2020

JACQUET METALS

Activity report

December 31, 2020

A leader in the distribution of specialty steels

Summary

PRESS RELEASE

2020 annual results

09.03.2021 - 6.00pm CET

Sales: €1,365 million (-15.5% vs 2019)
EBITDA : €62 million (4.6% of sales)
Net income (Group share): €11 million
Operating cash-flow : €140 million

Solid 2020 performance in a challenging context

In a context of profound disruptions, JACQUET METALS succeeded in adapting to its market conditions and achieved a good overall performance.

Consolidated **sales** amounted to €1.4 billion, down 15.5% from 2019 (Q4: -8.3%), while **EBITDA** amounted to €62 million representing 4.6% of sales compared to 4.5% in 2019.

During this year, the Group paid particular attention to preserving health and safety of its employees as well as adapting to the economic environment its costs and steel inventories (down €75 million to €368 million at 2020 year-end).

Furthermore, the Group pursued a **sustained capital expenditure policy** (€27 million in 2020 after €30 million in 2019), despite the context, mainly aimed at strengthening Group's positioning on its key markets.

Having generated €140 million of **operating cash flow** in 2020, the Group strengthened its financial structure, posting a debt to equity ratio (gearing) of 28% at 2020 year-end compared to 46% at 2019 year-end.

Without returning to pre-crisis levels, **business at the start of 2021** benefited from the increase in raw material prices, fueling expectations of a Q1 2021 increase in gross margin level.
Nevertheless, the overall environment remains marked by a lack of visibility, exacerbated by still unstable health conditions.

In 2021 the Group will be aiming to improve its operating efficiency, particularly in the IMS group division in Germany, pursue the capital expenditure policy and seek out growth opportunities.

On March 9, 2021 the Board of Directors, chaired by Éric Jacquet, approved the consolidated financial statements for the year ended December 31, 2020, which have been audited by the Statutory Auditors.

€m	Q4 2020	Q4 2019	2020	2019
Sales	**326**	**355**	**1,365**	**1,615**
Gross margin	**94**	**86**	**328**	**374**
% of sales	*28.8%*	*24.3%*	*24.0%*	*23.2%*
EBITDA [1]	**30**	**11**	**62**	**73**
% of sales	*9.2%*	*3%*	*4.6%*	*4.5%*
Adjusted operating income [1]	**27**	**4**	**24**	**43**
% of sales	*8.4%*	*1%*	*1.8%*	*2.7%*
Operating income	**35**	**1**	**28**	**40**
Net income (Group share)	**30**	**5**	**11**	**25**

[1] Adjusted for non-recurring items.

Q4 2020

The Group posted highly contrasting performances between H1 and H2 2020:

- in H1 2020, Group's business was drastically slowed down by the COVID-19 crisis. Results were impacted by expenses of over €10 million related to the set-up of a savings plan and the impact of the economic slow-down on inventory valuation (leading the Group to record a provision representing 18% of the gross value of inventories at June 30, 2020 versus 15.6% at 2019 year-end).

- In H2 2020, Group's business picked up slightly towards the end of the year, particularly for IMS group. Moreover, inventory valuation benefited from the late 2020 increase in raw material prices. The inventory provisions rate at 2020 year-end reverted close to its 2019 year-end level. Under these conditions, the Group posted **positive net income of €30 million for Q4 2020**, after the recognition of €9 million of deferred taxes.

2020 results

Consolidated sales amounted to €1,365 million, down 15.5% versus 2019 (Q4: -8.3%), including the following effects:

- volumes sold: -12.4% (Q4: -1.6%);
- prices: -3.1% (Q4: -6.6%). Q4 2020 prices were down 1.6% from Q3 2020.

Gross margin amounted to €328 million (24% of sales) compared to €374 million (23.2% of sales) in 2019.

Current operating expenses* represented €266 million, down €35 million (-11.5%) from 2019. This decline is mainly due to the adjustment of variable expenses and the implementation of flexible staff working arrangements, which resulted in a temporary €9 million reduction in personnel expenses.

* excluding depreciation and amortization (€35) million and provisions €1 million.

EBITDA amounted to €62 million and represented 4.6% of sales compared to 4.5% in 2019.

Adjusted operating income amounted to €24 million (representing 1.8% of sales). Adjusted operating income includes over €10 million expenses related to the set-up of a savings plan across all divisions (€8 million annual savings expected, including €3 million effective as from 2020).

Under these conditions, **net income (Group share)** amounted to €11 million compared to €25 million in 2019 (2019 net income included a €9 million capital gains on the sale of Abraservice).

Financial position

As of December 31, 2020, the Group generated positive **operating cash flow** of €140 million.

Operating working capital amounted to €332 million (24.3% of sales) compared to €417 million at 2019 year-end (25.8% of sales), mainly due to the adaptation of inventory levels to market conditions (inventories down €75 million to €368 million).

Capital expenditure amounted to €27 million, including the acquisition of the main IMS group distribution center in Italy for €7.5 million.

After taking into account the **dividend** (€5 million paid in July) and **share buyback program** (€6 million), **net debt** amounted to €106 million compared to €175 million as of December 31, 2019. The net debt to equity ratio (gearing) amounted to 28% compared to 46% at 2019 year-end.

The Group is in a **solid financial position** to weather the present situation and its potential developments: **cash and cash equivalents** amounted to €333 million at 2020 year-end, while lines of credit totaled €728 million (€289 million of which is unused).

2020 earnings by division
excluding IFRS 16 impacts

	JACQUET Stainless steel quarto plates		STAPPERT Stainless steel long products		IMS Group Engineering steels	
€m	**Q4 2020**	**2020**	**Q4 2020**	**2020**	**Q4 2020**	**2020**
Sales	**70**	**305**	**97**	**427**	**161**	**645**
Change vs. 2019	-12.5%	-11.2%	-6.0%	-8.7%	-7.7%	-21.2%
Price effect	-4.7%	-2.7%	-9.6%	-3.2%	-6.2%	-3.3%
Volume effect	-7.8%	-8.4%	+3.6%	-5.5%	-1.5%	-17.8%
EBITDA [1,2]	**5.8**	**13.4**	**4.9**	**17.2**	**12.6**	**7.9**
% of sales	*8.2%*	*4.4%*	*5.1%*	*4.0%*	*7.8%*	*1.2%*
Adjusted operating income [2]	**4.5**	**5.3**	**5.3**	**14.9**	**13.7**	**0.8**
% of sales	*6.4%*	*1.7%*	*5.4%*	*3.5%*	*8.5%*	*0.1%*

[1] In 2020, non-division operations and the application of *IFRS 16 - Leases* contributed €6.6 million and €17.2 million to EBITDA respectively.
[2] Adjusted for non-recurring items.

JACQUET: continued development

JACQUET specializes in the distribution of **stainless steel quarto plates**. The division generates **68 % of its business in Europe and 25% in North America**.

In 2020, the division pursued its **organic development** by launching the long products business in the USA, a market more severely impacted by the crisis than Europe, JACQUET Korea (South Korea) and JACQUET Tianjin (China). The division also invested in two new sites, in Italy and Hungary, due to start operating in 2021.

Sales amounted to €305 million, down 11.2% from €343 million in 2019 (Q4: -12.5%):

- volumes: -8.4% (Q4 -7.8%) ;
- prices: -2.7% (Q4 -4.7% vs Q4.19 et +0.1% vs. Q3.20).

Gross margin amounted to €89 million, representing 29.1% of sales, compared to €105 million in 2019 (30.6% of sales).

EBITDA amounted to €13 million, representing 4.4% of sales, compared to €23 million in 2019 (6.8% of sales).

STAPPERT: outstanding performance

STAPPERT specializes in the distribution of **stainless steel long products** in Europe. The division generates **41% of its sales in Germany, the largest European market**.

In 2020, in a disrupted market subject to strong competitive pressure, particularly in Germany, STAPPERT succeeded in preserving margins and **improving earnings**. In particular, the division improved its operating performance in Western Europe (Netherlands, France, Belgium).

Sales amounted to €427 million, down 8.7% from €467 million in 2019 (Q4: -6%):

- volumes: -5.5% (Q4 +3.6%) ;
- prices: -3.2% (Q4 -9.6% vs Q4.19 et -1.6% vs. Q3.20).

Gross margin amounted to €88 million, representing 20.7% of sales, compared to €92 million in 2019 (19.6% of sales).

EBITDA amounted to €17 million, representing 4% of sales, compared to €14 million in 2019 (3% of sales).

IMS group: highly challenging market conditions

IMS group specializes in the distribution of **engineering steels**, mostly in the form of long products. The division generates **45% of its sales in Germany, the largest European market.**

In 2020, the division suffered from both a lasting slowdown in manufacturing since 2019, particularly in Germany, and from its strong foothold in Southern European markets particularily impacted by the health crisis (this region accounts for 35% of IMS group sales).
In this context, sales amounted to €645 million, down 21.2% from €818 million in 2019 (Q4: -7.7%):

- volumes: -17.8% (Q4 -1.5%) ;
- prices: -3.3% (Q4 -6.2% vs Q4.19 et -2.4% vs. Q3.20).

Gross margin amounted to €151 million, representing 23.4% of sales, compared to €177 million in 2019 (21.7% of sales).

