2021-2022
HALF-YEAR REPORT

CONTENTS

1. | Persons responsible

1.1 Declaration by the person responsible for the half-year report

I hereby declare that, to the best of my knowledge, the condensed interim consolidated financial statements for the six months ended September 30, 2021 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and of all the companies included in the scope of consolidation, and that the interim management report included hereafter presents a true and fair view of the significant events during the first six months of the year, their impact on the financial statements and the main transactions between related parties, as well as a description of the main risks and uncertainties for the remaining six months of the year.

November 30, 2021
Paul Boudre
Chief Executive Officer

1.2 Statutory Auditors

Principal Auditors

KPMG SA, represented by Jacques Pierre and Rémi Vinit Durand

Tour EQHO, 2, avenue Gambetta, 92066 Paris La Défense Cedex

Date of first appointment: July 25, 2016

Date of expiration of term of office: Shareholders' General Meeting called to approve the financial statements for the year ending March 31, 2022

Ernst & Young Audit, represented by Nicolas Sabran

Tour Oxygène, 10-12, boulevard Marius Vivier Merle, 69393 Lyon Cedex 03

Date of first appointment: July 25, 2016

Date of expiration of term of office: Shareholders' General Meeting called to approve the financial statements for the year ending March 31, 2022

Alternate Auditors

<u>Salustro Reydel (alternate for KPMG SA)</u>

Tour EQHO, 2, avenue Gambetta, 92066 Paris La Défense Cedex

Date of first appointment: July 25, 2016

Date of expiration of term of office: Shareholders' General Meeting called to approve the financial statements for the year ending March 31, 2022

<u>Auditex (alternate for Ernst & Young Audit)</u>

1-2, place des Saisons, 92037 Paris La Défense Cedex

Date of first appointment: July 25, 2016

Date of expiration of term of office: Shareholders' General Meeting called to approve the financial statements for the year ending March 31, 2022

2. | Risk factors

The main risks and uncertainties facing our Group during the remaining six months of fiscal year 2021-2022 are those described in Chapter 2 *Risk factors* on pages 47 to 56 of Soitec's 2020-2021 Universal Registration Document filed with the French Financial Markets Authority (*Autorité des marchés financiers* – AMF) on July 5, 2021 under number D.21-0681. We have reviewed these risks and have found no evidence of any new risks.

3. | Review of the financial position and results of our Group

The interim management report should be read in conjunction with the condensed interim consolidated financial statements for the six months ended September 30, 2021, and our Company's 2020-2021 Universal Registration Document filed with the AMF on July 5, 2021 under number D.21-0681.

In first-half 2021-2022, our Group operated in two business segments:

- production and marketing of substrates and components for the semiconductor industry (**Electronics**);

- other **discontinued operations** of our Group (Other Business), mainly the Solar Energy business (operation and maintenance of photovoltaic installations).

3.1 Group business and results

3.1.1 Background

Amid the ongoing global Covid-19 pandemic and tensions in semiconductor supply chains, first-half 2021-2022 saw a return to strong revenue growth across all our markets. Our revenue at the end of the period was up 53% at constant exchange rates compared with first-half 2020-2021.

Investments continued apace during the period:

- in our industrial capacity in Singapore for 300 mm SOI wafers and associated refresh capacity, as well as in France at our Bernin 3 plant dedicated to innovative Piezoelectric-on-Insulator (POI) products, in order to meet growing demand from our customers for 4G and 5G smartphone filters;
- in research and development, both for our Silicon-on-Insulator (SOI) products and for new materials (in particular silicon carbide), which is key to the diversification of our products.

At the Extraordinary Shareholders' General Meeting of July 28, 2021, our shareholders adopted Soitec's corporate mission, which is defined as follows: "We are the innovative soil from which smart and energy efficient electronics grow into amazing and sustainable life experiences".

3.1.2 Business and income statement

As expected, first-half 2021-2022 saw strong growth compared to the prior period, accompanied by a sharp improvement in profitability, resulting in an EBITDA margin of 36.8%.

(in € millions)	**6 months ended Sept. 30, 2021**	**6 months ended Sept. 30, 2020**
Revenue	373	254
Gross profit	131	77
as % of revenue	*35.2%*	*30.4%*
Current operating income	75	37
as % of revenue	*20.2%*	*14.6%*
Other operating income and expenses	9	0
Operating income (EBIT)	85	37
as % of revenue	*22.7%*	*14.6%*
Electronics EBITDA(1)	**137**	**77**
as % of revenue	***36.8%***	***30.4%***
Net loss from discontinued operations(2)	0	0
Net profit – Group share	74	22
as % of revenue	19.9%	8.7%
Basic earnings per share (in euros)	2.23	0.67

(1) EBITDA represents operating income (EBIT) before depreciation, amortization, non-cash items related to share-based payments and changes in impairment of current assets and provisions for contingencies and charges, excluding disposals gains and losses.
EBITDA is a non-IFRS performance measure of our Group's capacity to generate cash from its operating activities. EBITDA is not defined within the scope of IFRS and should not be considered as an alternative to any other financial indicator.
(2) Restatement of the solar businesses in application of IFRS 5.

3.1.2.1 Revenue

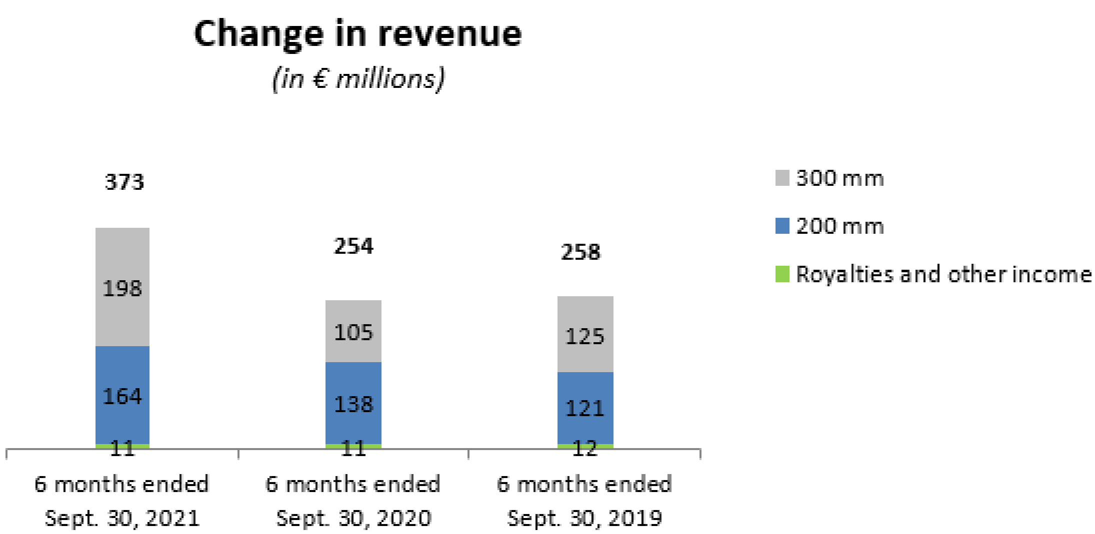
Consolidated revenue reached €373.1 million in first-half 2021-2022, representing the best semester ever. It was up 46.7% compared to €254.4 million in first-half 2020-2021, reflecting the combination of 52.9% growth at constant exchange rates and a negative currency impact of 6.2% (no change in scope).

150/200 mm wafer sales were up 23% at constant exchange rates by €25.7 million compared to first-half 2020-2021, while 300 mm wafer sales were up 97% at constant exchange rates by €92.4 million.

Our Group enjoyed further strong growth in Mobile Communications, our main end market which continues to be supported by the deployment of 5G, translating into higher sales of RF-SOI wafers dedicated to radiofrequency applications and POI wafers dedicated to RF filters. This growth was driven in particular by capacity increases both at our Singapore plant dedicated to 300 mm SOI and at our Bernin 3 plant dedicated to 150 mm POI.

Thanks to the sustained recovery in the automotive market, we recorded a solid performance in Automotive and Industry, with higher sales of Power-SOI wafers.

Our Group also achieved an increase in revenue from Smart Devices, with higher sales of Photonics-SOI wafers and FD-SOI wafers for internet-of-things and edge computing applications.



By wafer size, our revenue – which is entirely generated in the Electronics segment – breaks down as follows:

	Revenue		
(in € millions)	6 months ended Sept. 30, 2021	6 months ended Sept. 30, 2020	6 months ended Sept. 30, 2019
Electronics – 300 mm SOI	198	105	125
Electronics – 150/200 mm	164	138	121
Royalties and other*	11	11	12
Revenue	***373***	***254***	***258***

** Including revenue related to Dolphin Design.*

Revenue by geographic area breaks down as follows:

	6 months ended Sept. 30, 2021	6 months ended Sept. 30, 2020	6 months ended Sept. 30, 2019
United States	16%	11%	24%
Europe	26%	19%	24%
Asia	58%	69%	52%

Small-diameter wafers (150 mm and 200 mm)

During first-half 2021-2022, sales of small-diameter wafers (150 mm and 200 mm) increased by 19%, representing growth of 23% at constant exchange rates compared to first-half 2020-2021.

Sales of 200 mm wafers

up 19%

up €26m

Small-diameter wafers comprise:

- products designed for radiofrequency and power applications. The growth in 200 mm wafer sales was driven by higher sales of Power-SOI substrates, thanks to the recovery in the automotive market. RF-SOI content in radiofrequency applications is continually increasing with the deployment of 5G, but essentially to the benefit of 300 mm wafers. RF-SOI 200 mm wafer sales grew slightly at constant exchange rates compared to first-half 2020-2021;
- 150 mm POI (*Piezoelectric-on-Insulator*) substrates for RF filters, representing a strong value proposition for 4G and 5G smartphone filters for mass markets. The ramp-up in production and sales of 150 mm POI substrates continued apace at Bernin during first-half 2021-2022.

300 mm wafers

300 mm wafers comprise products designed for digital and radiofrequency applications.

Sales of 300 mm wafers
up 88%
up €92m

During first-half 2021-2022, sales of 300 mm wafers rose by 97% at constant exchange rates compared to first-half 2020-2021, and included an unfavorable currency effect. This increase was the result of a sharp rise in volumes sold, with full capacity achieved at our Bernin 2 plant and capacity increased at our Singapore plant.

RF-SOI 300 mm wafer sales grew rapidly, propelled by the ongoing rollout of 5G smartphones (which contain on average 60% more RF-SOI content than 4G smartphones).

FD-SOI wafer sales were up sharply compared to first-half 2020-2021 level, confirming the rebound that began in the prior fiscal year and demonstrating how FD-SOI is increasingly valuable for edge computing, automotive and 5G applications.

