

SOGECCLAIR
S.A. WITH CAPITAL OF €3,098,035
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Half-Yearly Financial Report
for the half year ending 30 June 2020
(L 451-1-2 III of Monetary and Financial Law
Article 222-4 et seq. of the General Regulations of the AMF)

Here we present the half-yearly financial report for the half year ending 30 June 2020 drawn up in accordance with the provisions of Articles L. 451-1-2 III of Monetary and Financial Law and 222-4 *et seq.* of the General Regulations of the AMF (Financial Markets Authority).

This report has been distributed in accordance with the provisions of Article 221-3 of the general regulations of the AMF. In particular, it is available on the company's website: www.sogecclair.com.

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I. Declaration of the person responsible

"I certify that, having taken every reasonable measure for this purpose, that the information contained in this document, to my knowledge, conforms to reality and that there are no omissions that could affect its scope.

I certify that, to my knowledge, the accounts for the last half have been established in accordance with the applicable accounting standards and give a true and faithful picture of the asset base, financial situation and results of the company and of all the companies included in the consolidation, and that the management report for the half-year on page 3 presents a true and faithful picture of the important events of the first six months of the financial year, of their impact on the accounts, the main transactions between the related companies as well as a description of the main risks and uncertainties for the remaining six months of the financial year."

11/09/2020

Philippe ROBARDEY
President & Chief Executive Officer

II. Half-yearly management report

1. Key figures for the half year (in € million)

The SOGECLAIR Board of Directors met on 3 September 2020, and examined the accounts for the first half 2020. The limited examination procedures relative to the half-yearly accounts were carried out and the limited examination report was submitted on 8 September 2020.

The company issued a half-yearly financial report as soon as possible after the end of the first half on 9 September 2020, by means of a press release.

This report has been distributed in accordance with the provisions of Article 221-3 of the general regulations of the AMF. In particular, it is available on the company's website: www.sogeclair.com.

1.1. Consolidated turnover

<i>(in € million)</i>	H1 2020	H1 2019	Variation
Group	68.9	90.6	-24.0%
Aerospace	51.2	74.9	-31.6%
Simulation	17.2	14.2	+21.0%
Vehicle	0.4	1.5	-70.2%
International	37.3	51.9	-28.1%

1.2. Consolidated results

<i>(in € million)</i>	H1 2020	H1 2019
EBITDA ¹	-1.1	5.4
as % of turnover	-1.6%	5.9%
Operating result	-17.1	1.2
Net result	-16.3	-0.5
including group share	-15.9	-0.7

1.3. Financial structure

<i>(in € million)</i>	H1 2020	H1 2019
Equity capital	46.0	53.9
Gearing ²	41.2%	53.5%
WCR	32.8	44.6

¹ Operating result - Other operating income and expenses + amortisation expenses and operating provisions

² Net debts excluding qualified pre-payments / equity capital

2. General description of the financial situation and results of the issuing company and its subsidiaries during the first half

The half-year saw:

- A 24% downturn in the company's activity, penalised by the Covid-19 crisis with a 43.9% fall in the 2nd quarter alone,
- A fall of turnover in France of 18.4% and Internationally of 28.1%, all geographical zones having been impacted by the effects of the pandemic during the first half,
- EBITDA at -€1.1 million compared with €5.4 million for the 1st half 2019, EBIT at -€17.1 million compared with €1.2 million for the same period in 2019 taking into account the provisions and charges linked to the group's restructuring costs for €13.2 million,
- A net result of -€16.3 million with a de-assetisation of deferred tax assets of €2 million.

Equity capital stands at €46.0 million. Cash totals nearly €43.8 million. Gearing (excluding qualified pre-payments) stands at 41.2 %, 17.6% of which are linked to application of the IFRS 16 standard and 9.3% linked to the postponement of the tax and social due dates treated as financial liabilities.

3. Explanation of the important operations and events in the first half and of their impact on the situation of the issuing company and its subsidiaries

Aerospace Division (turnover €51.2 million – EBITDA -€0.6 million)

The aerospace division (74.4% of turnover) fell by 31.6% over the half-year and by 54.0% during the 2nd quarter alone. All segments of commercial and business aviation saw a downturn, as did the space sector. The activity was marked by:

- Closure of customer sites in business aviation and the space sector,
- Fall in the production rates in commercial aviation,
- Social and mobility measures,
- Reorientations in R&D projects.

EBITDA represents -1.1% of the division's turnover compared with €2.9 million and 3.9% of turnover for the 1st half 2019.

Simulation Division (turnover €17.2 million – EBITDA -€1.4 million)

The division's activity (25% of turnover) progressed by 21.0% during the first half and by 12.5% during the 2nd quarter thanks to its large simulators and despite the mobility constraints that slowed down the installation of simulators. The R&D activities were strengthened and inter-subsidiary cooperation projects speeded up during the first half.

EBITDA representing -7.9% of turnover marks the impact of the losses of completions provisioned for 2019.

Vehicle Division (turnover €0.4 million – EBITDA -€0.4 million)

The division's activity (0.6% of turnover) was down by 70.2% over the first half and by 65.7% for the 2nd quarter. Turnover excluding intra-group neutralisation fell by 42.3% for the 1st half.

EBITDA stands at -94.2% of turnover compared with €0.1 million and 8.5% of turnover for the 1st half 2019.

4. Description of the main risks

The risks linked to SOGECLAIR's activity are detailed in chapter 4 of the Universal Registration Document 2019, available on the SOGECLAIR website (www.sogclair.com).

5. Perspectives

The commercial aeronautical market is suffering a strong and lasting fall for the coming semesters, however it remains favourable in the medium term (3 to 5 years).

The business aviation and space markets, and more generally speaking investment in transport, which suffered a significant downturn in the second quarter, are seeing a faster turnaround.

On the basis of these observations, SOGECLAIR already took measures to make the necessary adaptations right from the 2nd quarter, with a view to restoring the levels of long-term growth and profitability at the earliest possible time.

III. Accounts for the past half-year presented in consolidated form

1.1.1 Consolidated accounts

1. CONSOLIDATED FINANCIAL SITUATION

ASSETS (in €k)	NOTES	H1 2020	H1 2019	2019
Goodwill	2.3.2 & 5.1	12,647	14,987	15,154
Intangible assets	5.1	6,898	7,715	7,411
Property, plant and equipment	5.2	14,342	15,863	15,638
Equity method affiliates		229	79	230
Investments in associates	5.3	3,579	3,170	3,578
Non-current assets		37,693	41,814	42,012
Inventories	5.4	13,908	12,365	12,565
Trade and other receivables	5.5	49,299	61,739	69,967
Available-for-sale financial assets		16,651	18,880	16,440
Deferred income tax	5.6	7,700	5,489	5,804
Cash and cash equivalents	5.7	43,806	12,500	18,960
Current assets		131,364	110,973	123,735
TOTAL ASSETS		169,057	152,787	165,747

LIABILITIES (in €k)	NOTES	H1 2020	H1 2019	2019
Capital	5.8	3,098	2,900	3,098
Share premium account		7,269	2,630	7,269
Own shares	5.8	-739	-712	-680
Reserves and accrued profits		31,072	44,126	50,662
Equity capital, group share		40,701	48,944	60,349
Minority interest	5.9	5,294	4,944	5,696
Equity capital, consolidated group		45,995	53,888	66,044
Long-term provisions	5.10	4,581	6,318	5,453
Long-term qualified pre-payments	5.11	1,917	1,823	1,227
Borrowings	5.11	24,530	23,351	24,349
Other long-term liabilities		1	13	1
Non-current liabilities		31,028	31,504	31,030
Short-term qualified pre-payments	5.11	20	473	614
Current part of loans and long-term financial liabilities	5.11	30,985	8,902	9,739
Payables and other financial liabilities	5.11	2,929	9,092	6,827
Short-term borrowings	5.12	10,995	592	332
Trade and other payables		15,753	17,536	21,177
Tax and social liabilities		25,346	23,672	23,834
Other liabilities		6,006	7,128	6,149
Current liabilities		92,035	67,394	68,672
TOTAL LIABILITIES		169,057	152,787	165,747

2. CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT (in €k)	NOTES	H1 2020	H1 2019	2019
Sales	5.13	68,892	90,625	184,972
Other income from the activity	5.14	1,285	1,040	6,206
Cost of goods sold		-31,845	-36,604	-77,680
Personnel charges		-38,364	-48,359	-94,296
Taxes and duties		-656	-712	-1,344
Amortisation and provisions		-2,728	-3,795	-7,768
Other charges		-390	-608	-952
Current operating income		-3,805	1,586	9,138
Other operating income and charges	5.15	-13,315	-412	-319
Operating profit before contribution of equity method affiliate income		-17,120	1,174	8,819
Share of equity method affiliates in profit		-1	-4	-6
Operating profit		-17,121	1,170	8,813
Income from cash flow and cash flow equivalents		-307	-206	-331
Gross finance costs		-359	-390	-745
Net finance costs	5.16	-666	-596	-1,076
Other financial income and charges	5.17	46	29	62
Income before taxes		-17,741	603	7,799
Income tax expense	5.18	1,431	-1,133	-1,969
Net profit		-16,310	-530	5,830
Group share		-15,935	-664	4,959
Minority interest		-375	134	870
(in euros)		H1 2020	H1 2019	2019
Net profit per share, group share ⁽¹⁾		-5.40	-24	1.68
Diluted net profit per share, group share ⁽¹⁾		-5.40	-24	1.68

⁽¹⁾ The calculation of the number of shares adopted is indicated in paragraph 4.8 of this document.

NET INCOME STATEMENT AND GAINS AND LOSSES ENTERED DIRECTLY AS EQUITY CAPITAL (in €k)	H1 2020	H1 2019	2019
Net profit	-16,310	-530	5,830
<u>Elements that will subsequently be reclassified as net result:</u>	-699	765	1,180
Conversion rate adjustment for foreign entities	-699	765	1,195
Fair value restatement of assets and long-term debts			-15
<u>Elements that will not subsequently be reclassified as net profit:</u>	-68	-186	231
Actuarial gains and losses on defined benefit schemes	-92	-251	311
Related taxes	24	65	-80
Total gains and losses entered directly as equity capital	-767	579	1,411
Consolidated income	-17,077	49	7,241
Parent company owners' share	-16,695	-71	6,364
Non-controlling interests	-382	119	877
Consolidated income	-17,077	49	7,241

3. CASHFLOW

3.1. CONSOLIDATED CASHFLOW STATEMENT

CONSOLIDATED CASHFLOW STATEMENT (in €k)	NOTES	H1 2020	H1 2019	2019
Net result of integrated companies (including minority interests)		-16,310	-530	5,830
+/- Net amortisation and provisions (excluding those relative to current assets)		15,695	4,150	7,673
-/+ Unrealised gains and losses linked to fair value variations		-15	-14	-28
-/+ Transfer capital gains and losses			-22	-26
-/+ Dilution gains and losses		-26	329	458
+/- Share in results of associates consolidated by the equity method		1	4	6
- Dividends (non-consolidated securities)		-37		
Cashflow after net finance costs and tax		-691	3,916	13,913
+ Net finance costs		368	348	628
+/- Tax charge (including deferred taxes)	5.18	-1,431	1,133	1,969
Cashflow before net finance costs and tax (A)		-1,754	5,397	16,510
- Taxes paid (B)		2,221	980	2,276
+/- Variation in WCR linked to the activity (including debt linked to staff benefits) (C)		12,041	-4,325	-10,145
= NET CASHFLOW GENERATED BY THE ACTIVITY (D) = (A + B + C)		12,508	2,052	8,641
- Cash outflows linked to the acquisition of tangible and intangible assets		-1,610	-1,879	-3,642
+ Cash inflows linked to the sale of tangible and intangible assets		3	25	142
- Cash outflows linked to the acquisition of financial assets (non-consolidated securities)	5.3		-35	-35
+/- Impact of changes of scope		-83		
+ Dividends received (equity method affiliates, non-consolidated securities) * cf. alternative processing 7.2		37		
+/- Variation in loans and advances granted	5.3	-13	-120	-511
+ Investment subsidies received		97		
= NET CASHFLOW LINKED TO INVESTMENT OPERATIONS (E)		-1,570	-2,009	-4,047
Acquisition of holdings not giving control			-1,111	-1,272
+ Sums received from shareholders at time of capital increases			30	4,868
-/+ Buyback and resale of own shares		-59		174
- Dividends payable during the period				
- paid to shareholders of the parent company	2.3.8	-2,662	-1,845	-1,845
- paid to minority shareholders of consolidated companies			-25	-239
+ Receipts linked to new borrowings	5.11	24,802	2,329	6,869
- Reimbursement of borrowings (including leasing contracts)	5.11	-3,968	-4,639	-9,251
- Net financing interest paid (including leasing contracts)		-280	-342	-713
= NET CASHFLOW LINKED TO FINANCING OPERATIONS (F)		17,833	-5,602	-1,410
+/- Impact of changes in currency change rates (G)		-27	-167	-188
= NET VARIATION OF CASHFLOW (D + E + F + G)		28,745	-5,726	2,997

3.2. NET FINANCIAL DEBT VARIATION STATEMENT

NET FINANCIAL DEBT (in €k)		OPENING	VARIATION	CHANGE OF METHOD	EXCHANGE DIFFERENCES	CLOSING
Gross cashflow	(a)	18,960	24,978		-131	43,806
Debit balances and bank loans and overdrafts	(b)	6,827	-3,794		-104	2,929
Net cashflow	(c) = (a) - (b)	12,132	28,772		-27	40,877
Gross financial debt	(d)	26,818	22,550		-33	49,334
Debt on lease contracts	(e)	9,112	-915	-13	-67	8,117
Net financial debt	(d)+(e) - (c)	23,798	-7,137	-13	-73	16,575

(1) The impact of the IFRS 16 standard on the group's debt amounted to €8,117 k on 30 June 2020.

The mobilisation of commercial and tax receivables on 30 June 2020 is included in the debt.

The financing sources for investments are detailed in chapters 8 and 10 of the Universal Registration Document (URD) 2019.

SOGELAIR also has an own shareholding with an off-balance sheet stock market value (excluding liquidity contract), based on the stock market value on 30 June 2020, amounting to €2.09 million, not posted in the cashflow.

4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in €k)	Group share						Equity capital, minority interests	Total equity capital
	CAPITAL	Reserves linked to the capital	Own shares	Consolidated reserves and profit	Gains and losses entered directly in capital	Equity capital, group share		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Equity capital, year-end N (31 December 2018)	2,900	2,630	-712	48,622	-1,997	51,442	5,462	56,904
Operations on capital	198	4,640				4,838		4,838
Share-based payments								
Operations on own shares			32	101		133		133
Dividends				-1,845		-1,845	-239	-2,084
Result for the period				4,959		4,959	870	5 830
Gains and losses entered directly as equity capital					1,405	1,405	7	1,411
Net gains and losses entered directly as equity capital				4,959	1,405	6,364	877	7,241
Variation of scope								
Other movements				-694	111	-584	-404	-987
Equity capital, year-end N (31 December 2019)	3,098	7,269	-680	51,143	-481	60,348	5,696	66,044
Operations on capital								
Share-based payments								
Operations on own shares			-59			-59		-59
Dividends				-2,662		-2,662		-2,662
Result for the period				-15,935		-15,935	-375	-16,310
Gains and losses entered directly as equity capital					-760	-760	-7	-767
Net gains and losses entered directly as equity capital				-15,935	-760	-16,695	-382	-17,077
Variation of scope				-34		-34	-21	-55 ⁽¹⁾
Other movements				-1	-198	-198	2	-196
Equity capital, closure N (30 June 2020)	3,098	7,269	-739	32,512	-1,439	40,700	5,294	45,995

(1) removal of the company Checkaero SARL from the scope of consolidation

1.1.1. Appendixes to the consolidated accounts

The half-yearly accounts have been drawn up in accordance with IAS 34, with the exception of the equity changes table for which the reference period adopted ends on 31 December 2019 instead of 30 June 2019. This option has been taken to make it easier to read the statements

The economic crisis resulting from the health crisis has led the Group to revise the main estimates and assumptions used in the framework of the elaboration of its half-yearly accounts (balance sheets).