EBITDA amounted to €8 million (Q4: €13 million), representing 1.2% of sales, compared to €14 million in 2019 (1.8% of sales).

Key financial informations

Income statement

€m	Q4 2020	Q4 2019	2020	2019
Sales	**326**	**355**	**1,365**	**1,615**
Gross margin	**94**	**86**	**328**	**374**
% of sales	*28.8%*	*24.3%*	*24.0%*	*23.2%*
EBITDA [1]	**30**	**11**	**62**	**73**
% of sales	*9.2%*	*3%*	*4.6%*	*4.5%*
Adjusted operating income [1]	**27**	**4**	**24**	**43**
% of sales	*8.4%*	*1%*	*1.8%*	*2.7%*
Operating income	**35**	**1**	**28**	**40**
Net financial expense	(2)	(2)	(11)	(11)
Corporate income tax	(2)	(3)	(4)	(13)
Net income from discontinued operations	-	9	-	12
Minority interests	(1)	(0)	(2)	(3)
Net income (Group share)	**30**	**5**	**11**	**25**

[1] Adjusted for non-recurring items.

Cash flow

€m	2020	2019
Operating cash flow before change in working capital	52	54
Change in working capital	88	4
Cash flow from operating activities	**140**	**59**
Capital expenditure	(27)	(30)
Asset disposals	1	25
Dividends paid to shareholders of JACQUET METALS SA	(5)	(17)
Interest paid	(13)	(12)
Other movements	(27)	14
Change in net debt	**69**	**40**
Net debt brought forward	**175**	**215**
Net debt carried forward	**106**	**175**

Balance sheet

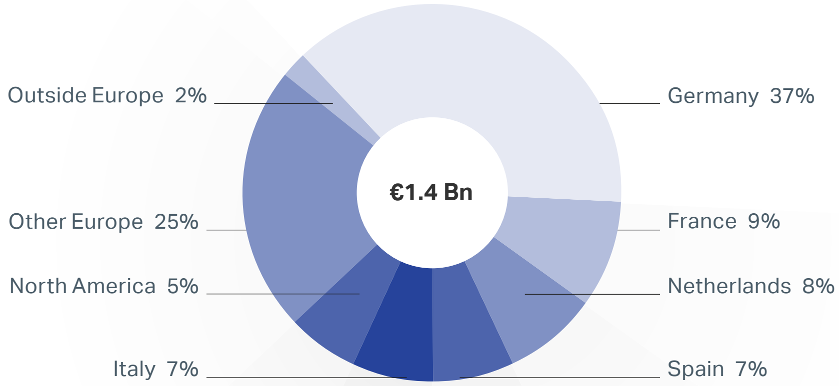
€m	31.12.20	31.12.19
Goodwill	66	66
Net non-current assets	154	143
Right-of-use assets	70	85
Net inventory	368	442
Net trade receivables	135	152
Other assets	91	91
Cash & cash equivalents	333	206
Total assets	**1,217**	**1,186**
Shareholders' equity	373	379
Provisions (including provisions for employee benefit obligations)	96	99
Trade payables	171	178
Borrowings	439	381
Other liabilities	64	63
Lease liabilities	73	86
Total equity and liabilities	**1,217**	**1,186**

The Group

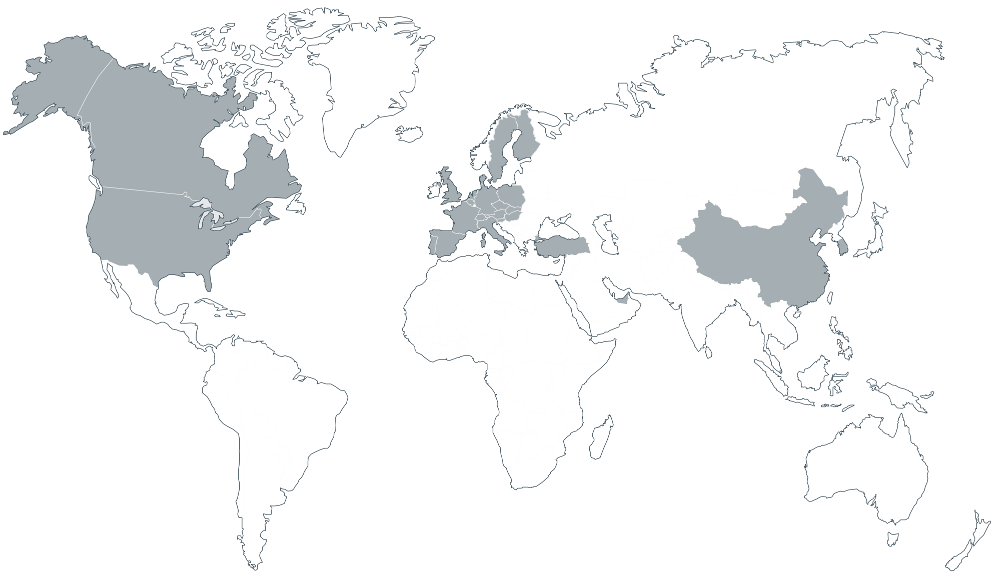
1. A leading distributor of specialty steels

JACQUET METALS is a European leader in the distribution of specialty steels and is also active in Asia and North America.

Breakdown of sales



A global player



106 distribution centers located in 25 countries • Staff : 2,857

2 History

JACQUET METALS

1962 Foundation of Établissements JACQUET, a company specializing in custom metal cutting, by Michel Jacquet in Lyon.

1993 Éric Jacquet becomes the majority shareholder (51%) in JACQUET SA, the Group's parent company.

1994 Éric Jacquet founds JACQUET Industries, which controls 100% of the Group.

1997 JACQUET Industries is listed on the Paris Stock Exchange second market on October 23.

1991-2006 The Group expands into Europe (Netherlands, Poland, UK, Italy and Finland).

2006 JACQUET Industries becomes JACQUET METALS.

2006-2010 JACQUET establishes its first operations in Asia (Shanghai, China) and the United States (Philadelphia, Houston, Chicago and Los Angeles).

2008-2009 Éric Jacquet and JACQUET METALS acquire a 33.19% stake in IMS.

IMS

1977 Foundation of " International Metal Service ", which includes the Creusot-Loire steel manufacturer's " commercial companies ".

1983 Usinor acquires full control of IMS.

1987 IMS listed on the Paris Stock Exchange second market, June 11.

1996-2002 IMS group expands into Europe (Poland, Italy, Spain, France).

2004 Arcelor sells its interest and the Chequers Capital Fund acquires control of IMS.

2005 Acquisitions in Central Europe (Hungary, Czech Republic and Slovakia).

2006 Acquisition of Hoselmann (Germany); Chequers Capital sells its interest: market placement of the IMS shares.

2007 Acquisition of the Cotubel Group.

2008 Sale of the Astralloy subsidiary in the USA.

2010 JACQUET METALS launches a public exchange offer (PEO) for IMS (including the IMS group, STAPPERT and Abraservice businesses).

Merger by absorption between JACQUET METALS and IMS.
IMS becomes Jacquet Metal Service.

2011-2012 Disposal of IMS France's aluminum and non-ferrous metals businesses and of Euralliage (France), Produr (France), Venturi (Italy) and Breccia Acciai (Italy)

2013 Acquisition of Finkenholl (Germany) by the IMS group division.

2014 Acquisition of Rolark (Canada) by the JACQUET division.

2015-2017 Acquisition and integration of Schmolz+Bickenbach Distribution (Germany, Netherlands, Belgium and Austria) by the IMS group division.

2018 Sale of IMS TecPro (Germany) and Calibracier (France).

2019 Sale of the Abraservice group specializing in the distribution of wear-resistant steels (10 distribution centers located in 11 countries).

2020 Jacquet Metal Service becomes JACQUET METALS.

3 Governance

3.1 General principles

JACQUET METALS SA, the "Company" has adopted a governance model based on a Board of Directors and mainly refers to the AFEP-MEDEF corporate governance code for listed companies (the "Reference Code").

The Company applies all recommendations of the Reference Code, except with regard to the staggered renewal of directors' appointments (Recommendation 14) in view of the short duration of Company directors' terms of office (two years).

As such, the Board of Directors comprises:

- an Appointment and Compensation Committee; and
- an Audit and Risk Committee.

The Board of Directors also pays special attention to ensuring balanced membership of the Board and its committees. In this respect, it ensures:

- a diverse range of experiences, backgrounds and ages amongst its members;
- at least half of its members are independent, in accordance with the provisions of its Internal Regulations;
- that each gender represents at least 40% of the Board members, in accordance with Article L. 225-18-1 of the French Commercial Code.

As of December 31, 2020, the Board of Directors comprised 10 members:

- 8 deemed independent;
- 6 men and 4 women;
- 1 German national.