Sales of other 300 mm wafers (Imager-SOI for 3D applications for smartphones and Photonics-SOI wafers for data centers) also increased compared to first-half 2020-2021.

Royalties and other income

Royalties and other income reached €11.4 million in first-half 2021-2022, up 7% from €10.9 million in the same year-ago period.

3.1.2.2 Gross profit

Gross profit improved sharply year on year from €77.4 million in first-half 2020-2021 to €131.4 million in first-half 2021-2022, up a solid 4.8 percentage points from 30.4% of revenue to 35.2%. Despite an unfavorable currency effect due to the appreciation in the value of the euro against the US dollar, gross profit benefited primarily from (i) business growth, and the attendant operating leverage, (ii) a very good industrial performance, particularly in terms of yield, and (iii) the favorable impact of the phasing of our raw materials procurement contracts.

3.1.2.3 Sales and marketing expenses

Sales and marketing expenses totaled €6.7 million in first-half 2021-2022, versus €5.5 million in the same period of fiscal year 2020-2021. This increase reflects the efforts undertaken by our Group to restructure its salesforce in preparation for future growth.

These expenses represented 1.8% of revenue in the six months to September 30, 2021, versus 2.1% in the six months to September 30, 2020.

3.1.2.4 R&D

Net R&D costs increased from €17.5 million (6.9% of revenue) in first-half 2020-2021 to €27.7 million (7.4% of revenue) in first-half 2021-2022. This €10.1 million increase was mainly due to:

- an increase in gross costs due to hiring, higher external costs, an increase in sampling and higher depreciation and amortization than in the first half of the prior fiscal year (effect of investments in previous fiscal years);
- partly offset by an increase in subsidies (including research tax credits).

We continued to accelerate innovation to develop the products required for each of our three end markets.

3.1.2.5 General and administrative expenses

General and administrative expenses increased by €4.5 million to €21.8 million in first-half 2021-2022 compared to €17.3 million in first-half 2020-2021, mainly due to higher personnel costs in result of the hiring and other compensation-related costs including share-based payments (which were particularly affected by the rise in the Soitec share price) and, to a lesser extent, the increase in depreciation and amortization expense (IT investments).

General and administrative expenses represented 5.8% of our revenue in first-half 2021-2022, versus 6.8% in the same year-ago period. In view of the business growth during the period, the rise in general and administrative expenses remained limited and reflects the continued efforts by our Group to reinforce its organizational structure in anticipation of expected growth in the second half of fiscal year 2021-2022 and beyond.

3.1.2.6 Current operating income

Current operating income amounted to €75.3 million (20.2% of revenue) in first-half 2021-2022, compared to €37.2 million (14.6% of revenue) in first-half 2020-2021.

3.1.2.7 EBITDA

EBITDA for the six months ended September 30, 2021 benefited from the sharp increase in sales that generated a significant operating leverage. Combined with a solid industrial performance, our Group was therefore able to press ahead with its organizational structuring efforts and to invest in R&D while significantly improving its profitability.

EBITDA from continuing operations (Electronics) amounted to €137.5 million in the six months to September 30, 2021 (36.8% of revenue), versus €77.3 million (30.4% of revenue) in the six months to September 30, 2020.

3.1.2.8 Operating income

In first-half 2021-2022, other operating income totaled €10.0 million. This non-recurring income included chiefly the €8.8 million reversal of the impairment loss recognized in the year ended March 31, 2016 on our Singapore industrial building (see note § 4.6.3 "Highlights of the period").

In first-half 2020-2021, other operating income and expenses were not material.

Taking into account the non-recurring income, operating income came to €84.7 million (22.7% of revenue) for the period, compared to €37.1 million for first-half 2020-2021 (14.6% of revenue).

3.1.2.9 Net financial expense

In first-half 2021-2022, our Group posted net financial expense of €4.7 million, compared to net expense of €10.2 million in first-half 2020-2021.

This caption mainly includes:

- €6.0 million in financial expenses incurred in connection with the OCEANE 2023 and 2025 convertible bond issues (versus €2.2 million in connection with the OCEANE 2023 convertible bond in first-half 2020-2021). The increase is mainly related to our OCEANE 2025 bond issue on October 1, 2020;
- a €3.1 million foreign exchange gain (versus a foreign exchange loss of €6.4 million in first-half 2020-2021) as a result of changes in the EUR/USD exchange rate over the period.

3.1.2.10 Net loss from discontinued operations

The net loss from discontinued operations for first-half 2021-2022 is mainly attributable to a foreign exchange loss of €277 thousand linked to the receipt of the funds due in respect of the settlement of the shares sold in our former South African subsidiary for ZAR 125 million. These funds were received in full by our Group on May 7, 2021.

3.1.2.11 Net profit

Our Group recorded a net profit of €74.2 million in first-half 2021-2022 (19.9% of revenue), compared with a net profit of €22.2 million in first-half 2020-2021 (8.7% of revenue).

Basic earnings per share rose sharply to €2.23 (versus €0.67 in first-half 2020-2021). Diluted earnings per share were €2.14 (versus €0.66 in first-half 2020-2021).

3.2 Statement of financial position

(in € millions)	Sept. 30, 2021	March 31, 2021
Non-current assets	648	559
Current assets	428	365
Cash and cash equivalents	590	644
Total assets	**1,667**	**1,568**
Total equity	765	676
Financial debt	637	648
Provisions and other non-current liabilities	42	44
Operating payables	223	200
Total equity and liabilities	**1,667**	**1,568**

3.2.1. Non-current assets

Non-current assets increased by €90 million at end-September 2021 versus end-March 2021, mainly due to the significant capital expenditure during the period.

In line with the prior period and as planned, capital expenditure was chiefly devoted to:

- expanding production capacity for 300 mm wafers at our Singapore plant, for €53 million;
- increasing production line capacity for POI (Piezoelectric-on-Insulator) substrates at our Bernin 3 plant, for €38 million;
- renewing equipment and facilities used for the production of 200 mm and 300 mm wafers at our Bernin 1 and 2 plants, for €14 million;
- R&D investments, for €9 million (including €7.6 million in capitalized development costs);
- a positive €4 million in currency translation effects.

The change in non-current assets also reflects the reversal of impairment losses in the amount of €10.0 million, mainly related to our Singapore industrial building (see note §4.6.3 “Highlights of the period”).

These effects were partly offset by depreciation and amortization over the period for €36.7 million.

3.2.2. Current assets and liabilities

(in € millions)	**Sept 30, 2021**	**March 31, 2021**	**Change**	**Non-cash movements**		**Cash movements**				**Change in working capital**
				Other	Translation adjustments and other	Non-operating cash flows	Reclassification between current assets and liabilities	Other	Foreign exchange gains/ (losses)	
Inventories	148	124	24	14	(1)	-	-	-		37
Trade receivables	185	157	27	-	(3)	-	(2)	-	(4)	19
Other current assets	93	77	16	-	(1)	5	(3)	2		19
Current financial assets	2	6	(4)	-	-	4	-	-		-
Current assets (1)	**428**	**365**	**63**	**14**	**(4)**	**9**	**(5)**	**2**	**(4)**	**75**
Trade payables	91	79	12	-	0	-	(3)	-	(1)	7
Other current liabilities*	132	121	11	0	0	(22)	(2)	0		(13)
Operating payables (2)	**223**	**200**	**23**	**0**	**0**	**(22)**	**(5)**	**0**	**(1)**	**(6)**
Current assets net of operating payables (1) - (2)	**206**	**165**	**41**	**15**	**(3)**	**31**	**-**	**2**	**(3)**	**82**

** Other current liabilities include payables to fixed asset suppliers.*
At September 30, 2021, the €21 million change in these payables had no effect on working capital and was reclassified to investing cash flows.

Further disclosures on changes in cash flows are provided in section 3.3 *Cash and financing*.

Current assets increased by €63 million compared to March 31, 2021 to €428 million at end-September 2021, reflecting:

- a €24 million increase in inventories, in line with business growth and seasonality;
- a €27 million increase in trade receivables due to business growth;
- a €16 million increase in other current assets, mainly concerning research tax credits to be partially offset against corporate income tax in second-half 2021-2022, and tax receivables;
- partially offset by a €4 million decrease in current financial assets corresponding to the change in fair value of currency hedges.

Current operating payables increased by €23 million compared to March 31, 2021 to €223 million at end-September 2021, as a result of:

- an €11 million increase in other operating payables, reflecting a rise in payables to fixed asset suppliers, partially offset by a decrease in tax and social security payables attributable to the seasonality effect and the payment of social security contributions on free share allocation plans;
- a €12 million increase in trade payables in line with business growth.

3.2.3. Financial debt

Financial debt decreased from €648.5 million at end-March 2021 to €636.6 million at end-September 2021.

This €11.9 million decrease was chiefly attributable to:

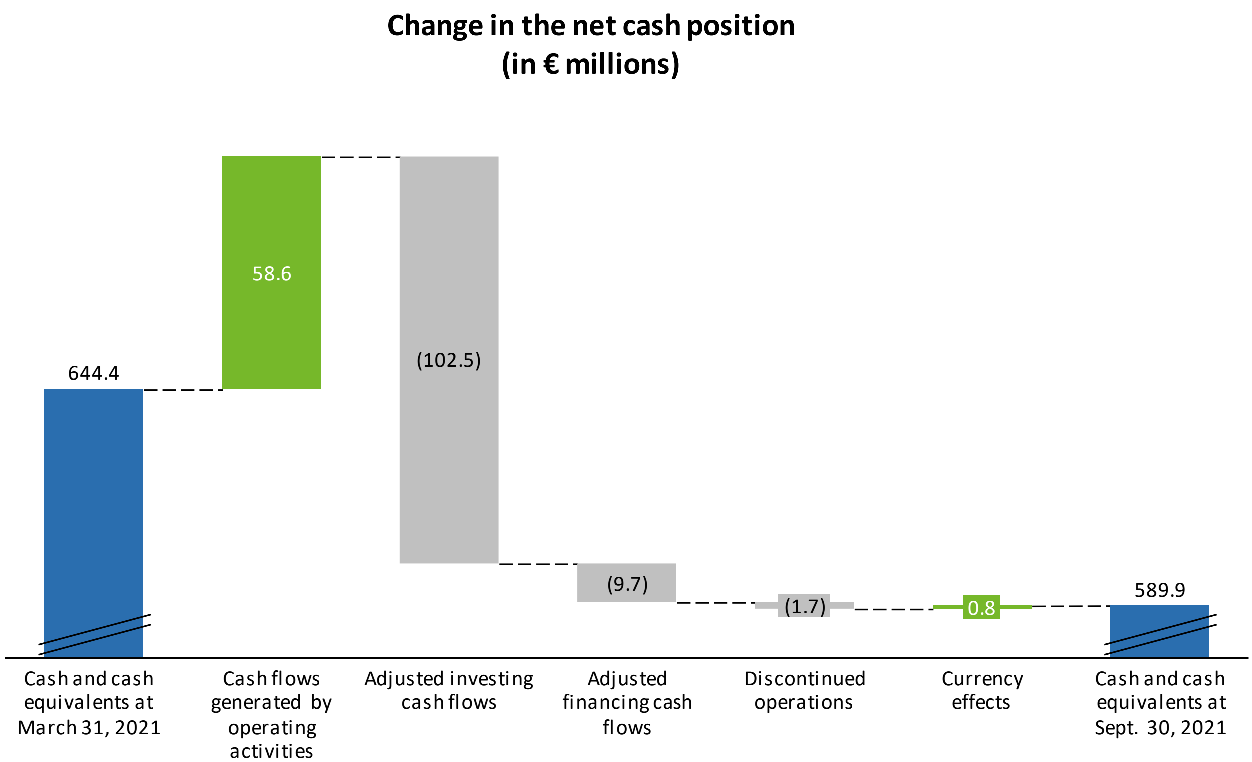
- the conversion of a portion of our OCEANE 2023 convertible bonds for €11.9 million (see note 4.6.3 "Highlights of the period"), partially offset by €6.0 million in interest expense on our OCEANE 2023 and 2025 convertible bonds over first-half 2021-2022;
- the repayment of lease liabilities for €5.2 million, and of our Singapore bank loan for €4.6 million;
- the decrease in liabilities on put options granted to non-controlling interests for €2.3 million;
- the €6 million increase in financial liabilities attributable to a more favorable EUR/USD exchange rate at end-September than provided for by the currency hedging instruments in our portfolio.

