**
NET INCOME	**(7,549)**	**1,072**	**(1,042)**	**(7,519)**
EBITDA (CONTINUING OPERATIONS)	**17,520**	**2,939**	**(436)**	**20,023**
EBITDA (CONTINUING AND DISCONTINUED OPERATIONS)	**7,532**	**2,939**	**(436)**	**10,035**
SEGMENT ASSETS				
Non-current assets	140,119	32,716	998	**173,834**
Stocks	140,739	41,719	0	**182,458**
Trade receivables	107,497	43,630	195	**151,322**
Other current receivables	48,189	3,640	15,713	**67,543**
Cash and cash equivalents	41,277	3,211	2,787	**47,275**
Assets held for sale	37,793	0	0	**37,793**
TOTAL SEGMENT ASSETS	**515,613**	**124,917**	**19,693**	**660,224**
INVESTMENTS				
Intangible	5,168	343	0	**5,512**
Tangible	11,284	1,107	21	**12,411**
Financial	161	498	0	**659**
TOTAL INVESTMENTS	**16,613**	**1,948**	**21**	**18,582**
SEGMENT LIABILITIES				
Non-current liabilities	130,519	20,979	25,315	**176,812**
Short-term debt	81,936	13,782	20,920	**116,638**
Accounts payable	79,978	11,065	1,029	**92,072**
Other current liabilities	74,892	35,226	861	**110,979**
Liabilities held for sale	54,974	0	0	**54,974**
TOTAL SEGMENT LIABILITIES	**422,299**	**81,052**	**48,124**	**551,475**

Note 18. Income taxes

The details of the Group's income taxes are as follows:

En K€		30/06/2023	31/12/2022
Income from consolidated companies		1,760	(7,560)
Current taxation (credit)		1,959	498
Deferred taxation (credit)		1,950	(1,052)
Of which	*Deferred taxation on temporary differences*	*1,950*	*(1,052)*
	Deferred taxation on changes in tax rates	*0*	*0*
Income from consolidated companies before tax		**5,669**	**(8,114)**

Note 19. Notes to the financial result

There has been no material change to the type of financial result since 31 December 2022.

The impact of financial instruments at fair value through profit and loss is given in Note 9.2.

Note 20. Transactions with related parties

The details of transactions with parties related to the Group that occurred during the first half 2023 are presented below.

Note 20.1 With the holding company: LP2C S.A.

There has been no material change to the type or amount of transactions with LP2C S.A. since 31 December 2022.

Note 20.2 With investments consolidated by the equity method

There has been no material change to the type or amount of transactions with SCI Los Olivos and SCI Pouvourville since 31 December 2022.

Note 20.3 With subsidiaries

These are the companies included in the scope of consolidation of the Group (see Note 3 - Consolidated companies of the 2022 Annual Report).

Note 20.4 With members of management bodies

This is the compensation paid to individuals who are **corporate officers of ACTIA Group S.A.**:

- By ACTIA Group: Chairman and CEO and Directors;
- By LP2C, controlling company: Chairman and CEO and the Deputy CEOs
- By the controlled companies, subsidiaries of ACTIA Group: Chairman and CEO.

There has been no material change to the compensation and benefits principles.

Note 20.5 With other related parties

- GIE PERENEO

At 30 June 2023, GIE PERENEO was under liquidation.

Note 21. Off-balance sheet commitments and encumbered assets

The off-balance sheet commitments break down as follows:

In €K	30/06/2023	31/12/2022
Commitments received		
Bank guarantees	16,695	18,280
Total commitments received	**16,695**	**18,280**

The above information does not include:

- Lease financing balances that are covered under Note 11“Financial debt”,
- Lease financing commitments and operating leases,
- Interest on borrowings that are covered under Note 11“Financial debt”,
- Foreign currency term sales commitments that are covered under Note 9.2 “Financial instruments at fair value through profit and loss”.