	Age	Gender	Nationality	Independance	Appointment and Compensation Committee	Audit and Risk Committee
Éric Jacquet Chairman of the Board of Directors	62	M	French	-	-	-
Jean Jacquet Vice-Chairman of the Board of Directors	88	M	French	√	-	-
Gwendoline Arnaud Director	48	F	French	√	Member	-
Séverine Besson-Thura Director	46	F	French	√	-	-
Jacques Leconte Director	76	M	French	√	-	Member
Henri-Jacques Nougein Director	73	M	French	√	Chairman	-
Dominique Takizawa Director	64	F	French	√	-	Chairwoman
Pierre Varnier Director	72	M	French	√	-	Member
Alice Wengorz Director	54	F	German	√	Member	-
JSA represented by Ernest Jacquet Director	23	M	French	-	-	Member

On the proposal of the Appointment and Compensation Committee, the Board of Directors approves any compensation and benefits to be granted to the executive officers. In this respect, the Company discloses the criteria for executive officers' variable compensation, which is divided into two categories:

- first category is based on the Group's profitability; the calculation is based on the ratio of net income (Group share) to consolidated sales. There are no fixed targets.

In accordance with the recommendations of the Reference Code, the gross annual variable portion of compensation based on quantitative criteria is capped (at 150% of the annual fixed compensation for the Chief Executive Officer and €250 000 gross for the Deputy Chief Executive Officer).

- second category is based on qualitative criteria and is left to the discretion of the Appointments and Compensation Committee, which submits the level of annual compensation payable to senior managers to the Board of Directors, and may recommend the payment of an exceptional compensation amount, where applicable.

3.2 The Board of Directors

3.2.1 Board membership

The General Meeting of June 26, 2020 appointed the following individuals as directors for a two-year term of office expiring at the end of the General Meeting called to approve the financial statements for the financial year ended December 31, 2021:

Éric Jacquet • a French national, 62, has been Chairman and Chief Executive Officer of JACQUET METALS SA since July 20, 2010. He was previously Chairman and Chief Executive Officer of JACQUET METALS SA (formerly JACQUET Industries SA) from its foundation in 1994.
Éric Jacquet has spent his entire career at the JACQUET METALS Group, where he has held positions including Sales Manager (1980-1985) and Marketing and Export Development Manager (1986-1993).
Éric Jacquet is also a member of the Lyon Commercial Court Association of Judges and Former Judges.
He was first appointed to the Board of Directors on June 30, 2010.

Jean Jacquet • (deemed independent), a French national, 88, served as Chairman of Faïence et Cristal de France until 2012, Chairman and Chief Executive Officer of SOMERGIE (the Metz urban public-private waste management company) until 2011 and Chairman and Chief Executive Officer of TCRM (Metz area public transport system) until 2010.
Jean Jacquet represented JSA as a member of the Supervisory Board and a member of the Appointment and Compensation Committee of IMS International Metal Service from June 16, 2009 to February 3, 2010.
Jean Jacquet began his career at the Renault Group, where he worked until 1984. He was then Chairman and Chief Executive Officer of Unimetal/Ascometal from 1984 to 1988 and Chairman of the Special Steel Dealers' Union (UNAS) from 1988 to 1999. He has also served as Chairman of the Supervisory Board of Winwise, Director of the Metz National Engineering School, Chairman of the Inter-Ministerial Development Mission for the development of the Longwy European Hub, Chairman of the Board of Directors of the Metz Power Plant, Deputy Vice-Chairman of the French National Association of Electricity Concessions and Vice-Chairman of the Metz Urban District (now the Metz Metropolitan Urban District Grouping). We would remind you that Jean Jacquet is not related to Éric Jacquet.
Jean Jacquet holds a law degree and is a graduate of the Paris Institute of Political Studies.
He was first appointed to the Board of Directors on June 30, 2010.

Gwendoline Arnaud • (deemed independent), a French national, 48, has been a lawyer since 1998. In 2003 she set up her own firm specializing in family and business law.
Gwendoline Arnaud holds a Master's Degree in Private Law and a Certificate of Legal Proficiency (CAPA).
She was first appointed to the Board of Directors on June 26, 2014.

Séverine Besson-Thura • (deemed independent), a French national, 46, is the founding chairman of ACT4 TALENTS SAS, specialized in supporting the social transformation of companies. She has spent most of her career in management in an industrial and international environment. She has held positions as a marketing consultant, International Sales and Marketing Director then Chairman and CEO of a small business operating in the chemicals industry. Séverine Besson-Thura holds a Master's Degree in Sales and Marketing, an Executive MBA from emlyon business school and a PhD in HR Management from Paris-Dauphine University. She is also a Board member of INSA Lyon and Handicap International.
She was first appointed to the Board of Directors on June 30, 2016.

Jacques Leconte • (deemed independent), a French national, 76, was the Director of the Crédit Agricole Sud Rhône-Alpes business center. He was primarily in charge of the financing activities for large companies, cooperatives and institutional investors for the Rhône-Alpes regional districts at the Crédit Agricole Regional Development Agency.
He has been a director of JACQUET METALS since 2009 and is also a member of the Strategy Committee of Thermocross SA. Jacques Leconte studied geography at university and is a graduate of the Lyon Institute of Political Studies.
He was first appointed to the Board of Directors on June 30, 2010.

Henri-Jacques Nougein • (deemed independent), a French national, 73, is an arbitration expert, mediator, amicable liquidation expert and insurance broker (specializing in corporate risk and liability).
He is also the Honorary President of the Lyon Commercial Court, former Chairman of the Inter-Professional Mediation and Arbitration Center and Joint Manager of the European Arbitration and Mediation Network. He is the founder and Joint Manager of the Franco-Argentinian Mediation and Arbitration Center, the Franco-Chinese Mediation Center (in partnership with the Shanghai government authorities) and the Franco-Indian Mediation and Arbitration Center (in partnership with the Indian Federation of Chambers of Commerce and Industry). Henri-Jacques Nougein was a lecturer at Lyon III University (Economic Procedural Law) and is the author of a number of legal and technical research publications.
He holds a degree in Private Law and a higher doctorate in law (1976) and is a graduate of the Lyon Legal Studies Institute and the French Advanced School of Private Law.
He was first appointed to the Board of Directors on June 30, 2010.

Dominique Takizawa • (deemed independent), a French national, 64, formerly General Secretary of Institut Mérieux (2001-2020). She joined the Mérieux Group in 2001, where she was involved in its strategic development, in particular M&A and shareholder and investor relations. In particular, she helped coordinate the bioMérieux initial public offering. She was previously Chief Financial Officer at various companies: Pasteur-Mérieux Connaught (now Sanofi Pasteur), Aventis Crop Sciences (now Bayer) and Rhône Mérieux / Mérial.
Dominique Takizawa is a graduate of HEC Management School and holds a DECF diploma in accounting and finance.
She was first appointed to the Board of Directors on June 26, 2020.

Pierre Varnier • (deemed independent), a French national, 72, is a graduate of the Paris Institute of Political Studies and holds an advanced diploma (DESS) in Economics. Since 2007 Pierre Varnier has been Chairman of Varco International SAS, which specializes in transition management. He was also Chairman and Chief Executive Officer of Thyssenkrupp Materials France SAS and CRO of Lucchini / Aferpi, before founding Varco International SAS. Pierre Varnier was Chief Executive Officer of KDI (a Kloeckner Group company) (2003-2007), Chairman and Chief Executive Officer of Arcelor Tubes (1999-2003), Chief Executive Officer of Ugine Europe Service (1997-1999), VP Strategy / Development at Ugine Group (1996-1997), Managing Director at Ugine Srl, Italy (1991-1996), Sales Director at Ugitech (1986-1991), and Financial Control / Plan Director at Ugine Aciers (1981-1985).
He was first appointed to the Board of Directors on June 26, 2020.

Alice Wengorz • (deemed independent), a German national, 54, is a corporate management consultant at her own firm. She specializes in corporate strategy, organization and processes, and human resources. She has also worked in this profession at Deloitte & Touche GmbH and Arthur Andersen & Co. GmbH. Alice Wengorz is also an Honorary Judge at the Frankfurt District Court, with responsibility for criminal matters. She holds a Degree in Economics.
She was first appointed to the Board of Directors on June 30, 2016.

JSA • a limited company governed by Belgian law, controlled by Éric Jacquet and represented by his son, Ernest Jacquet. Ernest Jacquet, a French national, 23, is currently studying for a Master of Science in Global Innovation & Entrepreneurship at emlyon.
JSA was first appointed to the Board of Directors on June 30, 2010.

To the knowledge of the company, no member of the Board of Directors has been the subject of an official public sanction, sentenced for fraud during the past five years, involved in any receivership, sanctioned by any statutory or regulatory authorities, including designated professional bodies, or the subject of any measure preventing them from directing, managing, administering or controlling a company during the past five years.

There is no potential conflict of interest between the private interests of the members of the Board of Directors and their duties with regard to the Company.

There are no arrangements or agreements with the main shareholders, or with customers or suppliers, pursuant to which a member of the Board of Directors might have been appointed as a director of the Company.

Directors independence criteria

In accordance with the provisions of its Internal Regulations, the Board of Directors ensures that at least half of its members are independent.