3.2.4. Net debt

Net debt (financial debt less cash and cash equivalents) amounted to €46.7 million at September 30, 2021 compared to €4.1 million at March 31, 2021.

3.3 Cash and financing

Cash generation during first-half 2021-2022 (in € millions):



The investing and financing cash flows shown above are taken from the IFRS statement of cash flows, adjusted to include new leases under leaseback arrangements in financing cash flows (rather than in investing cash flows).

The cash balance at March 31, 2021 included ZAR 125 million (€7.2 million) related to the sale of the shares held in our former South African subsidiary. These funds were received in full by our Group in May 2021, after obtaining clearance for their repatriation.

Net cash generated by operating activities in first-half 2021-2022 amounted to €58.5 million (€102.1 million in first-half 2020-2021). This decrease reflects gross operating cash flows of €137.5 million (up from €77.1 million in the first half of the prior fiscal year), an €81.7 million increase in working capital (versus a €31.2 million decrease in first-half 2020-2021), and tax refunds for €2.9 million (taxes paid for €6.3 million in the first six months of fiscal year 2020-2021).

The increase in working capital mainly reflects the €37.0 million change in inventories in connection with higher sales of our 300 mm products, the €19.5 million increase in trade receivables due to business growth, the €31.9 million increase in other operating receivables and payables reflecting research tax credits to be received or allocated to income tax in the second half of the fiscal year, and a decrease in tax and social security payables due mainly to the payment of social security contributions on free share allocation plans.

Adjusted net cash used in investing activities totaled €102.5 million in the six months to September 30, 2021, versus €48 million in the first half of the prior fiscal year and mainly comprise capital expenditure for the period, as described in note §3.2.1 *Non-current assets*.

Sharp increase in investing cash flows: €102m in first-half 2021-2022, versus €48m in first-half 2020-2021

Adjusted financing cash flows represented a negative €9.7 million in first-half 2021-2022, compared to a positive €49 million in the same year-ago period. They mainly comprise repayments during the period (on the bank loan of our Singapore subsidiary and on leases), partly offset by new finance leases and research tax credit pre-financing in some of our subsidiaries.

Sources of financing

Our Group's primary objective is to have the necessary and sufficient financial resources to fund the growth of its business. As such, it systematically reinvests its earnings to promote an industrial growth strategy focused on strong product innovation. It has in the past called on its shareholders, and other investors, to finance its capital spending through capital increases or convertible bond issues.

Driven by the net profit and the convertible component of our OCEANE convertible bonds, our Group continued to strengthen its equity, which stood at €765.2 million at September 30, 2021 versus €675.5 million at March 31, 2021.

At September 30, 2021, our Group had a satisfactory liquidity position, comprising:

- available cash of €590 million;
- low net debt of €46.7 million;
- remaining drawdowns of €105 million (to fund capital expenditure, as and when) on the 12-year, €200 million long-term loan granted by Banque des Territoires (Caisse des Dépôts group) in March 2020 (€95 million drawn down at September 30, 2021, with no additional drawdowns during the reported period);
- bank credit lines worth €85 million with eight banks (not drawn down at end-September 2021). These credit lines are repayable at maturity no later than June 2025 and do not contain any covenants.

3.4 Information on trends

As announced at the publishing of our second-quarter revenue on October 20, 2021, we now expect full fiscal-year 2021-2022 revenue to reach around US$975 million, representing growth of around 45% at constant exchange rates compared to fiscal year 2020-2021.

Thanks to a high level of activity and a strong operational performance in line with the first half-year period, we expect our fiscal year 2021-2022 Electronics EBITDA margin to be around 34%, with a potential upside to reach around 35%. Soitec will continue to benefit from the full loading of Bernin I and Bernin II industrial facilities as well as from a higher output at Bernin III and an increased loading of Singapore plant and will have some headwinds as compared to the first FY'22 semester during the second FY'22 semester such as raw material and energy costs as well as the phasing of FX hedging contracts.

We confirm that Electronics adjusted net capital expenditure will reach around €240 million in fiscal year 2021-2022, essentially reflecting an acceleration in capacity investments to support the ramp-up of the 300 mm plant in Singapore and a further increase in 150 mm POI wafer production capacity at Bernin 3.

4. | Condensed interim consolidated financial statements at September 30, 2021

4.1. Consolidated income statement

(in € thousands)	Notes	6 months ended Sept. 30, 2021	6 months ended Sept. 30, 2020
Revenue	4.6.6.17.	**373,095**	**254,375**
Cost of sales		(241,654)	(176,949)
Gross profit		**131,441**	**77,426**
Sales and marketing expenses		(6,706)	(5,458)
R&D costs	4.6.6.19.	(27,669)	(17,521)
General and administrative expenses		(21,763)	(17,284)
Current operating income		**75,303**	**37,163**
Other operating income	4.6.6.21.	10,047	-
Other operating expenses	4.6.6.21.	(627)	(17)
Operating income		**84,723**	**37,146**
Financial income		3,335	78
Financial expense		(8,003)	(10,232)
Net financial expense		**(4,668)**	**(10,154)**
Profit before tax		**80,055**	**26,992**
Income tax	4.6.6.22.	(5,558)	(4,756)
Net profit from continuing operations		**74,497**	**22,236**
Net loss from discontinued operations	4.6.6.24.	(335)	(48)
Consolidated net profit		**74,162**	**22,188**
Net profit – Group share		**74,162**	**22,188**
Basic earnings per share *(in euros)*	4.6.6.23.	2.23	0.67
Diluted earnings per share *(in euros)*	4.6.6.23.	2.14	0.66

Basic earnings per share amounted to €2.23, including earnings per share of €2.24 relating to continuing operations and a €0.01 loss per share attributable to discontinued operations.

Diluted earnings per share amounted to €2.14, including earnings per share of €2.15 relating to continuing operations and a €0.01 loss per share attributable to discontinued operations.

The weighted average number of shares used to calculate basic earnings per share was 33,311,866 (33,176,479 shares in the first half of the prior fiscal year).

The weighted average number of shares used to calculate diluted earnings per share was 36,680,990 (33,466,404 shares in first-half 2020-2021).

4.2. Statement of other comprehensive income

(in € thousands)	*Notes*	6 months ended Sept. 30, 2021	6 months ended Sept. 30, 2020
Consolidated net profit		**74,162**	**22,188**
Items that may be reclassified to the income statement		**(2,701)**	**(5,852)**
of which: foreign exchange gains/(losses) on translation of foreign operations		3,061	(10,944)
of which: changes in the fair value of hedging instruments		(8,049)	7,491
of which: tax on items recognized in other comprehensive income		2,287	(2,399)
Items that may not be reclassified to the income statement		**-**	**(1,005)**
of which: actuarial gains/(losses) on defined benefit plans		-	(1,355)
of which: tax impact		-	350
Income and expenses recognized in other comprehensive income		(2,701)	(6,857)
Total comprehensive income for the period		**71,461**	**15,331**
Group share		*71,461*	15,331

4.3. Consolidated statement of financial position

Assets *(in € thousands)*	Notes	Sept. 30, 2021	March 31, 2021
Non-current assets			
Intangible assets	4.6.6.1.	102,102	99,126
Property, plant and equipment	4.6.6.2.	473,399	378,157
Non-current financial assets	4.6.6.3.	14,594	12,704
Other non-current assets	4.6.6.4.	16,852	15,403
Deferred tax assets		41,419	53,119
Total non-current assets		**648,366**	**558,509**
Current assets			
Inventories	4.6.6.5.	147,826	124,309
Trade receivables	4.6.6.6.	184,857	157,422
Other current assets	4.6.6.7.	93,450	77,079
Current financial assets	4.6.6.8.	2,299	6,336
Cash and cash equivalents	4.6.6.9.	589,938	644,376
Total current assets		**1,018,370**	**1,009,522**
Total assets		**1,666,736**	**1,568,031**

Equity and liabilities *(in € thousands)*	Notes	Sept. 30, 2021	March 31, 2021
Equity			
Share capital	4.6.6.10.	67,646	66,730
Share premium	4.6.6.10.	94,909	83,183
Reserves and retained earnings	4.6.6.10.	612,900	533,159
Other reserves	4.6.6.10.	(10,273)	(7,572)
Equity – Group share	4.6.6.10.	765,182	675,500
Total equity	4.6.6.10.	**765,182**	**675,500**
Non-current liabilities			
Long-term financial debt	4.6.6.12.	466,699	612,273
Provisions and other non-current liabilities	4.6.6.13. 4.6.6.14.	42,270	43,800
Total non-current liabilities		**508,969**	**656,073**
Current liabilities			
Short-term financial debt	4.6.6.12.	169,929	36,206
Trade payables		90,773	78,989
Provisions and other current liabilities	4.6.6.14. 4.6.6.15.	131,883	121,263
Total current liabilities		**392,585**	**236,458**
Total equity and liabilities		**1,666,736**	**1,568,031**