1 – KEY EVENTS – IMPACT OF THE COVID-19 HEALTH CRISIS

◆ APPRECIATION OF THE FINANCIAL PERFORMANCE

The turnover for the 1st half 2020 closed on 30 June 2020 stood at €68.9 million compared with €90.6 million for the 1st half 2019, giving a downturn of 24%.

The **aerospace division** (74.4% of turnover) fell by 31.6% over the half-year and by 54.0% during the 2nd quarter alone. All segments of commercial and business aviation saw a downturn, as did the space sector.

Commercial aviation suffered from limited closures of customer sites, the production rates have been revised downwards creating an amplified one-off effect on the products. The “series” services and development services have seen a steep reduction in their budgets.

For business aviation it is the longer plant closures that are responsible for the greatest part of the downturn.

The **simulation division** (25.0% of turnover) progressed by 21.0% and by 12.5% for the 2nd quarter. It was the activities around the large simulators that supported this growth.

The **vehicle division** (0.6% of turnover) fell by 70.2% over the semester and by 65.7% for the 2nd quarter.

In this context the group has not modified its financial performance indicators.

So, in the prolongation of its past practices, the extraordinary provisions and charges for restructuring and depreciation of goodwill have been booked as other operating charges totalling €13.2 million (see note 5.15).

The provisions for restructuring essentially concern the headcount reductions such as announced in the press release dated 23 June 2020.

◆ GROUP FUNDING OPERATION AND LIQUIDITY MANAGEMENT

In April and May 2020 the Group took out a PGE loan (state-guaranteed loan) for €23.6 million entered as current financial liabilities due in less than one year.

The detailed information on the group's financial debt is presented in point 5.11.

The group has also benefitted from deferred social and tax due dates amounting to €4.3 million on 30 June 2020.

◆ DEPRECIATION TESTS ON THE NON-FINANCIAL ASSETS

The health crisis has caused an abrupt deterioration in the aviation market resulting in activities being interrupted, a loss of turnover, and operating losses.

Loss-of-value tests have been implemented for:

- the entities for which, in view of the analysis carried out by the Group, the consequences of the health crisis could result in a recoverable value lower than the book value,
- the entities that on 31 December 2019 had a recoverable value close to the book value.

The recoverable values are determined on the basis of a going concern value such as determined in point 2.3.2.

We do not anticipate any economic deterioration going beyond the shock scenario such as described in paragraph 2.3.2 of this appendix for which the recoverable values remain higher than the asset values.

Nevertheless, given the context, SOGECLAIR has posted a €2.1 million provision for depreciation of Goodwill concerning the German subsidiary whose turnaround cannot be envisaged in the short term.

Furthermore, the review of the development expenses engaged has confirmed the asset value such as posted in the accounts to 30 June 2020.

◆ DEFERRED TAX ASSET

The group has re-evaluated the recoverable nature of the deferrable tax losses. This evaluation has led to an additional tax charge of €2 million being posted.

◆ INVENTORY, WORK IN PROCESS AND TRADE ACCOUNTS RECEIVABLE

➔ Inventory and work in process

The group has carried out a review of its inventory and work in progress, which has not led to any significant depreciation being posted to 30 June 2020.

The costs of the under-activity caused by the health crisis, notably the unworked hours, have been excluded from the valuation of the inventory and work in process.

The losses on completion have been updated.

➔ Trade accounts receivable

The group has reviewed its exposure to the credit risk which has not led to any additional depreciations being posted.

Furthermore, the group has not identified any significant events such as the termination of contracts, disputes with customers or suppliers that would be liable to have a significant impact on the half-yearly accounts.

◆ PERSPECTIVES

Despite its very strong slowdown, the commercial aviation market remains favourable in the medium term (between 3 and 5 years), the business aviation and space markets, however, should return close to their pre-crisis levels by the end of 2020. The defence sector offers positive perspectives starting from 2021.

Cashflow has been secured to cover the costs of the restructuring projects that have already been launched, and future investments.

2 - INFORMATION RELATIVE TO THE ACCOUNTING BASELINE, THE CONSOLIDATION PROCEDURES AND THE VALUATION METHODS AND RULES

2.1 Standards applied

Pursuant to regulation N°1606/2002 adopted on 19 July 2002 by the European Parliament and Council, the annual accounts of the SOGECLAIR group have been established in accordance with the IFRS baseline such as adopted in the European Union.

Standards, amendments and interpretations of the IFRS standards applicable as from 1st January 2020

The new standards applicable as of 1st January 2020 have not had any significant impact on the accounts to 30 June 2020.

Standards not applied by SOGECLAIR

The new standards, revisions of the IFRS standards and interpretations published by the IASB not yet adopted by the European Commission are not applied by the SOGECLAIR Group.

2.2 CONSOLIDATION PROCEDURES

The companies of significant size, controlled exclusively and in which the group exercises direct or indirect control over more than 50% of their capital have been consolidated by overall integration.

The subsidiaries are companies controlled by the group. Control supposes the exercising of a power over relevant activities, the exposure to variable returns as well as the capacity to use its power to have an influence over those returns.

The applicable consolidation methods are covered by the IFRS 11 standard as far as the partnerships are concerned.

The shares in non-consolidated shareholdings are posted in the "Investments in associates" item for their cost of acquisition.

Furthermore, companies are excluded from the scope of consolidation when they only represent a negligible interest and their exclusion cannot negatively impact the faithful image principle.

Here, this concerns:

- ADM (35% subsidiary of SOGECLAIR AEROSPACE SAS).

2.3 EVALUATION METHODS AND RULES

2.3.1 Conversion of the foreign companies' accounts

The group's presentation currency is the euro, the operating currency of the group's foreign companies is their local currency (pound sterling for Sogclair Aerospace Ltd and Sydac Ltd, Tunisian dinar for Sogclair Aerospace Sarl, Moroccan dirham for Sogclair Aerospace Maroc Sarl, Canadian dollar for Sogclair Aerospace Inc, MSB Design Inc and Ressources Globales Aéro Inc, and the US dollar for MSB Globales Ressources Corp, MSB Aerospace Corp and MSB Aerospace Llc, Rain USA, Oktal USA and AV.Simulation USA, Australian dollar for Sydac Pty Ltd, Indian rupee for Sydac Simulation Technologies India Pvt Ltd.

The accounts of the group's foreign companies are posted in their operating currency, and their accounts are then converted into the group's presentation currency as follows:

- The balance sheet items, with the exception of the equity capital which is maintained at its historical cost, are converted using the closing date exchange rate.
- The income statement items are converted using the average rate for the period.

The income statement exchange differential is included in the other consolidated income items and therefore does not have any impact on the net result (it will be recycled as income in the event control is lost over the subsidiary).

The goodwill posted at the time of grouping with foreign companies is booked in the acquired company's assets and liabilities: it is therefore included in their operating currency and converted into euros at the closing exchange rate. There are therefore variations in the value of the assets which are explained in the consolidated income statement.

2.3.2 Goodwill and assimilated

In compliance with the IFRS standards, goodwill was frozen in 2004 and is no longer amortised, but depreciation tests are performed annually (and/or half-yearly should indications of losses of value appear).

Depreciation is recorded once the recoverable value of the CGU to which the goodwill is assigned is lower than its net book value.