The independence of members of the Board of Directors is tested against the following criteria:

- not being or having been, over the past five years, an employee or corporate officer of the Company or of a Group company;
- not being a corporate officer of a company in which the Company directly or indirectly holds office as a director or member of the Supervisory Board;
- not being a corporate officer of a company in which an employee designated as such or a corporate officer of the Company (currently or during the past five years) holds office as a director or member of the Supervisory Board;
- not being a major customer, supplier, corporate banker, investment banker or adviser of the Company or Group or one for whom the Company or Group accounts for a material part of its business;
- not having close family ties with an executive officer of the Company or of a Group company;
- not having been a statutory auditor of the Company over the past five years;
- not being a Supervisory Board member or director for more than twelve years, on the understanding that the status of independent director will be forfeited when the twelve-year period expires;
- not being the principal shareholder of the Company or, where applicable, of the parent company that controls the Company within the meaning of Article L. 233-3 of the French Commercial Code;
- in the case of non-executive officers, not receiving variable compensation, whether in cash or shares, or any other compensation indexed to the Company's or Group's performance.

Even if a director complies with all of the foregoing criteria, the Board of Directors may nonetheless decide not to qualify them as independent in view of their particular situation. The independent member qualification is discussed each year by the Appointment and Compensation Committee and reviewed on a case-by-case basis each year by the Board of Directors, with reference to the foregoing criteria, prior to the publication of the annual report.

Criteria	Éric Jacquet	Jean Jacquet	Gwendoline Arnaud	Séverine Besson-Thura	Jacques Leconte	Henri-Jacques Nougein	Dominique Takizawa	Pierre Varnier	Alice Wengorz	Ernest Jacquet *Permanent representative JSA*
1 Employee / corporate officer over the past 5 years	×	√	√	√	√	√	√	√	√	√
2 Reciprocal corporate office	√	√	√	√	√	√	√	√	√	√
3 Material business relationship	√	√	√	√	√	√	√	√	√	√
4 Family relationship	√	√	√	√	√	√	√	√	√	×
5 Statutory auditor	√	√	√	√	√	√	√	√	√	√
6 Holding office for > 12 years	√	√	√	√	√	√	√	√	√	√
7 Non-executive officer status	×	√	√	√	√	√	√	√	√	√
8 Major shareholder	×	√	√	√	√	√	√	√	√	√

Key: **√** = meets independence criterion; **×** = fails to meet independence criterion.

Changes in Board and committee membership during the 2020 financial year

Changes in Board and committee membership in 2020 were as follows:

Departure	Appointment	Reappointment
Board of Directors		
Françoise Papapietro (26/06/2020)	Dominique Takizawa (26/06/2020)	Éric Jacquet (26/06/2020)
Wolfgang Hartmann (26/06/2020)	Pierre Varnier (26/06/2020)	Jean Jacquet (26/06/2020)
		Gwendoline Arnaud (26/06/2020)
		Séverine Besson-Thura (26/06/2020)
		JSA represented by Ernest Jacquet (26/06/2020)
		Jacques Leconte (26/06/2020)
		Henri-Jacques Nougein (26/06/2020)
		Alice Wengorz (26/06/2020)

Appointment and Compensation Committee		
		Henri-Jacques Nougein (26/06/2020)
		Gwendoline Arnaud (26/06/2020)
		Alice Wengorz (26/06/2020)

Audit and Risk Committee		
Jean Jacquet (26/06/2020)	Dominique Takizawa (26/06/2020)	Jacques Leconte (26/06/2020)
Wolfgang Hartmann (26/06/2020)	Pierre Varnier (26/06/2020)	
	JSA represented by Ernest Jacquet (26/06/2020)	

3.2.2 Board operation

Organization of the Board of Directors as defined by Internal Regulations

The Board of Directors adopted its Internal Regulations on July 20, 2010 and successively updated them on January 22, 2014, June 30, 2016, March 7, 2018, March 13, 2019 and March 9, 2021 (the "Internal Regulations"), mainly in order to take the various revisions of the Reference Code into account. The Board of Directors' Internal Regulations include and detail the operational and organizational rules applicable to it pursuant to the law and the Company's bylaws, as well as the operational rules of the standing Committees that have been set up.

The Internal Regulations set forth:

- the competences and powers of the Board of Directors;
- the duties and obligations of its members with regard to the principles of confidentiality applicable to privileged information and the rules of independence and fairness;
- each member's duty to notify the Board of any actual or potential conflict of interests in which they may be directly or indirectly involved; in such a case, the relevant member shall refrain from participating in discussions and decisions on the issues concerned;
- the rules applying to transactions involving the Company's shares as set out in Article L. 621-18-2 of the French Monetary and Financial Code and Articles 223-22 A to 223-26 of the General Regulation of the Autorité des marchés financiers (French market regulator or AMF).

The Internal Regulations specify that the Board of Directors should meet at least once a quarter.

The Internal Regulations also lay down the operational rules for the Board's two committees, the Audit and Risk Committee and the Appointment and Compensation Committee.

The Internal Regulations also provide that, at least once a year, the Board of Directors shall be convened by its Chairman to review and assess the Board's work.

Tasks and proceedings of the Board of Directors

The Board of Directors determines the Group's business strategy and monitors its implementation. It addresses all matters concerning the efficient running of the Company and settles issues, through its deliberations, over which it has authority.

In this context, the Board notably:

- deliberates on Group strategy and the operations ensuing from it and, more generally, on all material transactions, particularly those involving investments or divestments;
- appoints the Company's senior management and oversees its management;
- monitors the quality of information provided to shareholders and to the stock market, especially the information presented in the financial statements and annual report, or when material transactions are concluded.

Conclusion of the following transactions requires the prior authorization of the Board of Directors:

- all acquisitions or divestments of equity interests or business undertakings for an enterprise value of over €5 million per transaction;
- all material transactions falling outside the scope of the Company's published strategy;
- endorsements, sureties and guarantees, subject to the conditions provided for by applicable legislation.

The Chairman or, where applicable, the Vice-Chairman organizes and directs the work of the Board of Directors and reports to the General Meeting on the Board's work. The Chairman oversees the operation of the Company's bodies, in particular that of the Board's committees. The Chairman ensures that Board members are able to perform their duties and that the Board spends sufficient time on issues impacting the Group's future.

Senior management of the Company is exercised by the Chairman of the Board of Directors, who thus holds the positions of both Chairman and Chief Executive Officer.

Activity of the Board of Directors

In 2020, the Board of Directors met six times. Every director receives invitations to Board meetings together with the agenda and technical documentation for the issues discussed, one week before the meeting.

In particular, the Board of Directors:

- reviewed the 2020 budget;
- authorized the Chairman to grant guarantees on behalf of the Company;
- allocated the attendance fees for 2019;
- carried out the annual review of its operations;
- reviewed and approved the quarterly, half-year and annual consolidated and parent company financial statements and reviewed the management forecasts;
- approved the corporate governance report;
- approved the reports and draft resolutions submitted by the Board of Directors to the June 26, 2020 General Meeting;
- exercised the authority granted by the General Meeting to purchase or transfer the Company's shares;
- reviewed all minutes of proceedings of the Audit and Risk Committee and the Appointment and Compensation Committee;
- in relation to issues currently affecting the Group, noted the progress made on current projects as well as events and transactions of significant importance for the Company.

The meetings of the Board of Directors lasted for one and a half hours on average. The average attendance rate was 97%.

The statutory auditors were invited to all Board meetings.

Assessment of the Board's work

In accordance with the recommendations of the Reference Code, the Board of Directors carries out an assessment of its own work every year and conducts a more in-depth review every three years.

Accordingly, once a year the Board of Directors assigns one item on its agenda to this assessment and holds a discussion on its work with a view to improving its efficiency, ensuring that important issues are adequately prepared and discussed by the Board and measuring each member's actual contribution to its work. The last three-year review was carried out during the March 11, 2020 Board meeting. The responses showed that most directors consider that the Company applies proper corporate governance rules. The Board of Directors concluded that the frequency and length of its meetings and the information provided in advance enabled it to duly perform its duties.

Directors attendance rates

	Board of Directors	Appointment and Compensation Committee	Audit and Risk Committee
Éric Jacquet Chairman of the Board of Directors	100%	n.a.	n.a.
Jean Jacquet Vice-Chairman of the Board of Directors, Chairman of the Audit and Risk Committee until 26 / 06 /2020	83.33%	n.a.	100%
Gwendoline Arnaud Director, Member of Appointment and Compensation Committee	100%	100%	n.a.
Séverine Besson-Thura Director	100%	n.a.	n.a.
Wolgang Hartmann Director, Member of the Audit and Risk Committee until 26 / 06 /2020	66.67%	n.a.	50%
Jacques Leconte Administrateur, Member of the Audit and Risk Committee	100%	n.a.	100%
Henri-Jacques Nougein Administrateur, Chairman of the Appointment and Compensation Committee	100%	100%	n.a.
Françoise Papapietro Director until 26 / 06 /2020	100%	n.a.	n.a.
Dominique Takizawa Director, Chariwoman of the Audit and Risk Committee since 26 / 06 /2020	100%	n.a.	100%
Pierre Varnier Director, Member of the Audit and Risk Committee since 26 / 06 /2020	100%	n.a.	100%
Alice Wengorz Director, Member of the Appointment and Compensation Committee	100%	100%	n.a.
JSA Director, Member of Audit and Risk Committee since 26 / 06 /2020	66.67%	n.a.	100%

3.3 Board committees

Each standing committee comprises no more than four members. All Appointment and Compensation Committee members and three of the four Audit and Risk Committee members are considered independent.