4.4. Consolidated statement of changes in equity

(in € thousands)	Share capital	Share premium	Treasury shares	Reserves and retained earnings	Other reserves	Equity – Group share	Total equity
March 31, 2020	**66,558**	**82,426**	**(377)**	**395,732**	**7,387**	**551,726**	**551,726**
Items that may be reclassified to the income statement	-	-	-	-	**(5,852)**	**(5,852)**	**(5,852)**
of which: foreign exchange gains/(losses) on translation of foreign operations	-	-	-	-	(10,944)	(10,944)	(10,944)
of which: changes in the fair value of hedging instruments	-	-	-	-	7,491	7,491	7,491
of which: tax on items recognized in other comprehensive income	-	-	-	-	(2,399)	(2,399)	(2,399)
Items that may not be reclassified to the income statement	-	-	-	-	**(1,005)**	**(1,005)**	**(1,005)**
of which: changes in the fair value of non-current assets	-	-	-	-	-	-	-
of which: actuarial gains/(losses) on defined benefit plans	-	-	-	-	(1,355)	(1,355)	(1,355)
of which: tax impact	-	-	-	-	350	350	350
Total income and expenses in the period recognized in other comprehensive income	-	-	-	-	**(6,857)**	**(6,857)**	**(6,857)**
Net profit from continuing operations	-	-	-	22,236	-	22,236	22,236
Net loss from discontinued operations	-	-	-	(48)	-	(48)	(48)
Total comprehensive income for the period	-	-	-	**22,188**	**(6,857)**	**15,331**	**15,331**
Share-based payments and tax impact	-	-	-	9,414	-	9,414	9,414
Other	-	-	-	65	-	65	65
Sept. 30, 2020	**66,558**	**82,426**	**(377)**	**427,399**	**530**	**576,536**	**576,536**

(in € thousands)	Share capital	Share premium	Treasury shares	Reserves and retained earnings	Other reserves	Equity – Group share	Total equity
March 31, 2021	**66,730**	**83,183**	**(369)**	**533,528**	**(7,572)**	**675,500**	**675,500**
Items that may be reclassified to the income statement	-	-	-	-	**(2,701)**	**(2,701)**	**(2,701)**
of which: foreign exchange gains/(losses) on translation of foreign operations	-	-	-	-	3,061	3,061	3,061
of which: changes in the fair value of hedging instruments	-	-	-	-	(8,049)	(8,049)	(8,049)
of which: tax on items recognized in other comprehensive income	-	-	-	-	2,287	2,287	2,287
Items that may not be reclassified to the income statement	-	-	-	-	**-**	**-**	**-**
of which: changes in the fair value of non-current assets	-	-	-	-	-	-	-
of which: actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-
of which: tax impact	-	-	-	-	-	-	-
Total income and expenses in the period recognized in other comprehensive income	-	-	-	-	**(2,701)**	**(2,701)**	**(2,701)**
Net profit from continuing operations	-	-	-	74,497	-	74,497	74,497
Net loss from discontinued operations	-	-	-	(335)	-	(335)	(335)
Total comprehensive income for the period	-	-	-	**74,162**	**(2,701)**	**71,461**	**71,461**
Vesting of shares(1)	673	(673)	-	-	-	-	-
Conversion of OCEANE 2023 convertible bonds	242	12,399		(702)		11,939	11,939
Share-based payments and tax impact	-	-	-	4,026	-	4,026	4,026
Change in liabilities relating to put options granted to non-controlling interests	-	-	-	2,259	-	2,259	2,259
Other	-	-	-	(4)	-	(4)	(4)
Sept. 30, 2021	**67,646**	**94,909**	**(369)**	**613,269**	**(10,273)**	**765,182**	**765,182**

(1) Increase in share capital includes €560 thousand following the issuance of 279,821 ordinary shares further to the vesting of free shares under the free share plan for all on July 27, 2021, and €113 thousand following the issuance of 56,712 new PS 2 shares further to the vesting of 56,712 free preferred shares under the Topaz 2019 plan on August 2, 2021.

4.5. Consolidated statement of cash flows

(in € thousands)	Notes	6 months ended Sept. 30, 2021	6 months ended Sept. 30, 2020
Net profit from continuing operations		74,497	22,236
Net loss from discontinued operations	4.6.6.24.	(335)	(48)
Consolidated net profit		**74,162**	**22,188**
Adjustments for:			
Depreciation and amortization expense	4.6.6.20.	36,728	27,375
Impairment reversal and accelerated depreciation of non-current assets		(10,016)	-
Provisions, net		(302)	1,029
Provisions for retirement benefit obligations		730	580
Proceeds from disposals of assets		65	721
Income tax		5,558	4,756
Net financial expense		4,668	10,154
Share-based payments		11,323	9,414
Other non-cash items		14,206	1,050
Non-cash items relating to discontinued operations		145	(123)
Changes in:			
Inventories		(36,952)	(24,193)
Trade receivables		(19,477)	59,537
Other receivables		(18,670)	5,506
Trade payables		6,636	627
Other liabilities		(13,264)	(10,229)
Changes in working capital and income tax paid relating to discontinued operations		26	(42)
Income tax paid		2,919	(6,256)
Net cash generated by operating activities		**58,485**	**102,094**
Of which continuing operations		*58,649*	*102,307*
Purchases of intangible assets		(13,092)	(8,875)
Purchases of property, plant and equipment		(85,423)	(36,176)
Proceeds from disposals of intangible assets and property, plant and equipment		471	-
Investments in controlled companies, net of cash acquired		(1,437)	(992)
(Acquisitions) and disposals of financial assets		(1,866)	1,720
Interest received		97	125
Investment/divestment flows related to discontinued operations		1	-
Net cash used in investing activities		**(101,249)**	**(44,198)**
Of which continuing operations		*(101,250)*	*(44,198)*

Financing received from non-controlling interests	200	480
Loans and drawdowns on credit lines	3,491	61,716
Repayments of borrowings (including leases)	(13,080)	(16,255)
Interest paid	(1,570)	(634)
Financing flows related to discontinued operations	(1,544)	(1)
Net cash generated by/(used in) financing activities	**(12,503)**	**45,306**
Of which continuing operations	*(10,959)*	*45,307*
Effects of exchange rate fluctuations	829	(2,938)
Change in net cash	**(54,438)**	**100,264**
Of which continuing operations	*(52,731)*	*100,478*
Cash and cash equivalents at beginning of the period	**644,376**	**190,998**
Cash and cash equivalents at end of the period	**589,938**	**291,262**

4.6. Notes to the condensed interim consolidated financial statements at September 30, 2021

4.6.1. Overview of our Company and our Group's business activity

Soitec SA is a *société anonyme* (French joint-stock corporation) listed on Euronext Paris (Compartment B). Soitec SA and its subsidiaries are hereinafter referred to as "our Group". Soitec SA is hereinafter referred to as "our Company" or "Soitec".

Our Group operates in two business segments:

- **Electronics**: our Group's historical activity in the semiconductor sector, producing and marketing substrates and components for the semiconductor industry;
- **Other Business**: operations that have largely been discontinued by our Group, mainly comprising the Solar Energy sector, whose outstanding activities were sold in fiscal year 2019-2020. Our Group no longer has any operations in this business segment and its accounts hold only provisions for activities sold or discontinued as well as costs of discontinuing the operations .

4.6.2. Accounting policies

Basis of preparation

Our Group's condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting.

The interim consolidated financial statements do not contain all the information and notes presented in the annual financial statements. Accordingly, they should be read in conjunction with our Group's consolidated financial statements at March 31, 2021.

Our Group's consolidated financial statements for the year ended March 31, 2021 are available on request from our Company's head office, located at Parc Technologique des Fontaines, Bernin (38190), or on our website at www.soitec.com.

The interim consolidated financial statements were prepared under the responsibility of our Board of Directors of November 30, 2021.

Significant accounting policies

The accounting policies and measurement rules used by our Group in the condensed interim consolidated financial statements at September 30, 2021 are the same as those used to prepare our Group's consolidated financial statements at March 31, 2021, except as regards income tax, which is recognized in the interim financial statements on the basis of the best estimate of the annual tax rate expected to apply to the whole fiscal year, and the new accounting standards with mandatory application as from April 1, 2021.

The standards, amendments and interpretations used to prepare the consolidated financial statements at September 30, 2021 are those published in the Official Journal of the European Union before September 30, 2021, and mandatory on that date. The reference framework is available from the European Commission's website.

Our Group has applied the following standards, amendments and interpretations, published by the IASB and adopted by the European Union, and mandatory for reporting periods beginning on or after April 1, 2021:

- amendments to IFRS 16 – Covid-19-Related Rent Concessions;
- amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2;
- IFRS IC decision on the application of IAS 19 – Employee Benefits.

These new standards, amendments and interpretations did not have a material impact on our Group's interim financial statements and are not expected to have a material impact on our Group's consolidated financial statements at March 31, 2022.

Standards, amendments and interpretations that may be early adopted for reporting periods beginning on or after January 1, 2021

The new standards, amendments and interpretations applicable to reporting periods beginning on or after January 1, 2021 that were not early adopted by our Group at September 30, 2021 concern:

- amendments to IFRS 3 – References to the Conceptual Framework;
- amendments to IAS 16 – Proceeds Before Intended Use;
- amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract.

These new standards, amendments and interpretations are not expected to have a material impact on our Group's consolidated financial statements.

Significant accounting judgments and estimates

As part of the normal process of preparing consolidated financial statements, the determination of certain items requires Group management to make estimates and assumptions that affect the amounts reported for assets and liabilities, as well as the disclosures provided in certain notes at the reporting date and the amounts reported for income and expenses. In particular, they apply to:

- impairment of non-current assets;
- capitalization of development costs;
- accounting value of free preferred share plans;
- impairment of inventories;
- recognition of tax loss carryforwards;
- amount of provisions for contingencies and charges;
- provisions for employee benefits and commercial agreements.

These assumptions, estimates and assessments were prepared on the basis of available information or situations prevailing at the reporting date of the interim consolidated financial statements for the six-month period ended September 30, 2021. In the event of changes in the underlying assumptions or in the prevailing economic conditions, in particular in relation to Covid-19, the amounts presented in our Group's future financial statements could differ materially from the current estimates.

4.6.3. Highlights of the period

Industrial site in Singapore

The Singapore factory (included in the Electronic business) was built in 2008 to increase 300 mm wafer production capacity. Due to the downturn in demand, most of the production of 300 mm wafers was transferred to the Bernin plant in September 2013 and the Singapore clean room remained dormant. One of the options considered by management had been to sell the plant. In view of the indication of a loss in value due to the plant being idled, an impairment loss was recognized based on an appraisal by an independent expert (US$22 million impairment loss recognized in fiscal year 2015-2016).