A Cash Generating Unit (CGU) is the smallest identifiable group of assets whose continuous utilisation generates cash inflows that are largely independent from the cash inflows generated by other assets or groups of assets.

Thus, the CGUs identified in the group are the legal entities, it being stated that when the legal entities have strong economic ties several entities are grouped together within one CGU.

Furthermore, a CGU necessarily and exclusively belongs to one of the operational sectors chosen by Sogecclair by way of application of IFRS 8.

In this respect, the legal entities named Sogecclair Aerospace (GmbH in Germany, Ltd in the United Kingdom, SA in Spain, SARL in Tunisia and Morocco, SAS in France) have been grouped together in a single CGU given their indivision as transactional economic assets and their strong ties with the aeronautical industry. Likewise for the Canadian and American entities MSB Ressources Globales Inc, MSB Design Inc, MSB Globales Ressources Corp and MSB Aerospace Llc which have been grouped together in a single CGU.

The Oktal SAS, A.V.Simulation and Oktal Synthetic Environnement SAS entities, completed by the Sydac Pty Ltd, Sydac Ltd and Sydac Simulation Technologies India Pvt Ltd companies acquired in 2018, are grouped together in a single CGU due to their technical synergy.

The recoverable value is the highest value between the net fair value of the cost of disposal, when that can be determined, and the going concern value.

The net fair value of the costs of disposal corresponds to the best estimate of the net value that could result from a transaction made under the conditions of normal competition between well-informed and consenting parties. This estimate is determined on the basis of the market information available taking any special situations into account.

The going concern value adopted by Sogecclair corresponds to the present value of the cash-flows from the identified CGUs. These flows are determined in the framework of the following economic assumptions and forecast operating conditions:

- the cashflows used are derived from three-year "Medium-Term Plans" for the entities concerned available on the valuation date and are extended to a five-year horizon,
- beyond that horizon, the terminal value corresponds to the capitalisation to infinity of the last flow within the horizon, on the basis of a rate to infinity of 2%,
- the actualisation rate stood at 7.96%, at the end of 2019, on the basis:
 - of the 10-year risk-free rate of -0.21%,
 - and of a market premium of 5.9% to which an average over five years of the Beta coefficient specific to Sogecclair is assigned, confirmed by other sources (Bloomberg, Thomson, Infiniti), of 1.39.

A "shock" called "mathematical shock" is applied to the most sensitive underlying parameters (growth of the activity, level of the operating margin, investments) to test the sensitivity of the estimation to an unfavourable change in the CGU's economic environment; the hypotheses adopted for the mathematical shock consist of halving the activity's growth rate and reducing the level of the operating margin (EBITDA) by 30%, and halving the amount of the investments, with respect to the values of the basic business plan.

The recoverable values, based on the going-concern values, are then compared at year-end with the net book values of the goodwill for determining any depreciation.

On 30 June 2020, given the economic context significantly impacted by the Covid-19 as well as the uncertain perspectives for the aeronautical sector, the goodwill relative to the Sogecclair Aerospace CGU was depreciated by €2,108k corresponding to the totality of the Goodwill for Sogecclair aerospace GmbH.

2.3.3 Intangible assets – development expenses

Concerning the work immobilised as development expenses, the amounts posted as assets include all the development expenses through to completion of the work in accordance with IAS 38 along with the related financial costs in accordance with IAS 23.

The amounts immobilised are straight-line amortised over a period of 3 to 10 years depending on the programmes, according to the most probable perspectives of the economic return on the results of the work.

There are currently six main programmes that have led to the assetisation of development expenses and the related financial expenses:

(in €k)	Assetisation period	Amortisation period	Gross amount	Amount still to be amortised
Division Aerospace				
Thermo-compression aeronautical subassemblies	Since 2009	10 years starting from series deliveries	7,741	2,588
Modular aeronautical training platform	Since 2014	4 years starting from commercialisation of the modules	59	17
Aircraft interior monuments	Since 2009	7 years starting from series deliveries	1,161	317
Vehicle Division				
Multi-mission terrestrial drone	Since 2013	5 years starting from assetisation	173	2
Simulation Division				
Terrain modellers (Agetim, Ray and Fast products) for simulators	Since 2003	5 years starting from assetisation	2,488	367
Simulation engines for the following sectors: - automobile (ScanNer product), - rail (OkSimRail product) - air traffic (ScanAds product)	Since 2005	5 years starting from assetisation	3,507	831

2.3.4 Financial instruments

In respect of IFRS 7 it is stated that loans contracted by the group are fixed-rate loans or are covered by a rate swap, and that there are no off-balance sheet financial instruments, nor any securitisation of the customer posting.

In the framework of its exposure to exchange rate risks, SOGECLAIR has been covering some of its contracts in US dollars since the beginning of 2012. These are guaranteed-rate instruments and do not involve any adjustment in respect of hedge accounting. Any coverage losses or profits are entered as a result when accomplishing the exchange operation and at their fair value at each half-year/year-end closing date.

On 30 June 2020 the coverage taken out by SOGECLAIR amounted to USD 3.15 million falling due in March 2021.

To date there are no commitments within SOGECLAIR SA or the group involving complex financial instruments.

2.3.5 Current assets

In accordance with the IAS 1 standard (Presentation of financial statements), an asset is classified current if you are intending to realise or sell it in the framework of the normal operating cycle, or realise it within the twelve months following the balance sheet date, or lastly if it is a cash asset.

The following assets are therefore classified as being current:

- inventory
- advances and down payments
- trade and other receivables
- deferred tax assets
- cash and cash equivalents
- prepaid expenses
- other receivables

2.3.6 Utilisation of estimates

Establishing the financial statements in line with the IFRS baseline requires the use of estimates and hypotheses that may have an impact on the book value of certain elements of the balance sheet and of the income statement.

These estimates and appreciations are updated by Management on the basis of operating continuity according to the information available on the date the accounts are closed. They may change according to events and information that could put into question the circumstances under which they were made.

These estimates essentially concern:

- deferred tax assets (Note 5.6)
- End-of-career indemnities and provisions (Note 5.10)
- Long-term contracts and losses on completion (Note 5.10)
- Evaluation of goodwill (Note 2.3.2)
- Development expenses (Note 2.3.3)

2.3.7 Current and non-current liabilities

In accordance with the IAS 1 standard (Presentation of financial statements) liabilities are classified current and non-current.

A liability is classified current if it must be settled in the framework of its normal operating cycle, or settled within the twelve months following the balance sheet date.

The following contingent liabilities are therefore classified current:

- the part of finance costs and qualified prepayments that are reimbursable within less than one year following the balance sheet date,
- trade and other payables,
- tax and social liabilities,
- short-term provisions,
- deferred tax liabilities,
- other liabilities.

The other contingent liabilities are classified non-current.

2.3.8 Dividends paid

The distribution of dividends paid out in respect of the year 2019 to the parent company's shareholders during the period ending 30 June 2020 is as follows:

- Single voting right €905 k
- Double voting right €1,757 k

2.3.9 Events after balance sheet date

None

2.3.10 Other information

None

3 - SCOPE

1. List of consolidated companies

NAME	COUNTRY	ACTIVITY	% OF HOLDING IN 2020	% OF HOLDING IN 2019
Companies consolidated by full consolidation *				
Aviacomp SAS	France	Aeronautical and defence structural subassemblies	100.00%	100.00%
A.V.Simulation SAS	France	Software and Simulators	63.70%	63.70%
A.V.Simulation USA	USA	Software and Simulators	63.70%	63.70%
Checkaero SARL	Luxembourg	Expertise in the area of stress		75.00%
MSB Aerospace LLC	USA	Aircraft interior subassemblies	100.00%	100.00%
MSB Aerospace CORP	USA	Sub-holding	100.00%	100.00%
MSB Design INC	Canada	Aircraft interior subassemblies	100.00%	100.00%
MSB Global Ressources CORP	USA	Aerostructure, Systems installation, Configuration management, Equipment	100.00%	100.00%
Oktal SAS	France	Software and Simulators	98.00%	98.00%
Oktal USA	USA	Software and Simulators	98.00%	98.00%
Oktal Synthetic Environment SAS	France	Virtual environments	54.95%	54.95%