3.3.1 Appointment and Compensation Committee

Membership of the Appointment and Compensation Committee

The Appointment and Compensation Committee comprises three members, appointed for the duration of their terms of office as directors, i.e. until the General Meeting called to approve the financial statements for the year ended December 31, 2021, namely:

- Henri-Jacques Nougein (Chairman);
- Alice Wengorz;
- Gwendoline Arnaud.

— Appointment and Compensation Committee tasks

In accordance with the Internal Regulations, the Appointment and Compensation Committee's tasks are to:

- communicate to the Board of Directors all proposals regarding all compensation and benefits offered to executive officers as well as issuing a recommendation on the amount and methods of distribution of the compensation allocated to the directors ;
- organize the procedure for the selection of future independent directors and propose to the Board of Directors the hiring of new directors or CEO(s) and more particularly the determination of and changes to all components of their compensation;
- prepare a succession plan for executive officers in order to propose solutions, particularly in the event of unforeseen vacancies;
- contribute to the elaboration of the annual report on the subjects and themes that concern it;
- where appropriate, make recommendations to the Board of Directors on the compensation policy for the main non-executive directors;
- carrying out any other mission assigned to the Appointments and Compensation Committee by the Reference Code.

To this end, the Appointment and Compensation Committee sees that all requisite and useful information is communicated to it sufficiently in advance of the relevant committee meeting so that the members have sufficient time to review such information before the meeting. The committee conducts any interviews, with any persons, that may be necessary or useful with regard to the fulfillment of its duties.

— Activity of the Appointment and Compensation Committee

The Appointment and Compensation Committee met twice in 2020 and had an attendance rate of 100%.
Its work primarily focused on reviewing:

- the wage policy with respect to Group company senior executives and the compensation awarded to executive officers in view of the Group' size and the recommendations of the Reference Code;
- the executive officer succession plan;
- the membership of the Board of Directors and committees and the independence of the directors;
- details provided to shareholders regarding executive officer compensation;
- the attendance fee budget allocated to the directors.

Assessment of the work of the Appointment and Compensation Committee

In 2020, the committee assessed its operating procedures. This assessment was performed by committee members mainly based on a questionnaire given to all members primarily covering committee membership, frequency and length of meetings, the quality of the discussions, the work of the committee, communication of information to committee members, committee members' compensation and access to Group management.

The Appointment and Compensation Committee concluded that the frequency of its meetings, which varies from year to year depending on the number of issues to be discussed, the length of meetings and the information provided in advance to each committee member, enabled it to duly perform its duties.

3.3.2 Audit and Risk Committee

Membership of the Audit and Risk Committee

The Audit and Risk Committee comprises four members, appointed for the duration of their terms of office as directors, i.e. until the General Meeting called to approve the financial statements for the year ended December 31, 2021, namely:

- Dominique Takizawa (Chairwoman);
- Jacques Leconte;
- Pierre Varnier;
- JSA represented by Ernest Jacquet.

Audit and Risk Committee tasks

In accordance with the Internal Regulations, the Audit and Risk Committee tasks are to:

- verify the appropriateness of the accounting methods applied in the preparation of the parent company and consolidated financial statements;
- investigate any problems encountered in the application of the accounting methods;
- before presentation to the Board of Directors, review the statutory and consolidated financial statements, budgets and forecasts and, to this end, review the annual, half-year and, where applicable, quarterly financial statements, the accounting principles and methods, the Company's audit and internal control principles and methods, and the analyses and reports concerning financial reporting and accounting policy;
- ensure the quality of and compliance with internal control procedures and their application;
- review the inventory of standard agreements entered into under normal terms and conditions submitted by the Company's management, and submit to the Board of Directors its analysis and recommendations for the Board's annual review of regulated agreements and standard agreements;
- to set the rules governing the use of statutory auditors for work other than that relating to the audit of the financial statements and to entrust additional audit assignments to external auditors;
- to oversee the selection, appointment and reappointment of the statutory auditors, to formulate an opinion on the amount of the fees requested by the statutory auditors, to ensure their independence and objectivity in the case of statutory auditors belonging to networks performing both audit and advisory functions, and to submit the results of its work to the Board of Directors;
- review the statutory auditors' work program, the results of their audits, their recommendations and their follow-up;
- more generally, to examine, control and assess anything likely to affect the accuracy and sincerity of the financial statements and non-financial information;
- the assumption of any other mission assigned to the Audit and Risks Committee by law or the Reference Code.

To fulfill its duties, the Audit and Risk Committee has access to all accounting and financial documentation. It conducts interviews with the persons responsible for preparing the financial statements, the internal audit manager and the statutory auditors in order to obtain assurance that the auditors have had access to all the information required for their work.

The Audit and Risk Committee meets at least two times a year, prior to Board meetings whose agenda includes the following items:

- review of the half-year and full-year parent company and consolidated financial statements including related audit reports;
- review of the budget.

The committee also monitors potential risks incurred by the Group. It reports to the Board of Directors on its work.

Activity of the Audit and Risk Committee

The Audit and Risk Committee met three times in 2020 and had an attendance rate of 89%. On average, its meetings lasted two hours.

Its work primarily consisted of:
- reviewing the Group and Company annual and half-yearly financial statements and the management forecasts;
- overseeing the proper application of the accounting principles;
- checking that the year-end procedure and review of the statutory auditors' findings following completion of their audits had been performed correctly; and
- reviewing the budget.

The Audit and Risk Committee reviewed the work of the internal audit department, particularly with regard to the follow-up of the statutory auditors' recommendations, as well as the department's conclusions on specific audit assignments and the proposed approach to the organization of internal control and the identification and monitoring of risks.

The Audit and Risks Committee also monitored progress on measures required by the General Data Protection Regulation ("GDPR").

Assessment of the work of the Audit and Risk Committee

In 2020 the members of the Audit and Risk Committee reviewed and assessed the work of the committee. This assessment was performed by committee members and primarily covered committee membership, frequency and length of meetings, the quality of the discussions, the work of the committee, communication of information to committee members, committee members' compensation and access to Group management.

It should be noted that in 2020 the composition of the Audit and Risks Committee has changed with the replacement of three of its members and a change of Chairmanship.

The Audit and Risk Committee concluded that the frequency and length of its meetings and the information provided in advance to the committee and its members enabled it to duly perform its duties. A more in-depth assessment may take place in 2021.

3.4 The Chief Executive Officer and the Deputy Chief Executive Officer

At its meeting on June 26, 2020, the Board of Directors reappointed Éric Jacquet as Chief Executive Officer and Philippe Goczol as Deputy Chief Executive Officer. Both individuals were appointed for the first time on July 20, 2010:

- Éric Jacquet: Information regarding him is presented in § 3.2.1;
- Philippe Goczol, a Belgian national, 55, he holds a degree from Mons University (Belgium). He began his career in 1988 at steel manufacturer Industeel (formerly Fafer, ARCELOR MITTAL group), where he held positions as Commercial Engineer (1988-1992), Proxy (1992-2000), and Sales Director (1999-2000). In 2001, he joined JACQUET METALS as Chief Development Officer before being appointed Deputy CEO in 2004.

Limitation of the powers of the Deputy Chief Executive Officer

At its meeting on June 26, 2020, the Board of Directors decided that the Deputy Chief Executive Officer would have no authority, power of control or responsibility in the area of finance, including with regard to the financial management of equity investments, management of subsidiary dividends, financial investments, current accounts, cash position and subsidiaries' financial commitments, these areas falling under the exclusive remit of the Chief Executive Officer. This decision is a matter of internal order and is not enforceable on third parties.

3.5 Senior management

- **Éric Jacquet**	- Chairman & Chief Executive Officer
- **Philippe Goczol**	- Deputy Chief Executive Officer
- **Thierry Philippe**	- Chief Financial Officer
- **David Farias**	- Chief Executive Officer, JACQUET
- **Hans-Josef Hoss**	- Chief Executive Officer, IMS group
- **Alexandre Iacovella**	- Chief Operating Officer
- **Patrick Guien**	- Chief Organization and Process Officer

3.6 Shareholder participation in the General Meeting

The terms and procedures regarding shareholder participation in the General Meeting are set out in Articles 23 to 28 of the Company bylaws.

Under the emergency health measures implemented in response to the COVID-19 pandemic, and pursuant to Article 4 of French Order no. 2020-321 of March 25, 2020 adapting the rules governing meetings and deliberations of assemblies and governing bodies of legal persons and entities without legal personality under private law due to the COVID-19 epidemic, and the provisions of Decree no. 2020-548 of May 11, 2020 specifying the general measures required to respond to the COVID-19 outbreak under a state of health emergency, and in an effort to protect the health and safety of all Company employees and associates, the Company Annual General Meeting of June 26, 2020 was exceptionally held in camera, i.e. without the participation of the Company's partners and other persons entitled to attend the meeting.

4 Information on the Group's business

The market

In 2020, the global steel market amounted to around 1.8 billion tons, of which specialty steels accounted for around 6%.

As the specialty steels market covers a large number of product niches, geopolitical situations and types of distribution role, the Group has relatively little quantified information of an official nature.

The business

JACQUET METALS is a European leader in the distribution of specialty steels.

Specialty steels have chemical and mechanical properties suited to environments such as corrosion and changes in temperature and pressure and engineering specifications. Delivery times are longer than for general usage steels and generally range from 2 to 12 months.