At September 30, 2021, in view of the strong improvement in the level of utilization of the plant, the outlook and the visibility on its profitability in the very short term (before the end of fiscal year 2021-2022), our Group decided to reverse the impairment loss. Net of revised depreciation and amortization, the reversal amounts to €8.8 million and is included in "Other operating income" in our income statement.

Conversion of OCEANE 2023 convertible bonds

On June 28, 2018, our Company issued bonds convertible into and/or exchangeable for new and/or existing shares (OCEANE convertible bonds) maturing on June 28, 2023, for an amount of €150 million.

Holders of OCEANE 2023 convertible bonds have a right to receive new and/or existing ordinary shares, which they may exercise at any time as of the issue date (i.e., June 28, 2018) until the seventh business day (inclusive) prior to the planned or early redemption date. The OCEANE 2023 conversion/exchange ratio is one ordinary share per OCEANE 2023 convertible bond. Some bondholders have exercised their right. At September 30, 2021, 121,000 OCEANE 2023 convertible bonds had been converted into new ordinary shares, representing a total increase in our Company's share capital (including the issue premiums) of €12,641 thousand, of which €242 thousand corresponding to the share capital and €12,399 thousand corresponding to the issue premiums.

On September 16, 2021, our Group notified the holders of its OCEANE convertible bonds maturing on June 28, 2023 of its decision to redeem all its outstanding OCEANE convertible bonds in advance of maturity on October 18, 2021, at par (i.e., €104.47 per bond). At September 30, 2021, 1,314,818 OCEANE convertible bonds remained outstanding out of a total of 1,435,818 OCEANE convertible bonds initially issued.

On October 8, 2021, all OCEANE bondholders opted to exercise their conversion/exchange right at the conversion/exchange ratio of one Soitec share per OCEANE convertible bond. Consequently, 1,314,818 new Soitec shares were issued, representing 3.90% of our Company's share capital.

Vesting of free shares allocated under the Share Plan for All no. 3 (PAT no. 3)

On July 26, 2018, our Board of Directors decided to set up two new free ordinary share allocation plans for all Group employees, subject to presence and performance conditions.

On June 9, 2021, the Board of Directors noted that the objectives set out in the plan rules had been fully achieved and that the performance conditions for these two plans had therefore been met in full. The ordinary shares allocated under these plans vested to the beneficiaries of our Group on July 26, 2021 at the end of the vesting period. The plans are now therefore terminated.

Consequently, 279,821 new ordinary shares with a par value of €2.00 each were created by incorporating issue premiums of €560 thousand into the share capital.

"Topaz" co-investment plan

The Extraordinary Shareholders' General Meeting of July 26, 2019 authorized the Board of Directors to allocate free preferred shares ("PS 2") and created a new category of preferred shares convertible into ordinary shares ("PS 2") based on the achievement of objectives relating to EBITDA, revenue and the Total Shareholder Return (TSR) of our Company's ordinary shares compared to the STOXX Europe 600 Technology index. The free PS 2 vest in tranches (40% on December 18, 2020, 30% on August 1, 2021 and 30% on August 1, 2022).

Following the vesting of the second tranche, 56,712 PS 2 were issued on August 1, 2021. As a reminder, 75,861 PS 2 were issued on December 18, 2020, following the vesting of the initial tranche.

"Onyx 2024" free share allocation plan

On July 28, 2021, pursuant to the authorizations granted by the Shareholders' General Meeting of July 28, 2021, our Board of Directors set up a free ordinary share allocation plan for certain employees of our Group. A total of 54,614 ordinary shares were allocated under the plan, subject to a presence condition (presence in the Group until July 1, 2024) and performance conditions based on the achievement of objectives relating to revenue, EBITDA and the Total Shareholder Return (TSR) of our Company's ordinary shares compared to the STOXX Europe 600 Technology index.

The shares allocated represented approximately 0.2% of our Company's share capital at July 28, 2021.

Tax inspection

The audit of the accounting and all of the tax returns of Soitec S.A. for the period from April 1, 2016 to March 31, 2019 has been completed and the tax inspection concluded without any reassessment. The tax assessment of our subsidiary Concentrix is ongoing.

4.6.4. Change in scope

The scope of consolidation is identical to that presented in our 2020-2021 Universal Registration Document filed with the AMF on July 5, 2021 under number D.21-0681.

4.6.5. Segment information

As discussed in "Overview of our Company and our Group's business activity", our Group operates in two business segments:

- production and marketing of substrates and components for the semiconductor industry (Electronics);
- other discontinued operations of our Group (Other Business), mainly the Solar Energy business (operation and maintenance of photovoltaic installations).

Information on the calculation of EBITDA

The EBITDA figure reported in the segment analysis table represents operating income (EBIT) before depreciation, amortization, non-cash items relating to share-based payments and changes in impairment of current assets and provisions for contingencies and charges, excluding disposals gains and losses.

EBITDA is a non-IFRS performance measure of our Group's capacity to generate cash from its operating activities. EBITDA is not defined within the scope of IFRS and should not be considered as an alternative to any other financial indicator. Segment information is presented below:

Breakdown of the consolidated income statement

(in € thousands)	6 months ended Sept. 30, 2021			6 months ended Sept. 30, 2020		
	Electronics	Other Business	Total	Electronics	Other Business	Total
Revenue	**373,095**	**-**	**373,095**	**254,375**	**-**	**254,375**
Gross profit	**131,441**	**-**	**131,441**	**77,426**	**-**	**77,426**
Gross R&D operating costs	*(44,085)*	*-*	*(44,085)*	*(31,199)*	*-*	*(31,199)*
Sales of prototypes and other income	*871*	*-*	*871*	*1,478*	*-*	*1,478*
Subsidies and repayable advances	*5,811*	*-*	*5,811*	*12,200*	*-*	*12,200*
Net R&D costs	(27,669)	-	(27,669)	(17,521)	-	(17,521)
Sales and marketing expenses	(6,706)	-	(6,706)	(5,458)	-	(5,458)
General and administrative expenses	(21,763)	-	(21,763)	(17,284)	-	(17,284)
Current operating income	**75,303**	**-**	**75,303**	**37,163**	**-**	**37,163**
Other operating income	*10,047*	*-*	*10,047*		*-*	*-*
Other operating expenses	*(627)*	*-*	*(627)*	*(17)*	*-*	*(17)*
Other operating income and expenses	9,420	-	9,420	(17)	-	(17)
Operating income (EBIT)	**84,723**	**-**	**84,723**	**37,146**	**-**	**37,146**
Neutralization of reconciliation items		-			-	
Depreciation and amortization expense	36,728	-	36,728	27,375	-	27,375
Impairment reversal and accelerated depreciation of non-current assets	(10,016)		(10,016)		-	
Share-based payments	11,323	-	11,323	9,414	-	9,414
Provisions, net	(302)	-	(302)	1,029	-	1,029
Provisions for retirement benefit obligations	730	-	730	580	-	580
Proceeds from disposals of assets	65	-	65	721	-	721
Other items	14,206	-	14,206	1,050	-	1,050
EBITDA from discontinued operations	-	(190)	(190)	-	(171)	(171)
EBITDA	**137,457**	**(190)**	**137,267**	**77,315**	**(171)**	**77,144**

Breakdown of the consolidated statement of financial position

(in € thousands)	Sept. 30, 2021			March 31, 2021		
	Electronics	Other Business	Total	Electronics	Other Business	Total
Intangible assets, net	102,102	-	102,102	99,126	-	99,126
of which goodwill	*20,765*	-	*20,765*	*20,765*	-	*20,765*
Property, plant and equipment, net	473,399	-	473,399	378,157	-	378,157
Non-current financial assets	14,594	-	14,594	12,704	-	12,704
Other non-current assets	16,852	-	16,852	15,403	-	15,403
Non-current assets (1)	**606,947**	**-**	**606,947**	**505,390**	**-**	**505,390**
Inventories	147,826	-	147,826	124,309	-	124,309
Trade receivables	184,857	-	184,857	157,422	-	157,422
Other current assets	93,249	201	93,450	76,879	200	77,079
Current financial assets	2,299	-	2,299	6,336	-	6,336
Current assets (2)	**428,231**	**201**	**428,432**	**364,946**	**200**	**365,146**
Trade payables	(90,613)	(160)	(90,773)	(78,856)	(133)	(78,989)
Other current and non-current liabilities	(168,119)	(6,034)	(174,153)	(158,903)	(6,160)	(165,063)
Current and non-current liabilities (3)	**(258,732)**	**(6,194)**	**(264,926)**	**(237,759)**	**(6,293)**	**(244,052)**
Capital employed (1) + (2) + (3)	**776,446**	**(5,993)**	**770,453**	**632,577**	**(6,093)**	**626,484**

4.6.6. Notes to the consolidated statement of financial position and the consolidated income statement

4.6.6.1. Intangible assets

During first-half 2021-2022, changes in the net value of each asset category can be analyzed as follows:

(in € thousands)	Goodwill	Capitalized development projects	Software	Other intangible assets	Intangible assets in progress	**Total**
March 31, 2021	**20,765**	**26,129**	**15,774**	**15,519**	**20,939**	**99,126**
Commissioned assets	-	16,346	3,273	-	(19,619)	-
Acquisitions	-	1,574	782	-	9,746	12,102
Translation adjustments	-	-	15	-	10	25
Amortization (expense for the period)	-	(3,062)	(5,010)	(1,079)	-	(9,151)
Sept. 30, 2021	**20,765**	**40,987**	**14,834**	**14,440**	**11,076**	**102,102**

At September 30, 2021, acquisitions of intangible assets amounting to €12,102 thousand mainly concerned:

- capitalization of development costs for €7,585 thousand (of which €6,011 thousand attributable to intangible assets in progress and €1,574 thousand corresponding to capitalized development projects);
- IT investments for €4,517 thousand.

Since our Group did not identify any indications of impairment, the impairment tests were not updated at September 30, 2021.

4.6.6.2. Property, plant and equipment

During first-half 2021-2022, changes in the net value of each asset category can be analyzed as follows:

(in € thousands)	Buildings	Equipment and tooling	Other	Property, plant and equipment in progress	**Total**
March 31, 2021	**88,386**	**210,096**	**5,963**	**73,712**	**378,157**
Commissioned assets	12,946	62,969	708	(76,623)	-
Acquisitions	43	608	134	107,168	107,953
Leased assets (IFRS 16)	776	470	26		1,272
Translation adjustments	692	2,143	18	797	3,650
Reclassifications and other changes					-
Depreciation (expense for the period)	(6,308)	(20,005)	(1,268)		(27,581)
Impairment reversals and accelerated depreciation of non-current assets	8,842			1,174	10,016
Disposals or retirements (net value)		(16)		(52)	(68)
Sept. 30, 2021	**105,377**	**256,265**	**5,581**	**106,176**	**473,399**

During the six-month period ended September 30, 2021, our Group acquired property, plant and equipment in the amount of €107,953 thousand (€53,262 thousand at September 30, 2020).