Ressources Globales Aéro INC	Canada	Aerostructure, Systems installation, Configuration management, Equipment	100.00%	100.00%
Rain Luxembourg SA	Luxembourg	Sub-holding	100.00%	100.00%
Rain USA	USA	Sub-holding	100.00%	100.00%
Séra Ingénierie SAS	France	Vehicle	100.00%	100.00%
Sogclair SA	France	Holding	Parent	Parent
Sogclair Aerospace GMBH	Germany	Aerostructure, Systems installation, Configuration management, Equipment	100.00%	100.00%
Sogclair Aerospace INC	Canada	Sub-holding	100.00%	100.00%
Sogclair Aerospace LTD	United Kingdom	Aerostructure, Systems installation, Configuration management, Equipment	100.00%	100.00%
Sogclair Aerospace SA	Spain	Aerostructure, Systems installation, Configuration management, Equipment nts	87.95%	87.95%
Sogclair Aerospace SARL	Tunisia	Aerostructure, Systems installation, Configuration management, Equipment	100.00%	100.00%
Sogclair Aerospace Maroc SARL	Morocco	Aerostructure, Systems installation, Configuration management, Equipment	100.00%	100.00%
Sogclair Aerospace SAS	France	Aerostructure, Systems installation, Configuration management, Equipment	100.00%	100.00%
Sydac Pty Limited	Australia	Software and Simulators	98.00%	98.00%
Sydac Limited	United Kingdom	Software and Simulators	98.00%	98.00%
Sydac Simulation Technologies India Pvt Ltd	India	Software and Simulators	98.00%	98.00%
Equity method affiliates				
S2E Consulting SAS	France	Systems engineering and electricity	46.98%	46.98%
PrintSky SAS**	France	3D printing solutions in the Aeronautical, Aerospace and Defence sectors	51%	51%

* excluding 2 holding companies in Canada without any operational activities

** company created in 2019

Checkaero SARL was liquidated during the first half and as of 30 June 2020 is no longer part of the SOGECLAIR group.

4 - INFORMATION MAKING IT POSSIBLE TO COMPARE THE ACCOUNTS

Method

No changes that could have an impact on the comparability of accounts have been made during the period to the accounting methods or to the evaluation procedure relative to the processing of the financial information.

5 - EXPLANATIONS ON THE ITEMS ON THE CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

5.1 Intangible assets

GROSS VALUES (in €k)	OPENING	INCREASES	ASSETS GENERATED INTERNALLY	OUTLAYS	EXCHANGE RATE DIFFERENCES	RECLASS- IFICATION	CLOSING
Goodwill	16,239				-400		15,839
Development expenses	27,355		408		-55		27,707
Software and brands and other intangible assets	12,097	316		-5	-108	3	12,303
Current assets	44	30		-11			63
Total	55,734	346	408	-16	-563	3	55,912

AMORTISATION & PROVISIONS (in €k)	OPENING	AMORTISATION AND LOSSES OF VALUE	ASSETS GENERATED INTERNALLY	OUTLAYS	EXCHANGE RATE DIFFERENCES	RECLASS- IFICATION	CLOSING
Goodwill	-1,085	-2,108					-3,192
Development expenses	-22,585	-630			49		-23,167
Software and brands and other intangible assets	-9,499	-587			77		-10,009
Total	-33,169	-3,325			126		-36,368

Net value	22,565						19,544
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The depreciation of the Goodwill concerns Sogclair aerospace GmbH

The detail of the immobilised expenses is given in paragraph 1.3.3 of this document.

5.2 Tangible assets

GROSS VALUES (in €k)	OPENING	INCREASES	OUTLAYS	EXCHANGE RATE DIFFERENCES	RECLASS- IFICATION	CLOSING
Technical installations, plant & equipment	6,424	93		-49		6,468
Installations & fittings	4,455	90		-62	6	4,488
Utilisation rights for tangible assets ⁽¹⁾	26,441	692	- 1,012	-116		26,005
IT & office hardware	9,195	569		-62	53	9,754
Current assets	41		-7		-6	28
Other	3,266	11		-34	-2	3,241
Total	49,823	1,455	- 1,019	-324	50	49,984

AMORTISATION & PROVISIONS (in €k)	OPENING	PROVISIONS FOR DEPRECIATIONS AND LOSSES OF VALUE	OUTLAYS	EXCHANGE RATE DIFFERENCES	RECLASS- IFICATION	CLOSING
Technical installations, plant & equipment	-3,683	-341		39		-3,986
Installations & fittings	-2,974	-162		41		-3,095
Utilisation rights for tangible assets ⁽¹⁾	-17,515	-1,582	976	50		-18,071
IT & office hardware	-7,296	-435		48		-7,684
Current assets	-2,716	-125		32		-2,808
Total	-34,185	-2,645	976	210		-35,643

Valeur nette	15,638	14,342
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⁽¹⁾ The impact of the IFRS 16 standard on 30 June 2020 on the group's net tangible assets amounts to €7,934 k.

The exchange rate differences concern the Australian, Tunisian, Moroccan and Indian subsidiaries: Sydac Pty limited, Sogclair Aerospace Sarl, Sogclair Aerospace Sarl Maroc and Sydac Simulation Technologies India Pvt Ltd; the British companies: Sogclair Aerospace Ltd and Sydac limited; the Canadian subsidiaries: Sogclair Aerospace Inc, MSB Design Inc and Ressources Globales Aero Inc; the American subsidiaries: MSB Global Ressources Corp and MSB Aerospace LLC.

Additional information concerning the financial leasing contracts (IAS 17):

Net book value of the current financial leasing contracts:

(in €k)	GROSS AMOUNT	AMORTISATION	NET BOOK VALUE
Intangible assets	1,894	-1,894	
Tangible assets	6,865	-6,242	623
Total	8,759	-8,136	623

Term for outstanding leasing contracts:

(in €k)	< 1 YEAR	1 TO 2 YEARS	3 TO 5 YEARS
Total	261	153	209

5.3 Investments in associates

GROSS VALUES (in €k)	OPENING	ENTRY INTO SCOPE	INCREASES	OUTLAYS	VARIATION IN FAIR VALUE	EXCHANGE RATE DIFFERENCES	CLOSING
Shareholdings	346				-1		345
Fixed investments							
Loans, guarantees and other receivables	3,493		81	-69	15	-27	3,493
Total	3,838		81	-69	14	-27	3,838

AMORTISATION & PROVISIONS (in €k)	OPENING	AMORTISATION	OUTLAYS	VARIATION IN FAIR VALUE	EXCHANGE RATE DIFFERENCES	CLOSING
Shareholdings	-30					-30
Fixed investments						
Loans						
Total	-30					-30
Net value	3,808					3,808

5.4 Inventory and work in process

GROSS VALUES (in €k)	OPENING	VARIATIONS	OUTLAYS	EXCHANGE RATE DIFFERENCES	CLOSING
Stock of raw materials, supplies and other procurements	3,037	300		-64	3,273
Stock of work in process	4,773	-559		-13	4,201
Stock of finished and intermediate products	5,097	1,642		-89	6,650
Total	12,907	1,383		-166	14,124

PROVISIONS AND DEPRECIATION (in €k)	OPENING	PROVISIONS FOR DEPRECIATIONS AND LOSSES OF VALUE	WRITE-BACKS OF DEPRECIATIONS AND LOSSES OF VALUE	EXCHANGE RATE DIFFERENCES	CLOSING
Depreciation of raw materials, supplies and other procurements.					
Depreciation of work in process	-210	-114	210		-114
Depreciation of finished and intermediate products	-132	-61	91		-102
Total	-342	-176	301		-217

Net value of stock	12,565	13,908
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The gross value of the goods and procurements is evaluated at the purchase price (including the associated costs minus deductions, discounts, and reductions).