The Group's main business activity consists in purchasing specialty steels in large quantities from producers, storing them and serving a very broad industrial customer base (60,000 active customers in 60 countries) within very short deadlines (below 1 week).

JACQUET METALS provides the following value-added between the producer and the end-customer:

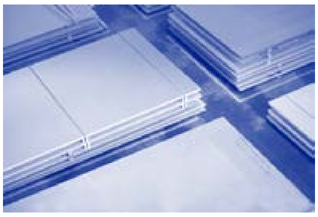
- a wide range of products stored and delivered within short timeframes (order books rarely exceed a few weeks);
- security of supply and product traceability;
- managing requirements on a just-in-time basis (customized inventory, defined supply strategies);
- competitive sale prices;
- managing price fluctuations on the customer's behalf;
- cutting and finishing services.

In addition to selling its standard product range, the Group also offers a range of customized initial processing operations designed to meet end-user specifications. These services, which are performed at the Group's distribution centers, vary according to the products sold but usually involve light cutting, straightening and bending, folding or drilling operations. They provide a major commercial advantage, which enables the Group to increase customer loyalty by positioning itself as a single contact point, thereby avoiding the use of a sub-contractor.

The Group buys large quantities of steel from specialty steel producers: **20 suppliers account for around 50% of Group purchases**
with lead times ranging from 2 to 12 months, and sells them to a fragmented customer base: **60,000 active customers, average invoice less than €3,000**.

The value chain

Suppliers →	JACQUET METALS →	Customers
- 20 suppliers: 50% of purchases - Delivery time: 2 to 12 months	- Purchase prices - Storage of specialty steels - Managing price fluctuations - Finishing services	- 60,000 customers - Average invoice: < €3,000 - Delivery time: ± 1 week



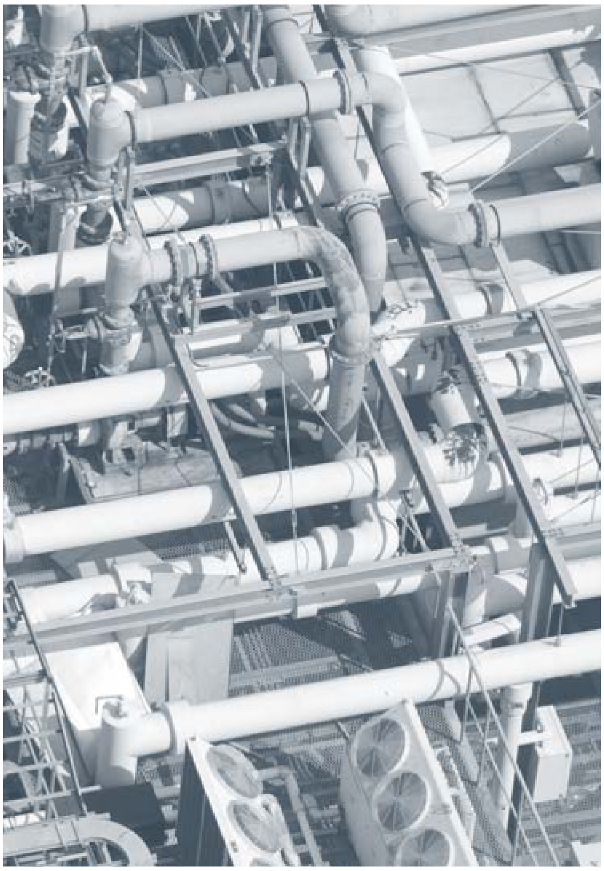
Purchases

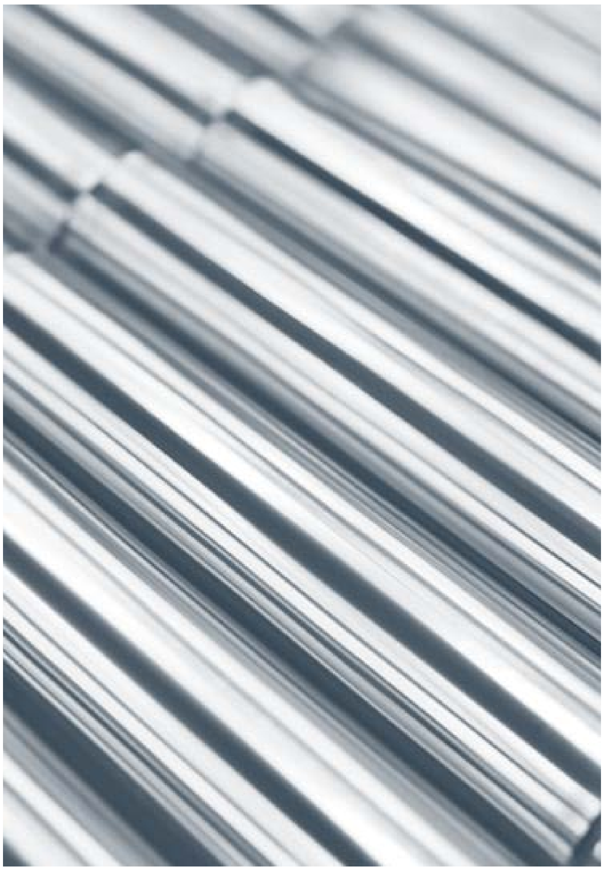
Purchasing terms and conditions are negotiated between the main specialty steel producers' management teams and the JACQUET METALS SA managers, working together with the division managers.

By aggregating the volumes for each division, JACQUET METALS provides producers with greater visibility on their business volumes and on the organization of their production schedule. The Group benefits from optimal purchasing terms and conditions in return. The " framework terms and conditions " obtained in this way are passed on to the subsidiaries involved, which place their orders with the producers directly.

The Group is not dependent on a specific supplier and only uses sub-contractors on an occasional basis. A given supplier is only in a position to provide a limited number of stock items. In the case of so-called specialty products distributed on niche markets, the number of suppliers is also limited.

For certain niche products, the Group purchases its supplies primarily from producers with which it has a close relationship (VDM for nickel alloys, etc.). The Group also has exclusive agreements for some products and in certain countries.





Customers

Specialty steels are used for specific applications by a wide variety of industries. Larger end-users such as automotive manufacturers are supplied directly by producers.

Conversely, JACQUET METALS's core target market consists of a local network of small businesses operating in a wide variety of industrial sectors.

The Group supplies over 60,000 active customers operating in around 100 countries, while its commercial relationships are based on a large quantity of small orders (less than €3,000 on average). Accordingly, the Group is not dependent on any specific customer. Customers place their orders directly with the Group companies, with no call for tender process. Every customer order is invoiced once the products have been dispatched. Over 90% of sales are insured by various credit insurance companies.

The commercial relationships are recurring and involve a large quantity of small orders, which account for most of the Group's sales. The order book represents around one month's sales.

Stratégie et objectifs

The Group is a distributor independent of the specialty steels producers, enabling it to purchase all over the world, from any source, at the most competitive terms and conditions. To be in a position to get the best purchase terms and conditions is one of the main drivers of the Group's strategy.

JACQUET METALS markets its products through a portfolio of three brands organized into three divisions, each of which targets specific customers and markets.

The primary function of the parent company, JACQUET METALS SA, is to conduct – for the main products and main producers – the negotiation of the purchase conditions in collaboration with the manager of each division.

In order to increase the volumes purchased by division, and thus to optimize the purchase conditions, the Group develops the distribution networks of its divisions in Europe, in North America and in Asia, through external or organic growth.

In the medium term, the main areas of development are:

- Europe and more particularly Germany, Italy and the United Kingdom;
- North America, where only the JACQUET division operates.

Besides geographical development, the Group is also considering developing other product areas (e.g. aluminum, etc.).

Each division is run by a chief executive officer, who is in charge of developing the division in accordance with the strategic options and goals defined by JACQUET METALS.

Central functions, the negotiation of purchasing terms, financial and legal affairs, information technology, credit insurance and communications are managed by JACQUET METALS SA, in close collaboration with the specialists from each division.

Stainless steel quarto plates

Stainless steel long products

Engineering steels

The stainless steel market

Stainless steels are characterized by their strong resistance to corrosion and their stability when treated with fluids or gas. The main consumers of stainless steels are industries operating in the following sectors:

- chemicals;
- food processing;
- gas treatment and storage;
- water treatment;
- environment and decontamination;
- energy sector
(hydraulic, nuclear and thermal power plants, etc.).

The stainless steel sector is characterized by regular adaptation of alloys to the increasingly stringent requirements of the various industrial sectors. JACQUET currently stocks several dozen varieties of stainless steel, in addition to nickel alloy varieties, whose corrosion resistance is even higher than that of stainless steel.

The stainless steel quarto plates market

The annual global stainless steel quarto plate market represents just over 1.4 million tons, i.e. around 3.3% of the global stainless steel market. As such, it is a classic niche market. This market is usually equally divided between projects (direct supply from the producer to the end-customer) and distribution. JACQUET is the leading global distributor of stainless steel quarto plates.