These acquisitions mostly pertained to industrial investments for the Bernin and Singapore facilities.

The impairment loss recognized against our Singapore industrial site in fiscal year 2015-2016 for US$22 million was reversed in full at September 30, 2021 (see note 4.6.3 "Highlights of the period"). Net of revised depreciation and amortization, the impairment reversal amounted to €8.8 million.

4.6.6.3. Non-current financial assets

Non-current financial assets break down as follows:

(in € thousands)	Sept. 30, 2021	March 31, 2021
Investments	12,851	11,935
Loans	2,000	1,230
Deposits and guarantees	92	92
Derivative financial instruments (positive fair value)	37	36
Other financial assets	84	83
Gross value	**15,064**	**13,376**
Impairment of investments	(470)	(492)
Impairment of loans	-	(180)
Impairment	**(470)**	**(672)**
Non-current financial assets, net	**14,594**	**12,704**

In first-half 2021-2022, our Group invested €913 thousand in capital investment fund Supernova Ambition Industrie and subscribed to a convertible bond for €950 thousand in the Greenwaves Technologies fund, in which our Group held a 16.6% interest at September 30, 2021.

4.6.6.4. Other non-current assets

Other non-current assets break down as follows:

(in € thousands)	Sept. 30, 2021	March 31, 2021
Tax receivables	12,219	10,831
Prepayments on orders of non-current assets	4,036	3,995
Deposits and guarantees	597	577
Gross value	**16,852**	**15,403**
Impairment	-	-
Other non-current assets, net	**16,852**	**15,403**

At September 30, 2021, tax receivables in the amount of €12,219 thousand corresponded to the non-current portion of research tax credits (€10,831 thousand at March 31, 2021), mainly attributable to Dolphin Design SAS and Soitec Lab SAS for €8,374 thousand and €2,977 thousand, respectively.

4.6.6.5. Inventories

Inventories break down as follows:

(in € thousands)	Sept. 30, 2021	March 31, 2021
Raw materials	90,224	86,779
Work-in-progress	30,350	27,476
Finished products and goods	40,235	26,266
Inventories, gross	**160,809**	**140,520**
Allowances	(12,983)	(16,211)
Inventories, net	**147,826**	**124,309**

4.6.6.6. Trade receivables

At September 30, 2021, the aged analysis of trade receivables was as follows:

(in € thousands)	Total trade receivables	Not yet due	Less than 30 days past due	30-60 days past due	60-90 days past due	More than 90 days past due
Gross value	185,266	166,052	17,050	251	268	1,645
Allowances	(409)	-	-	-	-	(409)
Net value at Sept. 30, 2021	**184,857**	**164,052**	**17,050**	**251**	**268**	**1,236**
Gross value	157,803	150,910	4,626	818	852	597
Allowances	(381)	-	-	(280)	-	(101)
Net value at March 31, 2021	**157,422**	**150,910**	**4,626**	**538**	**852**	**496**

4.6.6.7. Other current assets

(in € thousands)	Sept. 30, 2021	March 31, 2021
Tax and social security receivables	56,962	41,822
Receivables on disposals of assets	234	1,747
Prepaid expenses	4,251	2,370
Subsidies receivable	23,595	25,606
Prepayments on orders of current assets	7,389	3,811
Deposits and guarantees	89	92
Other	930	1,631
Other current assets, gross	**93,450**	**77,079**
Allowances		-
Other current assets, net	**93,450**	**77,079**

Subsidies receivable primarily concern the Nano 2022 program (first-time industrialization and R&D) for Soitec SA, as well as programs financed by the Singapore Economic Development Board for Singapore.

Tax and social security receivables mainly include research tax credits in the amount of €23,646 thousand (€14,803 thousand at March 31, 2021), as well as tax receivables for €31,269 thousand (€17,460 thousand at March 31, 2021).

4.6.6.8. Current financial assets

Current financial assets in the amount of €2,299 thousand at September 30, 2021 mainly relate to the fair value of currency hedges with a maturity of less than 12 months at September 30, 2021.

4.6.6.9. Cash and cash equivalents

Cash and cash equivalents break down as follows:

(in € thousands)	Sept. 30, 2021	March 31, 2021
Cash	299,822	504,260
Cash equivalents	290,116	140,116
Cash and cash equivalents	**589,938**	**644,376**

Cash includes cash held in interest-bearing accounts, and cash equivalents correspond to sight deposits.

To determine whether an investment is eligible to be classified as a cash equivalent, our Group follows the AMF guidance issued on May 3, 2011 on the classification of UCITS money-market funds as cash equivalents in accordance with IAS 7.

4.6.6.10. Equity

Changes in share capital

At September 30, 2021, our Company's share capital comprised ordinary shares and preferred shares, all with a par value of €2.00.

(number of shares)	Sept. 30, 2021	March 31, 2021
Ordinary shares with a par value of €2.00	33,581,742	33,180,921
Preferred shares with a par value of €2.00	241,014	184,302
Total	**33,822,756**	**33,365,223**

Movements in the share capital during first-half 2021-2022 were as follows (see note 4.6.3 "Highlights of the period" for more detail):

- July 9, 2021: creation of 44,500 new ordinary shares following the conversion of 44,500 OCEANE 2023 convertible bonds: capital increase of €4,648,915 (share capital: €89,000; issue premiums: €4,559,915);
- July 27, 2021: unwinding of the Share Plan for All (PAT no. 3) and issue of 279,821 shares: capital increase of €559,642 by incorporation of issue premiums;
- August 2, 2021: issue of 56,712 free preferred shares ("PS 2") further to the vesting of the second tranche of free PS 2 allocated on August 1, 2021 as part of the "Topaz" co-investment plan: capital increase of €113,424 by deduction from issue premiums;
- August 10, 2021: creation of 12,000 new ordinary shares following the conversion of 12,000 OCEANE 2023 convertible bonds: capital increase of €1,253,640 (share capital: €24,000; issue premiums: €1,229,640);
- August 25, 2021: creation of 60,000 new ordinary shares following the conversion of 60,000 OCEANE 2023 convertible bonds: capital increase of €6,268,200 (share capital: €120,000; issue premiums:) €6,148,200;
- September 27, 2021: creation of 4,500 new ordinary shares following the conversion of 4,500 OCEANE 2023 convertible bonds: capital increase of €470,115 (share capital: €9,000; issue premiums: €461,115).

Appropriation of net profit for the fiscal year ended March 31, 2021

The Shareholders' General Meeting of July 28, 2021 decided to appropriate the Company's profit for the fiscal year ended March 31, 2021, amounting to €68,685,965.92, as follows: €17,264.40 to "Legal reserve" and the balance of €68,668,701.52 to "Retained earnings".

Over the past three fiscal years, the Shareholders' General Meeting has decided not to pay any dividends.

4.6.6.11. Share-based payment

Plans dated July 26, 2018

At its July 26, 2018 meeting, our Board of Directors decided to set up two free ordinary share allocation plans, intended for all employees of our Company and its subsidiaries and designed to involve them in our Group's growth. Under the plans, subject to continued presence in the Group, length of service and performance conditions, a total of 308,263 ordinary shares were allocated to employees, representing approximately 1.1% of our Company's share capital at that date.

On June 9, 2021, the Board of Directors noted that the objectives set out in the plan rules had been fully achieved and that the performance conditions for these two plans had therefore been met in full. The ordinary shares allocated under these plans vested to the beneficiaries of our Group on July 26, 2021 at the end of the vesting period. The plans are now therefore terminated.

For the six-month period ended September 30, 2021, the expense recognized in the income statement for these free share allocation plans was €4,348 thousand (including €2,249 thousand in social security contributions).

Co-investment plan

The Extraordinary Shareholders' General Meeting of July 26, 2019 authorized the Board of Directors to allocate free preferred shares ("PS 2") based on the achievement of objectives relating to EBITDA, revenue and the Total Shareholder Return (TSR) of our Company's ordinary shares compared to the STOXX Europe 600 Technology index.

Vesting of the PS 2 is subject to a presence condition.

In fiscal year 2019-2020, 97,980 PS 2 were subscribed by employees and corporate officers at a unit price of €84.17, and our Board of Directors issued 97,980 PS 2. Subject to a presence condition, the free PS 2 shares vest in tranches (40% on December 18, 2020, 30% on August 1, 2021 and 30% on August 1, 2022). On December 18, 2020, following the vesting of the first tranche, 75,861 PS 2 were issued. Following the vesting of the second tranche, 56,712 PS 2 were issued on August 1, 2021.

This plan gave rise to an expense of €3,027 thousand (including €1,037 thousand in social security contributions) in the income statement for the six-month period ended September 30, 2021.

The plan was reopened on November 18, 2020, and further to the subscription of 10,461 PS 2 by employees at a unit price of €88.9, our Board of Directors issued 10,461 PS 2 on November 30, 2020. Subject to a presence condition, the free PS 2 vest in tranches (60% on January 10, 2022 and 40% on November 30, 2022).

This plan gave rise to an expense of €1,054 thousand (including €131 thousand in social security contributions) in the income statement for the six-month period ended September 30, 2021.

Free share allocation plan for certain employees and for management

On July 28, 2021, pursuant to the authorizations granted by the Shareholders' General Meeting of July 28, 2021, our Board of Directors set up a free ordinary share allocation plan for certain employees of our Group. A total of 54,614 ordinary shares were allocated under the plan, subject to the following conditions:

- presence condition (presence in the Group until July 1, 2024);
- performance conditions:
    - revenue and EBITDA objectives for the fiscal year ending March 31, 2024, and
    - the Total Shareholder Return (TSR) of our Company's ordinary shares compared to the STOXX Europe 600 Technology index between August 2, 2021 and the publication date of our Group's consolidated financial statements for the fiscal year ending March 31, 2024.

This plan gave rise to expense of €791 thousand (including €119 thousand in social security contributions) in our Group's income statement.

Expenses incurred on share-based compensation plans are presented in note 4.6.6.18 "Personnel costs".