Encumbered assets corresponds to assets serving as security against debts recognised under liabilities. They break down as follows:

In €K	30/06/2023	31/12/2022
	Total	Total
Interests in consolidated companies (*)	**3,607**	**3,607**
Secured debt balance	***513***	***768***
Assignment of trade receivables	**14,179**	**15,197**
Of which: Dailly secured	***7,350***	***7,037***
Dailly with recourse	***6,829***	***8,160***
Discounted notes not yet matured	***0***	***0***
Assignment of CIR & CICE	**8,281**	**11,954**
Assignment of stocks	**0**	**0**
Assignment of other receivables	**0**	**0**
Assignment of equipment	**2,049**	**2,176**
Mortgage/Security (land & buildings)	**10,977**	**11,967**
Total	**39,092**	**44,901**

(*) Book value of pledged securities

Note 22. Risk factors

The Group undertakes reviews of risks that may have a material adverse effect on its business, its financial health, its results, and its ability to achieve its objectives.

The principal risks to which Group is exposed have been identified and are described in the 2022 Annual Report (Chapter 6).

The most relevant and material risk factors identified at the date of publication of this Half-yearly Report are presented in this section.

Other than the risks presented below, the Group considers that there are no other significant risks.

Note 22.1 Liquidity risks

The Company has undertaken a specific review of its liquidity risk and considers that it is in a position to meet its future commitments. Such reviews are undertaken on a regular basis in order to be prepared for any eventualities and to be able to provide a rapid response if necessary.

A detailed study of financial debt, the cash position, net debt and debt including interest is provided under Note 11 “Financial debt”.

Generally, the half-yearly accounts do not allow for the presentation of the medium-term financing required for investments in R&D because these will be put in place mainly during the second half year, since the ACTIA file is processed after publication of the annual accounts.
In 2023, the various partners had been contacted, but the processing times did not allow us to record the first financing agreements at 30 June. As this document went to press, we had received some initial favourable responses.

Despite ongoing component supply difficulties, the WCR situation improved over the period thanks to healthy business and good project management.

For the Group, an entity's risk of experiencing difficulties in meeting its financial obligations is linked to the level of amounts invoiced and the collection of receivables. In this respect, there are no difficulties to be reported.

The Group companies independently manage their future cash needs. The parent company only intervenes in the event of difficulties. Cash is generated mainly by the business and sometimes by bank borrowings obtained locally. Major investments are decided on by senior Group management (acquisitions, buildings, production equipment and significant R&D projects) and are generally financed by loans or leasing contracts taken on by the entity in question.

Lastly, to enable the Group to take advantage of cash surpluses from certain subsidiaries, it put in place a treasury agreement which is triggered according to needs, so that it can use any surplus cash available within the Group most effectively.

It should be noted that the purpose of these agreements is to use the cash available within the Group in order to limit use of the parent company's short-term lines of credit and so reduce financial costs: the intention is not to transfer bank borrowings into the subsidiaries.

Note 22.2 Market risks

- Interest rate risk

Interest rate fluctuations pose a risk for the Group that could have an impact on its financial costs.

At Group level, checks are conducted to ensure that the overall interest rate risk is spread in such a way as to achieve a reasonable cost for bank borrowings.

Short-term financing, especially mobilisation of trade receivables, is through variable rate loans, while medium-term financing is either based on a fixed or variable rate, in order to control the debt burden. Depending on the decisions made, the Group may be required to set up interest rate hedging tools.

The sensitivity to a +/- 1 % variance in the benchmark rate has been calculated on a post-hedging basis. The figures resulting from this analysis are given below:

In €K	30/06/2023	
	Impact on pre-tax income	Impact on pre-tax equity
Impact of a variance of + 1% in interest rates	(458)	(458)
Impact of a variance of - 1% in interest rates	458	458

❖ Foreign exchange risk

The Group's international footprint and invoicing expose it to exchange rate risks related to fluctuations in foreign currencies, for both actual transactions and the conversion of its assets and results.