The competition

JACQUET makes most of its sales in the cut plate market, where it faces two types of competitor:

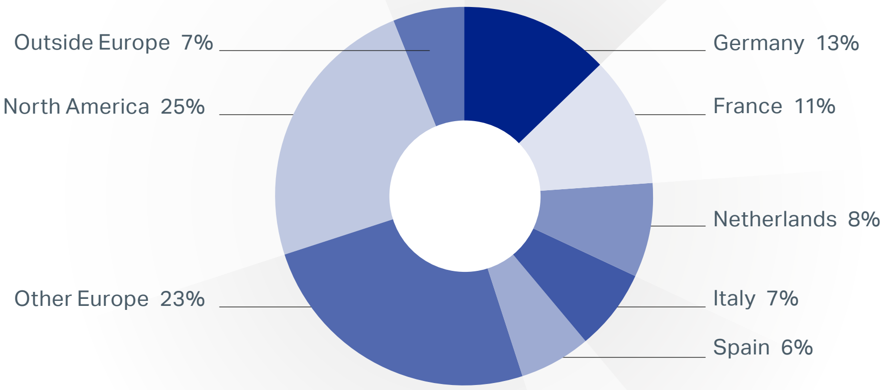
- in-house departments of large European steel groups (e.g. Outokumpu), which operate in several countries;
- family type businesses operating in a single country.

In the trade segment (sale of unprocessed plates), JACQUET implements an opportunistic policy depending on market conditions. Given that product availability, and therefore inventory, is a key factor in this business, there are few competitors in the trading segment. They also fall into two categories:

- stainless steel producers with their own in-house distribution network (Acerinox, Outokumpu, Daekyung);
- companies independent from producers, such as Nichelcrom (Italy) and HW Inox (Germany).

Geographical breakdown of sales

JACQUET operates in Europe, North America and Asia.



The stainless steel market

Stainless steels are characterized by their strong resistance to corrosion and their stability when treated with fluids or gas. The main consumers of stainless steels are industries operating in the following sectors:

- chemicals;
- food processing;
- gas treatment and storage;
- water treatment;
- environment and decontamination;
- energy sector (hydraulic, nuclear and thermal power plants, etc.).

The stainless steel sector is characterized by regular adaptation of alloys to the increasingly stringent requirements of the various industrial sectors. STAPPERT currently stocks several dozen varieties of stainless steel.

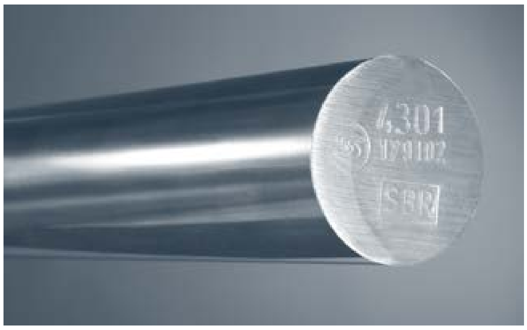
The stainless steel long products market

The annual global stainless steel long products market amounts to around 5.9 million tons. The global stainless steel rod market, which comprises most of STAPPERT's business activity, represents around 3.1 million tons, ⅓ of which is the European market. Distribution accounts for around 50% of the long stainless steel product market in Europe. STAPPERT is one of the leading European operators on the distribution market.

The competition

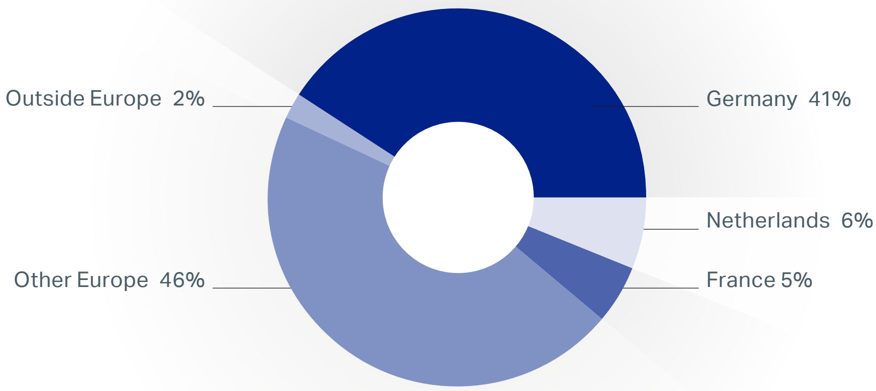
STAPPERT's competition breaks down between the following types of operator:

- operators established at European level, including stainless steel long product manufacturers who distribute their products via their own distribution network (Cogne, Valbruna, etc.) or distributors who are independent from the producers (Amari, Damstahl, ThyssenKrupp Materials);
- Independent distributors, whose size may be significant at a regional or national level, but who do not operate on a European scale.



Geographical breakdown of sales

STAPPERT operates mainly in Europe and generates 41% of its sales in Germany, the largest European market.



The market

These steels are used to manufacture parts that are subject to stringent engineering specifications. Engineering steels are distributed by IMS group, primarily in the form of seamless rods and tubes, and are produced in accordance with specific standards and specifications that guarantee their suitability for processing by the customer (forging, machining, folding, welding, heat treatment), so as to achieve specific engineering features following their treatment.

They are used in many industrial sectors, including:

- general engineering;
- yellow goods;
- green goods;
- transportation (engines, automotive drives, heavy goods vehicles and the railway sector);
- lifting machinery;
- oil and gas;
- energy (wind turbines, etc.);
- machining plants.

The engineering steels market includes many forms and categories of products. The annual European engineering steel alloy market is estimated at around 7 million tons. The two largest geographical markets are Germany and Italy, which together account for 60% of the market, followed by France and Spain, which account for 20% of the European market. The distribution sector's share of the engineering steel rod market is estimated at 50%. IMS group is a leading European distributor of engineering steels.

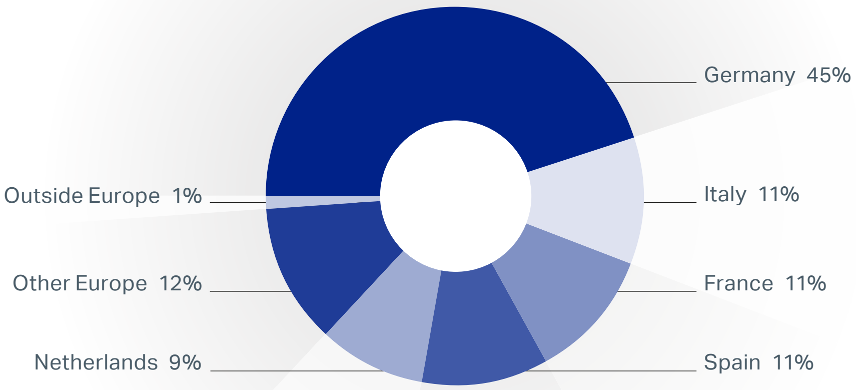
The competition

The engineering steel distribution market includes a small number of major international operators at European level (ThyssenKrupp Materials, etc.).
The rest of the market is divided between a large number of independent distributors, whose size may be significant at regional or national level, but who do not operate on a European scale.

Competition in the engineering steel distribution segment rarely stems from the producers themselves. A large number of those producers do not hold any inventory. The different varieties are often not produced on an ongoing basis and are sold through the order book as soon as they leave the plant. This means that the producers only target major end-users directly.

Geographical breakdown of sales

IMS group operates throughout Europe. It generates 45% of its sales in Germany, the largest European market.



5 Non-financial statement

The JACQUET METALS Group places a great deal of importance on CSR (Corporate Social Responsibility). The Group is committed to managing its affairs in a responsible manner.

As such, senior management took the following elements into consideration when establishing its CSR priorities:

- the analysis of non-financial risks to which the Group is exposed;
- laws and regulations in force;
- stakeholder expectations (employees, customers, suppliers, etc.).

Since 2018, the Group has been subject to the requirements of implementing decree no. 2017-1265 of August 9, 2017 on the publication of non-financial information, giving rise to the Non-Financial Statement (NFS). This document contains all the information required for the NFS, which has been distributed between the sections in order to facilitate reader understanding. The content and location of the information included in the NFS is set out in a cross-reference table presented in § 5.5 below.

5.1 Environmental challenges

The Group's main business activity is the storage and distribution of specialty steels, either unprocessed or cut to size. In order to limit the impact of its operations on the environment, the Group implements a policy comprising the following key elements:

- promoting renewable energy and monitoring energy consumption;
- recycling and the circular economy;
- periodic assessment of the main suppliers and quality of supplies.

Environmental regulations and indicators are monitored locally under the responsibility of the subsidiary managers.

5.1.1 Promotion of renewable energy and energy consumption

The Group regularly invests in energy transition programs including the installation of solar panels and/or LED lighting in its distribution centers.
It aims to increase the proportion of electricity generated from renewable sources. For example:

- in 2020, 1,500 sqm of solar panels were installed at two sites in the Netherlands. This investment accounts for almost the entire electricity consumption of both sites;
- in 2021, the installation of 1,900 sqm of solar panels is planned in Italy, which should cover around 85% of the site's electricity consumption.

Energy consumption is monitored locally by each subsidiary. It is also a key factor in the selection of investments (cutting machines, etc.).

Regarding the transport of steels (typically outsourced to independent carriers), each subsidiary seeks to optimize transportation unit capacity.

↑ Drachten, Netherlands

5.1.2 Recycling and the circular economy

The Group carries out initial processing operations for its customers as part of its business activities. These services usually involve light finishing operations such as cutting and folding, which may generate scrap metal.