4.6.6.12. Borrowings and financial debt

The maturities of borrowings and financial debt at September 30, 2021 are as follows:

(in € thousands)	Sept. 30, 2021				March 31, 2021
	Less than 1 year	1 to 5 years	More than 5 years	Total	
Leases (IFRS 16)					
Equipment leases	10,486	25,115	1,233	36,834	40,888
Other leases	2,269	5,257	5,226	12,752	13,916
Loans					
Bonds: OCEANE 2023 convertible bonds	129,729	-	-	129,729	139,350
Bonds: OCEANE 2025 convertible bonds	-	293,599	-	293,599	289,868
Bank loans	9,373	65,868	55,335	130,576	135,134
Other borrowings and financial debt					
Repayable advances	3,730	3,564	530	7,824	7,950
Derivative financial instruments (negative fair value)	10,314	4,057	-	14,371	8,281
Drawn committed credit lines	2,429	4,614	-	7,043	5,704
Put options		2,301	-	2,301	4,547
Other financial liabilities	1,599	-	-	1,599	2,840
Total borrowings and financial debt	**169,929**	**404,375**	**62,324**	**636,628**	**648,479**

OCEANE 2025 convertible bonds

On October 1, 2020, our Company issued bonds convertible into and/or exchangeable for new and/or existing shares (OCEANE convertible bonds) maturing on October 1, 2025, for an amount of €325 million. Issue costs amounted to €3,942 thousand.

After initially measuring the debt component at €289,713 thousand, an amount of €35,287 thousand (gross, before deduction of issue costs) was recognized in equity in fiscal year 2020-2021. The amount recognized in the income statement for the six-month period ended September 30, 2021 in respect of interest expenses relating to discounting the debt and amortizing issue fees amounted to €3,731 thousand.

OCEANE 2023 convertible bonds

On June 28, 2018, our Company issued bonds convertible into and/or exchangeable for new and/or existing shares (OCEANE convertible bonds) maturing on June 28, 2023, for an amount of €150 million.

After measuring the debt component at €129,293 thousand, an amount of €20,707 thousand (gross, before deduction of issue costs) was recognized in equity in fiscal year 2018-2019. The amount recognized in the income statement for the six-month period ended September 30, 2021 in respect of interest expenses relating to discounting the debt and amortizing issue fees amounted to €2,318 thousand.

At September 30, 2021, a total of 121,000 conversion requests had been received from bondholders, resulting in a capital increase of €12,641 thousand (of which €12,399 thousand corresponding to the issue premiums and €242 thousand corresponding to the share capital), through the creation of 121,000 new shares with a par value of €2.00.

On September 16, 2021, our Group notified OCEANE 2023 bondholders of its decision to redeem the bonds in advance of term (see note 4.6.3 "Highlights of the period").

Leases

Our Group signed a new equipment finance lease (financing of production equipment for our Bernin plant) for €1.2 million in first-half 2021-2022.

Long-term €200 million loan with Banque des Territoires

On March 27, 2020, our Group was granted a loan from Banque des Territoires (Caisse des Dépôts group) under the *Programme d'investissements d'avenir* (PIA), as part of the Nano 2022 program. Drawdowns from this credit line will be staggered over the next few years to support both the financing of R&D programs and investments in infrastructure projects that will be industrialized for the first time in France. This amortizing loan is for a maximum amount of €200 million and is subject to investment conditions. It is repayable on the twelfth anniversary of inception (2032), including a two-year capital amortization grace period. It bears interest at a rate equal to the yield on fixed-rate French treasury bonds (OAT) plus a spread of 1.43%.

During the six-month period ended September 30, 2021, our Group did not draw down any further amounts.

Bank loans

In November 2020, our Group arranged a five-year syndicate loan maturing in 2025 with four Asia-based banks to fund new equipment for our Singapore site, for an amount of €44,406 thousand. The loan bears interest at 3-month Euribor plus an average spread of 1.87%. This financing includes a guarantee on the equipment financed. A warranty was set up in respect of the financed equipment. The outstanding balance at September 30, 2021 amounted to €34,851 thousand.

A significant portion of the exposure to interest rate risk attributable to the floating-rate loan in Singapore was hedged using a 0.25% cap.

Bank credit lines

At September 30, 2021, our Group had bank credit lines worth €85 million with eight banks. These credit lines are repayable at maturity no later than 2025. They bear a commitment fee of 0.20% or a non-utilization fee of 0.05%, and a utilization fee ranging from Euribor +0.60% to +0.85%, depending on the credit line, and do not contain any covenants.

At September 30, 2021, our subsidiary Dolphin Design had €7,043 thousand of drawdown credit lines, €2,452 thousand of which concerned the pre-financing of the 2020 research tax credit in first-half 2021-2022.

Repayable advances

The liabilities corresponding to the repayable advances collected under the Nanosmart, Guépard and Allegro subsidy programs were recognized based on the best estimate of the repayments derived from the business plans (revenue generated by the new products developed under these subsidy programs) after discounting cash flows.

Put options

Dolphin Design

A put option was granted to MBDA, a minority shareholder in Dolphin Design. MBDA could require Soitec to purchase its 40% interest in Dolphin Design between November 1, 2022 and December 31, 2022, with an option for Soitec to acquire an initial 20% tranche between October 2020 and November 2020.

In November 2020, our Group exercised the option to acquire 20% of Dolphin Design SAS at a pre-determined price of €2,000 thousand. The option on the residual 20% was valued at €1,275 thousand at September 30, 2021, based on best estimates of the achievement of the performance criteria based on the business plan.

Soitec Belgium

At September 30, 2021, Soitec Belgium's co-founding directors held 3.39% of the share capital. The shareholder agreement provides for a cross put/call option for these directors at a price that will be determined according to the level of achievement of performance criteria. The fair value of the liability was measured at €1,025 thousand at September 30, 2021.

Other financial liabilities

The change in other financial liabilities mainly corresponds to the deferred payment of the firm purchase price for Soitec Belgium.

4.6.6.13. Provisions and other non-current liabilities

Provisions and other non-current liabilities break down as follows:

(in € thousands)	Sept. 30, 2021	March 31, 2021
Deferred income	18,864	18,570
Deferred tax liabilities	1,070	3,633
Non-current liabilities	**19,934**	**22,203**
Provisions	22,336	21,597
Provisions and other non-current liabilities	**42,270**	**43,800**

At September 30, 2021, non-current deferred income mainly comprises:

- royalties to be recognized in income in the amount of €668 thousand (€859 thousand at March 31, 2021);
- sales of prototypes, research tax credits and subsidies relating to capitalized development costs for €4,977 thousand, €5,901 thousand and €3,168 thousand, respectively (€4,589 thousand, €5,826 thousand and €2,799 thousand, respectively, at March 31, 2021);
- €4,151 thousand in subsidies to be recognized in income (€4,497 thousand at March 31, 2021).

Non-current provisions for contingencies and charges mainly comprised €17,761 thousand in provisions for retirement benefit obligations at September 30, 2021 (€16,964 thousand at March 31, 2021), as well as provisions for residual risks related to the Solar Energy business for €4,576 thousand at September 30, 2021 (€4,633 thousand at March 31, 2021).

4.6.6.14. Provisions

Changes in provisions break down as follows:

(in € thousands)	March 31, 2021	Additions for the period	Reversals (utilized)	Reversals (surplus)	Translation adjustments	Sept. 30, 2021
Current provisions						
Litigation	1,862	323	(8)	(551)	-	1,626
Restructuring	303	-	(78)	-	-	225
Total current	**2,165**	**323**	**(86)**	**(551)**	**-**	**1,851**
Non-current provisions						
Retirement benefit obligations	16,964	797	-	-	-	17,761
Total non-current	**16,964**	**797**	**-**	**-**	**-**	**17,761**
Provisions linked to the Solar Energy business*	5,094	-	(131)	-	(2)	4,961
Total provisions	**24,223**	**1,120**	**(217)**	**(551)**	**(2)**	**24,573**

** Of which €384 thousand current and €4,576 thousand non-current.*

Soitec and its subsidiaries may be subject to certain claims, legal or regulatory proceedings outside the ordinary course of business. The provision recognized is based on a case-by-case assessment of the level of risk and depends in particular on the assessment of the merits of the claims and the defense arguments, it being specified that any events occurring during the course of the proceedings may give rise to a reassessment of the risk. Provisions are set aside for any expenses arising from these proceedings only when such expenses are likely to arise and their amount is quantifiable or can be estimated within a reasonable range. Soitec believes that it has recognized adequate provisions for the risks currently incurred.

4.6.6.15. Provisions and other current liabilities

Provisions and other current liabilities break down as follows:

(in € thousands)	Sept. 30, 2021	March 31, 2021
Prepayments received on customer orders	19,731	17,953
Payables to fixed asset suppliers	52,609	31,497
Tax and social security payables	49,008	57,807
Deferred income	4,976	4,584
Other liabilities	3,322	6,796
Other current liabilities	**129,646**	**118,637**
Provisions	2,237	2,626
Provisions and other current liabilities	**131,883**	**121,263**

Payables to fixed asset suppliers increased over the period, in line with the significant capital expenditure.

The change in tax and social security payables in first-half 2021-2022 was mainly due to the seasonality effect during the period and the payment of social security contributions on free share allocation plans.

4.6.6.16. Financial instruments

Type *(in € thousands)*	Currency	Sept. 30, 2021 Market value (net)	Sept. 30, 2021 Position hedged	March 31, 2021 Market value (net)	March 31, 2021 Position hedged
Hedging of statement of financial position items		**(1,046)**		**1,069**	
of which eligible for hedge accounting					
(hedging of trade receivables):					
Forward sales	USD to EUR	(1,046)	67,363	2,439	63,539
of which not eligible for hedge accounting:					
Forward sales (hedging of financial assets)	ZAR to EUR	-	-	(1,370)	7,205
Options Forward purchases (hedging of trade payables)	JPY to EUR	-	-	-	-
Cash flow hedges		**(11,608)**		**(3,740)**	
of which eligible for hedge accounting:					
Forward sales	USD to EUR	(11,789)	374,816	(3,740)	357,527
of which not eligible for hedge accounting:					
Options	EUR to JPY	182	17,399	-	-
Total hedges		**(12,653)**		(2,671)	

At September 30, 2021, our Group used foreign exchange derivatives to hedge the risks related to exchange rate fluctuations in the ordinary course of its business. The instruments used by our Group were forward sales of US dollars.

In first-half 2021-2022, our Group also decided to hedge a portion of its capital expenditure purchases in Japanese yen via cross options.

4.6.6.17. Revenue

Consolidated revenue breaks down as follows:

(in € thousands)	6 months ended Sept. 30, 2021	6 months ended Sept. 30, 2020
Electronics – 300 mm SOI	197,529	105,146
Electronics – small diameter (150/200 mm)	164,161	138,421
Royalties and other income	11,405	10,808
Revenue	**373,095**	**254,375**

Revenue derives primarily from product sales and, to a lesser extent, from licensing and development arrangements.