The products manufactured are valued at the standard cost of production including:

- consumption of goods and procurements,
- consumption of procurements according to generally observed costs,
- consumption of standard machine and man hours as stipulated in the manufacturing procedures.

The provisions for stock depreciation essentially concern manufactured products whose cost price is higher than the sale price owing to the learning curve.

5.5 Trade and other receivables

The customers' terms of payment have shortened over the half-year and are monitored closely.

5.6 Deferred tax asset

DEFERRED TAX ASSET (in €k)	H1 2020	H1 2019	2019
Temporary differences	2,125	1,590	1,513
Tax deficits	5,550	3,893	4,250
Restatements	25	6	40
Total	7,700	5,489	5,804

A deferred tax asset is constituted on the tax losses and temporary differences if it is probable that the company will dispose of future tax profits to which they may be charged.

SOGELAIR limits the amount of the deferred taxes on the tax deficits of the subsidiaries concerned to 10% of the sales for the year, at year-end, or of the annual budget at the time of the half-year accounts.

Only the deferred tax on the tax deficits of newly created companies is posted in its entirety.

The amount of the accumulated non-assetised deficits on 30 June 2020 totalled an accumulated amount of €1.1 million, representing a non-posted deferred tax of €0.3 million.

5.7 Cash and cash equivalents

(in €k)	H1 2020	H1 2019	2019
Cash	26,141	6,242	12,673
Cash equivalents	17,665	6,259	6,286
Total	43,806	12,500	18,960

On 30 June 2020, the cash equivalents concerned liquid investments in:

- renewable one-month fixed-term account
- interest-bearing account,
- European capital fund with minimum guaranteed interest and possibility of annual buyback of a proportion without significant penalties.

5.8 Equity capital, group share

The equity capital amounts to €3,098 k on 30 June 2020, consists of 3,098,035 shares with a nominal value of €1 each.

It must be remembered that in accordance with notification 2002-D of the Emergency Committee of the CNC on 18 December 2002 and according to the deliberation of the Board of Directors of SOGELAIR held on 23 December 2002, the self-owned shares are deducted from the consolidated shareholders' equity.

On 30 June 2020, the balance of these shares on the company's books (excluding the liquidity contract) amounted to 142,340 shares (4.59% of the capital). This restatement leads to an accumulated reduction of the consolidated equity capital of €739 k.

The market value of the self-owned shares represents €2.09 million on 30 June 2020. The number of shares held in the framework of the liquidity contract amounted to 3,028 on 30 June 2020.

Additional information on the self-owned shares is given in paragraph 4.3, chapter 23 of the 2019 reference document.

Reconciliation of the number of shares used for the calculation of the results per share

Period	H1 2020	H1 2019	2019
- Ordinary shares issued	3,098,035	2,900,000	3,098,035
- Self-owned shares (excluding the liquidity contract)	(142,340)	(144,340)	(138,340)
- Self-owned shares (liquidity contract)	(3,028)	(1,842)	(1,506)
Number of shares used for the calculation of the net result per share, group share	2,952,667	2,753,818	2,958,189
Number of shares used for the calculation of the diluted net result per share, group share	2,952,667	2,753,818	2,958,189

5.9 Minority interests

(in €k)	H1 2020	H1 2019	2019
At beginning of period	5,696	5,462	5,462
Variation of reserves	-26 ⁽¹⁾	-652	-636 ⁽²⁾
Total income and expenditure entered during the period	-375	134	870
At end of period	5,294	4,944	5,696

⁽¹⁾Exit of Checkaero Sarl from scope

⁽²⁾Including buyout of minority interest in MSB and Sera Ingénierie

5.10 Long-term provisions

LONG-TERM PROVISIONS (in €k)	OPENING	CONTRIBUTIONS	WRITE-BACKS	ACTUARIAL GAINS AND LOSSES	EXCHANGE RATE DIFFERENCES	CLOSING
Provisions for retirement benefit obligations	2,630	17	-112	92		2,627
Other provisions for charges	21	1			-1	20
Provisions for losses on contracts	2,340	1,037	-1,762		-19	1,596
Other provisions for risks	462	143	-268			337
Total	5,453	1,199	-2,142	92	-20	4,581

The other provisions for risks essentially concern tax and social risks.

The impact of the reclassification of the actuarial gains (IAS19R) to the reserves amounts to €92 k.

The discount rate used concerning the retirement benefit provisions correspond to CMT 10 (Constant Maturity Treasury rate) which stood at -0.18% on 30 June 2020.

5.11 Current and non-current financial debts

NON-CURRENT FINANCIAL DEBTS (in €k)	OPENING	INCREASE	CHANGE OF METHOD	REDUCTION	VARIATION IN FAIR VALUE	EXCHANGE RATE DIFFERENCES	RECLASS- IFICATION	CLOSING
Qualified prepayments (+ 1 year)	1,227	118					571	1,917
Borrowings and debts with credit institutions (+ 1 year)	17,671	1,058					221	18,951
Debt owing in respect of leasing contracts (+ 1 year)	6,172	381	-2	-12		-46	-1,270	5,223
Sundry non-current loans and financial liabilities	506	54		-205				356
Total	25,577	1,611	-2	-217		-46	-478	26,446

CURRENT FINANCIAL DEBTS (in €k)	OPENING	INCREASE	CHANGE OF METHOD	REDUCTION	VARIATION IN FAIR VALUE	EXCHANGE RATE DIFFERENCES	RECLASS- IFICATION	CLOSING
Current qualified prepayments (-1 year)	614			-23			-571	20
Current borrowings and debts with credit institutions (-1 year)	6,768	23,660		-2,167		-34	-221	28,005
Debt owing in respect of leasing contracts (-1 year)	2,940	311	-11	-1,595		-21	1,270	2,894
Bank loans and overdrafts	6,827	-3,794				-104		2,929
Sundry current loans and financial liabilities	31			54				86
Total	17,181	20,176	-11	-3,730		-158	478	33,935

⁽¹⁾ Impact of the IFRS 16 standard on 30 June 2020 on the group's net debt was €8,117 k.

The medium/long-term bank loan trends, excluding leases, are detailed below:

MEDIUM/LONG TERM BANK LOANS (excluding leases and rental debt) (in €k)	2020
Taken out during the half-year	24,717 ⁽¹⁾
Reimbursed during the half-year	1,990

⁽¹⁾ including 23,659.5 of PGE (State-Guaranteed Loan) further to the Covid-19 health crisis.

The gross financial debts schedule is given below:

GROSS LONG-TERM DEBT SCHEDULE (in €k)	TOTAL	< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Longer
Qualified prepayments (+ 1 year)	1,917		1,017	899		
Borrowings and debts with credit institutions (+ 1 year)	18,951		5,221	4,995	3,788	4,947
Debt owing in respect of leasing contracts (+1 year)	5,223		2,763	1,995	465	
Sundry non-current financial liabilities	356		356			
Non-current financial liabilities	26,446		9,357	7,889	4,254	4,947

Current qualified prepayments	20	20
Current borrowings and debts with credit institutions	28,005	28,005
Current debt owing in respect of leasing contracts	2,894	2,894
Bank loans and overdrafts	2,929	2,929
Sundry current loans and financial liabilities	86	86
Current financial liabilities	33,935	33,935

Characteristics of the loans taken out	Fixed-date financial debts ⁽¹⁾	Terms	Due dates	Coverage	Financial covenants
Fixed-rate amortisable in euros	46,320	0 to 2.1%	2013-2026	N/A	None

(1) Total amount to be reimbursed on 30 June 2020

5.12 Short-term provisions

SHORT-TERM PROVISIONS (in €k)	OPENING	CONTRIBUTIONS	WRITE-BACKS	EXCHANGE RATE DIFFERENCES	CLOSING
Provisions for restructuring		10,773		-5	10,769
Other provisions for charges	34		-7	-1	26
Other provisions for risks	298	20	-117		200
Total	332	10,793	-124	-6	10,995

The provisions for restructuring essentially concern the headcount reduction plans.