For transactions conducted in foreign currencies such as purchases or sales in US dollars (USD) or Japanese yen (JPY) by entities in the Euro zone, the companies concerned manage their foreign exchange risk independently, putting in place currency hedging tools if necessary when the volumes involved allow for it.

At 30 June 2023, ACTIA Automotive and ACTIA Systems held foreign exchange hedging contracts, the details of which are given in Note 9.2 "Financial instruments at fair value through profit and loss".

The Group was thus able to purchase dollars at an average rate over the period of 1.0597 as compared to 1.1145 for the first half of 2022. The average rate observed on the financial markets was 1.0866 during the first half of 2023.

Also, despite a $7.4 million drop in dollars purchased due to the transfer of some invoices into dollars to obtain a natural hedging effect, the cost in euros only decreased by €4.1 million, leading to an additional cost of €2.6 million compared to the first half of 2022.

This is due to the application of hedging tools in 2022, which limited the impact of the rapid drop in value of the euro in the middle of the financial year.

Note 23. Post-balance sheet events

ACTIA Group and Diadem, parent company of STEEL Electronique, entered into exclusive discussions to examine the terms and conditions of their merger. This operation is still under negotiation.

Operating in the Toulouse region, the aerospace capital of Europe, where the development of NewSpace (the commercial space industry) is opening up new industrial prospects, ACTIA is considering expanding its space-related business with STEEL Electronique. This merger would allow ACTIA to develop a benchmark industrial site as a supplier of on-board electronics, primarily as a Tier 2 supplier, in the fields of:

- Aeronautics,
- Space and NewSpace,
- Telecommunications (ground segment and on-board space products).

The industrial site geared to these areas of activity would generate annual business of nearly €70 million, including around €7 million for STEEL Electronique. It would require a team of around 250 employees, a third of whom would be involved in R&D, and its aim would be to grow its turnover substantially over the next 5 years.

4 STATUTORY AUDITORS' REPORT

Actia Group S.A.

5, rue Jorge Semprun - 31400 Toulouse

Statutory auditors' limited review on the 2022 half-yearly financial information on the condensed consolidated interim financial statements

For the period 1st January 2023 – 30 June 2023

Chairman and CEO of Actia Group S.A.,

In our capacity as Statutory Auditors of Actia Group S.A., and in response to your request at the time of publication of the half-yearly financial report, we conducted a limited review of the condensed consolidated interim financial statements of Actia Group S.A. for the period 1st January 2023 - 30 June 2023 (hereinafter, the "financial statements"), as appended to this report.

These financial statements were compiled under the responsibility of the Board of Directors. Our role, on the basis of our limited review, is to express our opinion on these condensed consolidated interim financial statements.

We conducted our limited review according to the generally accepted professional standards in France and the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this assignment. A limited review primarily involves discussions with the members of management in charge of accounting and financial matters and the application of analytical procedures. The scope of this review is less extensive than that required for an audit conducted in accordance with generally accepted professional standards in France. Consequently, the assurance that these financial statements, taken as a whole, are free of material misstatements, obtained within the framework of a limited review, is only a moderate assurance, with less weight than that obtained within the framework of a full audit.

On the basis of our limited review, we have noted no material misstatements leading us to believe that these financial statements do not comply with the requirements of standard IAS 34 – an IFRS accounting standard adopted by the European Union regarding interim financial information.

This report is governed by the laws of France. The French courts have sole jurisdiction to judge any dispute, complaint or disagreement arising from our letter of engagement or this report, or any other question related thereto. Each party irrevocably waives its right to oppose proceedings brought before these courts and to claim that the proceedings have been brought before an incompetent court, or that said courts do not have jurisdiction.

Labège, 19 septembre 2023

KPMG S.A.

Mathieu Leruste
Shareholder

Paris, 19 septembre 2023

BM&A

Eric Seyvos
Shareholder