Revenue recognition criteria and conditions are as follows:

- silicon wafer sales are recognized as revenue when control of the goods is transferred to the customer under the terms of sale set out in the customer contracts. Revenue is generally recognized when the customer accepts delivery of the goods at its facilities or when the goods leave the warehouses of our Group's entities, depending on the Incoterm in use;
- development sales (income from Dolphin Design SAS, mainly):
  - sales of intellectual property (virtual component)/off-the-shelf licenses with no or very few modifications. Revenue from these sales is recognized in full when the intellectual property is delivered,
  - sales of more complex intellectual property (virtual component) requiring a significant development effort. Revenue is recognized on a percentage-of-completion basis, calculated by reference to the costs incurred versus the total estimated costs,
  - sales of design services for components principally used in the aerospace and defense industries. Revenue from these contracts is recognized on a percentage-of-completion basis.

Our Group may become involved in contracts in which the products are delivered but for which invoicing takes place only when the products are consumed by the customers (or at the latest at the end of a contractually agreed maximum time limit). In this case, our Group analyzes the control transfer criteria stipulated in IFRS 15, and, in particular:

- the reason for implementing such an arrangement (intention of the parties);
- storage and identification of the products within dedicated areas;
- products being ready for physical transfer to the customer within a very short period of time;
- impossibility of selling the products to other customers.

4.6.6.18. Personnel costs

Personnel costs break down as follows:

(in € thousands)	6 months ended Sept. 30, 2021	6 months ended Sept. 30, 2020
Wages and salaries, including social security costs*	(72,093)	(60,309)
Pension costs	(730)	(594)
Share-based payment expenses**	(16,287)	(13,312)
Total personnel costs	**(89,110)**	**(74,215)**

** Wages and salaries also include incentive and mandatory profit-sharing expenses.*

*** Including social security contributions.*

4.6.6.19. R&D costs

Where the criteria for capitalization under IAS 38 are not met, R&D costs are expensed as incurred.

These costs essentially comprise:

- salaries and social security contributions, including share-based payments;
- operating costs of clean room and R&D equipment;
- materials consumed in finalizing and manufacturing prototypes;
- subcontracting to public research centers and private laboratories, as well as under cooperation agreements;
- costs relating to maintaining and strengthening our Group's intellectual property rights;
- amortization of previously capitalized R&D costs.

Prototype sales relating to capitalized development costs are initially recorded as deferred income and then taken to income as and when the associated development costs are amortized.

Provided the agreements are signed and the administrative authorizations obtained, the amounts received under subsidy agreements are deducted from gross R&D costs when determining the net amount recognized in the income statement.

Our Group receives tax research credits ("CIR"), which are deducted from R&D costs in the income statement in accordance with IAS 20.

R&D costs break down as follows:

(in € thousands)	6 months ended Sept. 30, 2021	6 months ended Sept. 30, 2020
Gross R&D operating costs	**(44,085)**	**(31,199)**
of which cost of amortization of capitalized projects	*(3,061)*	*(2,020)*
Sales of prototypes	871	1,478
R&D subsidies recognized in income	5,811	4,640
Research tax credits	8,590	6,444
Other income	1,144	1,116
Total income deducted from gross operating costs	**16,416**	**13,678**
Total R&D operating costs, net	**(27,669)**	**(17,521)**

4.6.6.20. Depreciation and amortization expense

(in € thousands)	6 months ended Sept. 30, 2021	6 months ended Sept. 30, 2020
Cost of sales	(27,178)	(21,017)
R&D costs	(8,426)	(5,184)
Sales and marketing expenses	(22)	(214)
Administrative expenses	(1,102)	(960)
Total depreciation and amortization expense	**(36,728)**	**(27,375)**
of which relating to leases	(5,356)	(4,847)

4.6.6.21. Other operating income and expenses

For the six-month period ended September 30, 2021, other operating income mainly includes the reversal of the impairment loss on our Singapore industrial site for €8.8 million (see note §4.6.3 "Highlights of the period").

Other operating expenses recognized during the six-month period ended September 30, 2020 were not material.

4.6.6.22. Income tax

For the interim financial statements, income tax expense (current and deferred) is calculated by applying the estimated average annual tax rate for the current year to the accounting profit for the period. Where appropriate, it is adjusted for the tax impact of non-recurring items for the period.

The income tax expense for the six-month period September 30, 2021 includes deferred tax income of €2.5 million in line with the improved business plans of our Singapore subsidiary.

Deferred tax assets are recognized only when it is probable that taxable profits will be available against which the deferred tax asset can be utilized. The recoverability was measured by reference to the business plans over a three-year time horizon. Our Group believes that it is highly probable that our Singapore subsidiary will generate taxable profits before the unused tax credits expire.

4.6.6.23. Earnings per share

(number of shares)	6 months ended Sept. 30, 2021	6 months ended Sept. 30, 2020
Weighted average number of ordinary shares (excluding treasury shares) used to calculate basic earnings per share	33,311,866	33,176,479
Effects of dilution		
Preferred shares	104,061	-
OCEANE 2023 convertible bonds	1,314,818	-
OCEANE 2025 convertible bonds	1,864,173	-
Free shares	86,071	289,925
Weighted average number of ordinary shares (excluding treasury shares) adjusted for diluted earnings per share	**36,680,990**	**33,466,404**
Earnings per share	2.23	0.67
Diluted earnings per share	2.14	0.66

In addition to the dilutive shares described above, 426,723 potentially dilutive equity instruments at September 30, 2021 are excluded from the calculation of diluted earnings per share for the period then ended as they are either anti-dilutive or conditional on the achievement of performance conditions that had not been attained at the reporting date.

4.6.6.24. Net loss from discontinued operations

(in € thousands)	6 months ended Sept. 30, 2021	6 months ended Sept. 30, 2020
Expenses for the period	(58)	(20)
Current operating loss	**(58)**	**(20)**
Other operating expenses, net		(26)
Operating loss	**(58)**	**(46)**
Net financial expense	(276)	(1)
Loss before tax	**(334)**	**(47)**
Income tax	(1)	(1)
Net loss from discontinued operations	**(335)**	**(48)**

The net loss from discontinued operations for the period mainly corresponds to a foreign exchange loss of €277 thousand linked to the receipt of the funds related to the sale of the shares in our former South African subsidiary for ZAR 125 million. These funds were received in full by our Group on May 7, 2021.

For the six-month period ended September 30, 2020, the net loss from discontinued operations amounted to €48 thousand, attributable mainly to operating and restructuring expenses net of provision reversals.

4.6.7. Related-party disclosures

At September 30, 2021, the members of the Board of Directors were as follows:

- Eric Meurice;
- Paul Boudre, who leads our Company as Chief Executive Officer;
- Bpifrance Participations, represented by Sophie Paquin;
- Thierry Sommelet, on the proposal of Bpifrance Participations;
- Jeffrey Wang, on the proposal of NSIG;
- Kai Seikku, on the proposal of NSIG;
- Laurence Delpy;
- Guillemette Picard;
- Christophe Gegout;
- Satoshi Onishi;
- Françoise Chombar;
- Shuo Zhang;
- Wissème Allali;
- Didier Landru.

Five of the 14 directors are independent (Françoise Chombar, Laurence Delpy, Christophe Gegout, Eric Meurice and Shuo Zhang). They have no executive mandate within our Company or Group, do not have a relationship of any nature whatsoever with our Company, our Group or our Executive Management that might compromise their judgment, and do not have any specific ties with the latter.

Our Board of Directors also includes two employee directors, Wissème Allali and Didier Landru.

The semiconductor market is known for its limited number of participants, meaning that our Group maintains or is likely to maintain business relationships with Shin-Etsu Handotaï, Shanghai Simgui Technology Co. Ltd ("Simgui"), and the French Atomic Energy and Alternative Energy Commission (*Commissariat à l'énergie atomique et aux énergies alternatives* – CEA). Some of our directors hold or have held positions within these companies, as described in the individual profiles presented in Chapter 4 of the Universal Registration Document filed with the AMF on July 5, 2021 under number D.21-0681.

All the information set out in sections 4.1.4.2.B *General prevention of conflicts of interest*, 4.1.9 *Agreements with interested or related parties* and 6.2.1 (note 5.3 "Related-party disclosures") of Soitec's 2020-2021 Universal Registration Document filed with the AMF on July 5, 2021 under number D.21-0681 remains valid.

It concerns existing (or potential) business relationships with the following companies:

- Shin-Etsu Handotaï (purchases of raw materials, license royalties/director concerned: Satoshi Onishi);

- CEA (R&D contracts, hosting agreement, patent royalties, wafer sales/director concerned: CEA Investissement, represented by Guillemette Picard). Further to the Shareholders' General Meeting of July 28, 2021, CEA Investissement is no longer a director of our Group. Guillemette Picard replaced CEA Investissement, represented by Guillemette Picard, as director;
- Shanghai Simgui Technology Co. Ltd (license and services agreements, wafer purchases, distribution agreements, production subcontracting/director concerned: Jeffrey Wang);
- Bpifrance and Bpifrance Financement (subsidized programs, research tax credit receivables financing/directors concerned: Bpifrance Participations, represented by Sophie Paquin and Thierry Sommelet, on the proposal of Bpifrance Participations).

The information describes the related-party agreements already approved by the Shareholders' General Meeting, which were entered into or remained in effect in fiscal year 2020-2021 and are still in effect today.

4.6.8. Subsequent events

Early conversion of OCEANE 2023 convertible bonds

On October 8, 2021, all OCEANE bondholders opted to exercise their conversion/exchange right at the conversion/exchange ratio of one Soitec share per OCEANE convertible bond. Consequently, 1,314,818 new Soitec shares were issued, representing 3.90% of our Company's share capital. On October 18, 2021, following the conversion of all the OCEANE 2023 convertible bonds, the share capital amounted to €70,275,148.00 and comprised 34,896,560 ordinary shares and 241,014 preferred shares, all with a par value of €2.00.

NOVASiC acquisition

On November 29th 2021, Soitec acquired NOVASiC, an advanced technology company specialized in polishing and refreshing wafers, to support its unique silicon carbide based SmartSiC roadmap.

The acquisition of NOVASiC and its expertise brings the latest technology building block for Soitec to deliver an optimal final product and prepare the industrialization phase.

Strategic partnership with Mersen to develop new silicon carbide substrates for the electric vehicle market

On November 29th, 2021, Soitec and Mersen, a global expert in electrical specialties and advanced materials, announced that they have entered into a strategic technical partnership to develop a new family of polycrystalline silicon carbide (polySiC) substrates for the electric vehicle market.

5.| Statutory Auditors' review report on the interim financial information

Soitec SA

Registered address: Parc Technologique des Fontaines – Chemin des Franques – 38190 Bernin – France
Share capital: €70,275,148.

Statutory Auditors' review report on the interim financial information

Period from April 1, 2021 to September 30, 2021

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Soitec S.A., for the period from April 1, 2021 to September 30, 2021,
- the verification of the information presented in the half-yearly management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed half-yearly consolidated financial statements have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our review procedures.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris-La Défense and Lyon, November 30, 2021

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