5.13 Turnover

In accordance with IFRS 8, turnover is presented division by division in paragraph 5 of this appendix.

5.14 Other income from the activity

OTHER INCOME FROM THE ACTIVITY (in €k)	H1 2020	H1 2019	2019
Operating and investment subsidies	289	600	941
Other income	997	440	5,265
Total	1,285	1,040	6,206

The operating subsidies mainly concern innovation projects. They have been posted at their allocation date and are attached to the period according to the programmes' degree of advancement.

5.15 Other operating income and charges

OTHER OPERATING INCOME AND CHARGES (in €k)	H1 2020	H1 2019	2019
Social risks (provisions, write-backs, charges and income for the period)		22	-41
Gains or losses on sale of property, plant and equipment			26
Gains or losses on goodwill	-2,108		
Other income and charges	-11,207	-434	-304
Total	-13,315	-412	-319

The other operating income and charges correspond to the result of the other non-current operations during the period, notably the costs of restructuring the SOGECLAIR group to 30 June 2020.

The losses on goodwill correspond to the depreciation of the goodwill relative to Sogclair aerospace GmbH.

5.16 Cost of net financial debt – Other financial charges and income

The cost of net financial debt includes:

- the income from cash and cash equivalents, that is to say:
 - the interest generated by the cash and cash equivalents
 - the result of the transfer of cash equivalents
- the cost of the gross financial debt, which essentially corresponds to the interest charges on financing operations and to exchange rate variations.

The net exchange rate losses amounted to -€298 k on 30 June 2020.

5.17 Other financial charges and income

The other financial income and charges amount to €46 k for the half-year and include the income and charges linked to the other financial assets such as income from shareholdings, provisions and write-backs on financial provisions and exchange rate adjustments.

5.18 Income tax

The SOGECLAIR SA company has opted for the integrated tax system for the following companies: SOGECLAIR SA, SOGECLAIR AEROSPACE SAS, OKTAL SAS, AVIACOMP and SERA INGENIERIE on 30 June 2020.

TAX CHARGE (in €k)	H1 2020	H1 2019	2019
Deferred tax	1,931	496	611
Tax payable ⁽¹⁾	-537	-1,298	-2,450
Income or charge linked to tax integration	37	-330	-130
Total	1,431	-1,133	-1,969

(1) including CVAE (Corporate Value Added Contribution)

Tax proof is presented below:

TAX PROOF (in €k)	H1 2020	H1 2019	2019
Pre-tax profit (loss)	-17,741	602	7,799
Parent company's tax rate	28.92%	28.92%	28.92%
Theoretical income (charge) tax on profits	5,131	-174	-2,255
Permanent differences and others	-399	16	-62
Tax-exempted revenue and non-fiscally deductible charges	-674	-391	-202
Impact of foreign tax rate differences and variations	13	10	-43
Income taxed at reduced rates ⁽¹⁾	-243	-396	-738
Impact of deferred tax deficits and amortisations	-2,430	-224	-99
Tax credits	34	27	1,431
Income tax benefit (charge) posted	1,431	-1,133	-1,969

(1) Impact of CVAE (Corporate Value Added Contribution) in France and of the Trade Tax in Germany

5.19 Average workforce

WORKFORCE (full-time equivalence)	H1 2020	H1 2019	2019
Engineers, managers and senior technicians	1,157	1,176	1,199
Technicians and other non-managerial	320	451	434
Total	1,477	1,627	1,633

5.20 Financial commitments

OFF-BALANCE SHEET COMMITMENTS (in €k)	H1 2020	H1 2019	2019
Commitments made:			
Relative to company financing operations			
Pledge of equity interests			
Securitised receivables			
Counter-guarantee on overdraft facility			
Relative to the issuer's operating activities			
Acquisitions of tangible assets			
Counter-guarantee on securities			
Counter-guarantee securities on markets	2,761	2,233	2,877
Counter-guarantee securities on tenders			
Sub-total	2,761	2,333	2,877
Commitments received:			
Relative to the issuer's operating activities			
Acquisitions of tangible assets			
Counter-guarantee securities on markets		5	
From customers on long-term programmes ⁽¹⁾	103,000	110,000	105,000
Relative to company financing operations			
Payment guarantees received from customers			
Sub-total	103,000	110,005	105,000

⁽¹⁾ We draw your attention to the fact that SOGECLAIR has received commitments from its customers on its long-term contracts dependent on their sales. On the basis of firm orders received by those customers, the value of this future income, updated according to the CMT 20 (Constant Maturity Treasury rate) of 0.28% on 30 June 2020, is €102,000 k. Additional information on the programmes subject to risk-sharing is provided in paragraph 1.6 of chapter 23 of the Universal Registration Document.

6 - SECTOR-BASED INFORMATION

In accordance with IFRS 8, the issuer has chosen to present the group's activity in three operational sectors corresponding to the sectors reviewed by the main operational decision-maker. It should be noted that no grouping of sectors has been made.

NAME	COUNTRY	ACTIVITY
Division Aerospace*		
Aviacomp SAS	France	Aeronautical and defence structural subassemblies
MSB Aerospace LLC	USA	Aircraft interior subassemblies
MSB Design Inc	Canada	Aircraft interior subassemblies
MSB Global Resources CORP	USA	Aerostructure, Systems installation, Configuration management, Equipment
Ressources Globales Aéro INC	Canada	Aerostructure, Systems installation, Configuration management, Equipment
Sogclair Aerospace GMBH	Germany	Aerostructure, Systems installation, Configuration management, Equipment
Sogclair Aerospace LTD	United Kingdom	Aerostructure, Systems installation, Configuration management, Equipment
Sogclair Aerospace SA	Spain	Aerostructure, Systems installation, Configuration management, Equipment
Sogclair Aerospace SARL	Tunisia	Aerostructure, Systems installation, Configuration management, Equipment
Sogclair Aerospace Maroc SARL	Morocco	Aerostructure, Systems installation, Configuration management, Equipment
Sogclair Aerospace SAS	France	Aerostructure, Systems installation, Configuration management, Equipment

S2E Consulting SAS	France	Systems engineering and electricity
PrintSky SAS	France	3D printing solutions in the Aeronautics, Aerospace and defence sector

Simulation Division

A.V.Simulation SAS	France	Software and Simulators
A.V.Simulation USA	USA	Software and Simulators
Oktal SAS	France	Software and Simulators
Oktal USA	USA	Software and Simulators
Sydac Pty Limited	Australia	Software and Simulators
Sydac Limited	United Kingdom	Software and Simulators
Sydac Simulation Technologies India Pvt Ltd	India	Software and Simulators
Oktal Synthetic Environment SAS	France	Virtual environments

Vehicle Division

Séra Ingénierie SAS	France	Vehicle
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Holding

Sogclair SA	France	Holding
Rain Luxembourg (Holding North America)	Luxembourg	Sub-holding
Rain USA	USA	Sub-holding
Sogclair Aerospace INC	Canada	Sub-holding
MSB Aerospace CORP	USA	Sub-holding

* excluding 2 holding companies in Canada without any operational activities

SOGECLAIR's main customers are listed in the reference document available on the company's website (www.sogclair.com).

SOGECLAIR has facilities in France, Australia, Canada, Germany, India, Morocco, Spain, Tunisia, the United Kingdom and USA.

Besides the countries where it has facilities, the countries addressed by SOGECLAIR on 30 June 2020 are : Austria, Belgium, Brazil, China, Colombia, Cyprus, Czech Republic, Denmark, Finland, Ireland, Israel, Italy, Japan, Mexico, Mozambique, New-Zealand, Norway, Romania, South Korea, Sweden, Switzerland, Thailand, Turkey.

6.1 Consolidated financial situation per division

	AEROSPACE		VEHICLE		SIMULATION		HOLDING	
ASSETS (in €k)	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019
Goodwill	8,148	10,488	20	20	4,476	4,476	3	3
Intangible assets	4,310	5,366	10	18	2,445	2,157	133	173
Property, plant and equipment	7,959	9,699	598	786	3,460	3,798	2,324	1,580
Equity method affiliates	229	79						
Other long-term assets	1,205	1,093	9	20	1,536	1,522	828	534
Share eliminations	-28,634	-28,925	-650	-650	-2,823	-2,823	32,108	32,398
Non-current assets	-6,783	-2,199	-13	195	9,093	9,130	35,397	34,688
Inventory and work in-process	13,828	12,225			79	140		
Trade and other receivables	29,872	44,226	1,717	2,497	17,703	15,016	7	
Other circulating assets	5,882	3,273	414	339	4,853	3,417	5,502	11,851
Deferred income tax	5,533	4,256	151	44	1,777	859	240	329
Cash and cash equivalents	20,324	3,876	1,381	18	11,167	1,659	10,935	6,948
Current assets	75,438	67,856	3,663	2,898	35,578	21,091	16,684	19,128
TOTAL ASSETS	68,655	65,656	3,650	3,093	44,671	30,221	52,081	53,816

	AEROSPACE		VEHICLE		SIMULATION		HOLDING	
LIABILITIES (in €k)	H1 2020	S1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019
Capital							3,098	2,900
Capital contribution							7,269	2,630
Own shares							-739	-712
Reserves and accumulated results	296	11,452	1,488	1,991	12,655	12,049	16,634	18,634
Equity capital, group share	296	11,452	1,488	1,991	12,655	12,049	26,262	23,452
Minority interests	124	197			5,171	4,747		
Consolidated equity capital	419	11,649	1,488	1,991	17,826	16,796	26,262	23,452
Long-term provisions	1,852	2,264	148	139	2,245	3,443	336	472
Long-term qualified pre-payments	1,548	1,572			369	251		
Long-term borrowings and financial debts	6,163	6,980	409		2,449	2,856	15,509	13,515
Other long-term liabilities	1	13						
Non-current liabilities	9,563	10,828	556	139	5,063	6,550	15,845	13,987
Short-term qualified pre-payments	35	488			-15	-15		
Current part of provisions for other long-term liabilities and charges	17,859	2,539	965	570	7,445	996	4,716	4,796
Short-term borrowings and financial debts	2,925	8,492			2	10	2	589
Short-term provisions	10,950	160	20	45		31	25	356
Trade and other payables	6,406	12,801	171	52	8,346	3,916	829	767
Tax and social liabilities	16,667	16,477	936	867	6,880	5,257	863	1,071
Other current liabilities	1,170	1,121	178	164	4,658	5,843		
Intra-group eliminations	2,659	1,100	-664	-735	-5,533	-9,163	3,539	8,798
Current liabilities	58,672	43,179	1,606	963	21,783	6,875	9,974	16,378
TOTAL LIABILITIES	68,655	65,656	3,650	3,093	44,671	30,221	52,081	53,816

6.2 Consolidated income statement per division

INCOME STATEMENT (in €k)	AEROSPACE		VEHICLE		SIMULATION		HOLDING	
	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019
Sales	51,222	74,926	434	1,454	17,237	14,245		
Other income from the activity	764	517	4	71	495	422	22	30
Cost of goods sold	-19,943	-29,763	-526	-687	-10,731	-5,386	-645	-767
Personnel charges	-30,034	-39,346	-723	-874	-6,957	-7,221	-649	-917
Taxes and duties	-347	-418	-33	-33	-128	-156	-148	-105
Amortisation and provisions	-1,863	-1,982	-145	-233	-200	-1,180	-521	-400
Other charges	-177	-521	-1	-21	-149	-13	-64	-53
Intra-Group operations	-2,074	-2,468	437	214	-1,130	-588	2,767	2,841
Current operating income	-2,451	945	-553	-109	-1,563	122	763	628
Other operating income and charges	-13,178	23			-140	-432	3	-3
Operating profit before contribution of equity method affiliate income	-15,629	968	-553	-110	-1,703	-310	766	626
Share of equity method affiliates in profit	-1	-4						
Operating profit	-15,630	964	-553	-110	-1,703	-310	766	626

7 RELATED COMPANIES

7.1 Commercial lease

SCI SOTER, the successor to the rights of SCI SOLAIR, and SCI ALAN (since 2019) have a link with one of SOGECLAIR's directors and several of its shareholders who hold a fraction of the voting rights greater than 10 % (refer to 6.8 of the Universal Registration Document 2019). The contractual terms and conditions were drawn up according to market rules. To 30 June 2020, the contractual relations with SCI SOTER and SCI ALAN SOLAIR have been exercised correctly and do not lead us to anticipate any risk for SOGECLAIR. There are no debts with respect to SCI SOTER or SCI ALAN on 30 June 2020. The future payments will concern the payments of the rentals and charges relative to the rental contracts.

7.2 Board of Directors

The number of independent directors exceeds the minimum threshold recommended by the Middlednext Code. The remuneration paid to the members of the Board of Directors is shown in paragraph 24.1.4 of the report on Corporate Governance present in chapter 24 of the Universal Registration Document 2019. You are also reminded that there is a life annuity paid for the benefit of Mr Jean-Louis ROBARDEY, further to the purchase of a business completed on 27 December 1985 (Refer to chapter 15.2. of the Universal Registration Document 2019).

7.3 Directors

No changes have been made during the period to the main directors' short- and long-term benefits.

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EXCO FIDUCIAIRE DU SUD-OUEST
2, rue des Feuillants
31076 – TOULOUSE CEDEX 3

S.A. SOGECLAIR
7, Avenue Albert Durand
31700 Blagnac

**AUDITORS' REPORT ON THE
HALF YEARLY FINANCIAL INFORMATION**

Period of 1st January 2020 to 30th June 2020

To the shareholders,

In performing the duty entrusted to us by your General Meeting and in application of article L.451-1-2 III of Monetary and Financial Law, we have proceeded with:

- a limited examination of the half-yearly consolidated accounts of the company SOGECLAIR SA, relative to the period from 1 January to 30 June 2020, such as appended to this report;
- a verification of the information provided in the half-yearly management report.

These half-yearly consolidated financial statements were drawn up under the responsibility of your Board of Directors on 3 September 2020, on the basis of the information available on the date in a changing crisis context owing to COVID-19 and the difficulties grasping its impacts and the future perspectives. It is our duty to express an opinion on these financial statements based on our limited examination.

CONCLUSION REGARDING THE ACCOUNTS

We conducted our limited examination in accordance with the professional auditing standards in France.

A limited examination essentially consists of interviewing the board members in charge of the accounting and financial aspects and of implementing analytical procedures. These tasks are less extensive than those required for an audit performed according to the professional auditing standards that apply in France. Consequently, the assurance – obtained in the framework of a limited examination – that the accounts taken as a whole do not include any significant anomalies is a moderate assurance, and is lower than that obtained in the framework of an audit.

On the basis of our limited examination, we have not noted any significant anomalies that could put into question, with respect to the IFRS baseline such as adopted in the European Union, the regularity and sincerity of the consolidated half-yearly accounts and the true and faithful picture they give of the asset base, financial situation at the end of the half-year, and of the result for the past half-year of the group made up of the people and entities comprised in the consolidation.

SPECIFIC VERIFICATION

We have also verified the information provided in the half-yearly management report established on 3 September 2020 relative to the half-yearly consolidated activity report on which we performed our limited examination.

We have no special comment to make regarding their fairness and conformity with the half-yearly consolidated accounts.

Drawn up in Toulouse, on 8 September 2020

The Auditors

MOREREAU AUDIT SAS
Didier GARRIGUES

Exco Fiduciaire du Sud-Ouest
Christian DUBOSC