Scrap metal is systematically and completely recovered and sold to recycling companies, which re-inject it into the steel production process.

The Group estimates that more than ⅔ of its steel supplies come from the circular economy, i.e. from recycling.

The Group seeks to improve performance by optimizing material use, thereby limiting the production of scrap material. In order to achieve this, each JACQUET subsidiary monitors the volume of scrap materials generated on a monthly basis. Scrap metal amounts to around 15,700 tons per year, which is a low discard rate in view of the extent of the Group's operations.

In addition, some cutting machines consume a certain amount of oils, water and sand, which are systematically recycled and recovered.

↑ Stock in Bochum, Germany

5.1.3 A demanding supply chain

5.1.3.1 Periodic assessment of the main suppliers

The Group now periodically assesses its main steel suppliers in order to measure their exposure to environmental risk and assess the integration of CSR criteria within their organization.
The main suppliers are selected based on the volume of purchases made (these suppliers account for around 57% of total Group purchases).

The assessment mainly involves ensuring that suppliers adhere to the Group Supplier Policy and obtaining copies of their CSR reports, where applicable. Supplier adherence is renewed every three years.

The percentage of selected suppliers adhering to the JACQUET METALS Supplier Policy in 2020 is presented below:

Adherence to the JACQUET METALS Supplier Policy*	96%

* (no. of suppliers adhering / no. of suppliers selected) × 100

5.1.3.2 Quality of supplies

The Group seeks to maintain an excellent quality of supplies (product traceability, ISO standards, etc.) as a guarantee of product reputation for the end-customer.

The nature of the Group's business activities is such that it only purchases products that fulfill strict, predefined standards. Each supplier must ensure that the material delivered corresponds to the product certificate (including the heat number showing the origin of the products).

All Group supplies are therefore traceable. The aim is to maintain and even improve this high standard.

↑ Marking on a plate

5.2 Social challenges

5.2.1 Human resources management

Given its operations in 25 countries and an average headcount of around 40 employees at each company, the Group's human resources policy is implemented at individual company level by subsidiary managers in order to take local requirements, conditions and regulations into account. The following issues are covered:

- the organization of working time, training and industrial relations;
- health and safety at work;
- respect for human rights and children's rights;
- elimination of discrimination.

There is no system for centralizing at JACQUET METALS SA the agreements signed with staff representative bodies in each subsidiary. However, major agreements are brought to the Company's attention.

The Group is not aware of any material breach of its staff obligations.

Performance-related compensation

The Group has opted for a result-based variable remuneration system at all of its subsidiaries and divisions. As such, variable compensation awarded to corporate officers and other staff members is primarily based on the results of the subsidiary or division that employs them.

Similarly, variable compensation awarded to JACQUET METALS SA corporate officers is based on a number of criteria including Group earnings (ratio of net income (Group share) to sales).

Shareholder structure

The Group is developing its divisional operations via a model that is unusual in the metals distribution sector. Subsidiaries are regularly set up with a local partner, who is usually the manager of the subsidiary. This partner invests and receives an equity interest ranging from 10% to 49% (see § 6.3 Developments). At December 31, 2020, the managers of 15 subsidiaries were minority shareholders.

Skills development, training and internships

Training is a key tool for developing employee skills, safeguarding expertise and improving safety and working conditions.

Training is provided as and when required using a variety of formats (via external training entities, in-house training, e-learning, etc.).

In 2020, around 35% of employees received training over a total of 11,573 training hours:

Training	2020
Number of employees trained	983
Number of training hours	11,573

The Group also promotes internships and work-study programs. At the end of 2020, 135 interns were working in subsidiaries in Germany and France (that account for around half of the Group's workforce).

5.2.2 Safety and health at work

The Group strives to safeguard its employees' health and ensure safety at work. As such, it applies a training and prevention policy aimed at reducing the number and severity of industrial accidents.

Measures to improve safety are implemented on a regular basis. For example:

- periodic dissemination of safety rules and instructions;
- regulatory controls of machinery and equipment by external bodies;
- identifying and assessing industrial accidents, followed if necessary by corrective measures to improve procedures and additional training;
- upgrading workstations.

Industrial accidents are monitored locally under the responsibility of the subsidiary managers.

Accident frequency and severity ratios are presented below:

	2020
Frequency [1]	18.93
Severity [2]	0.38

[1] Industrial accident frequency ratio
= (no. of accidents with stoppage / hours worked) × 1,000,000.
[2] Industrial accident severity ratio
= (no. of days lost by temporary incapacity / hours worked) × 1,000

The Group also monitors short-term absenteeism (less than three days) on a half-yearly basis and implements local corrective measures where required.

	2020
Short-term absenteeism rate[1]	0.56%

[1] (no. of days absent < 3 days/no. of days worked during the year) × 100

2020 was disrupted by the COVID-19 pandemic. Faced with this unprecedented situation, the health and safety of employees was the Group's top priority. As such, teleworking arrangements were set up wherever possible and work procedures at distribution centers were adapted in order to reduce the risk of infection while ensuring continuity of operations.

5.2.3 Headcount

By function

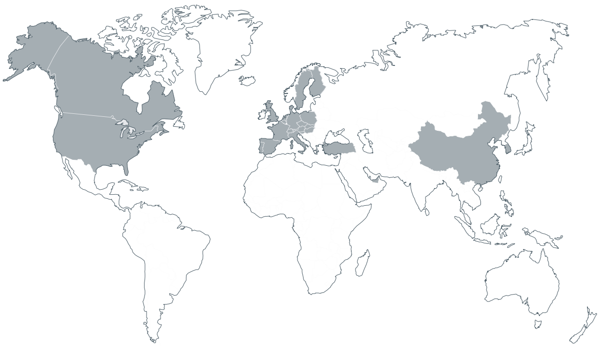
Group headcount at December 31, 2020 amounted to 2,857 full-time equivalent (FTE) employees including 2,640 under permanent contracts, as well as 142 temporary workers.
During 2020, 487 people left the Group and 290 joined.

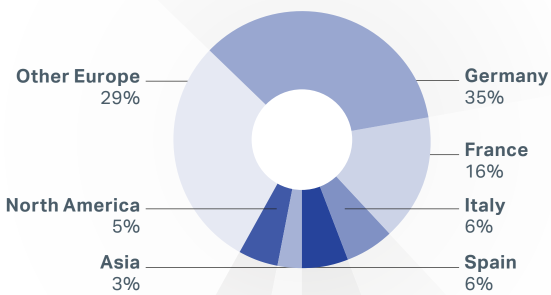
The change in FTE (full-time equivalent) headcount by function is as follows:

	2020	2019
Year-end	2,857	3,039
Support (IT, administration)	445 16%	461 15%
Sales, Procurement	1,083 38%	1,145 38%
Warehousing and logistics	1,329 46%	1,433 47%

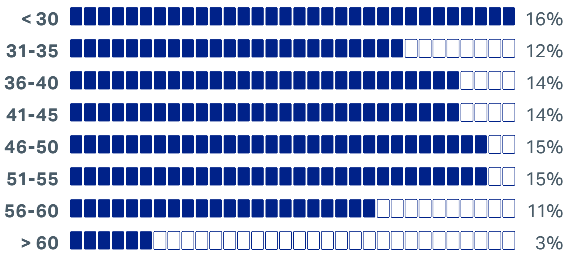
By region

The Group operates in 25 countries through 106 distribution centers. The headcount breakdown by region at December 31, 2020 was as follows:





By age



In 2020, the average age of Group employees was 44.

By gender

The male-female ratio is balanced in the support functions (IT, administration) (53% women and 47% men) and in the sales and procurements departments (59% men and 41% women). Women are under-represented at warehouses (4% of headcount). Total headcount comprises 26% women and 74% men.

	Male	Female
Support (IT, administration)	47%	53%
Sales, Procurement	59%	41%
Warehousing and logistics	96%	4%
Total	**74%**	**26%**

5.3 Respect for human rights

Each subsidiary manager is responsible for ensuring that human rights are respected in accordance with local legislation.

With regard to supplies, the Group now periodically assesses its main steel suppliers in order to measure their exposure to the risk of non-compliance with respect for human rights within their organization.
Selection is based on the volume of purchases made and their geographical location (this selection accounts for around 57% of Group purchases).

On this basis, the Group requires selected suppliers to adhere to the Group Supplier Policy, which sets out the Group's values, particularly with regard to the defense of human rights. Supplier adherence is renewed every three years.

The percentage of selected suppliers adhering to the JACQUET METALS Supplier Policy in 2020 is presented below:

Adherence to the JACQUET METALS Supplier Policy*	96%

* (no. of suppliers adhering / no. of suppliers selected) × 100

Additional measures are implemented for non-adhering suppliers or those pending response: request for information, on-site inspections, etc.

The Group aims to have the JACQUET METALS Supplier Policy signed by as many selected suppliers as possible.

5.4 Prevention of corruption and tax evasion

The Group used the tightening of French anti-corruption regulations as an opportunity to step up its own anti-corruption policy.
These values are set out in an Anti-Corruption Policy that defines the behavior to be adopted by each Group company with all of its partners, customers, suppliers and service providers. For example, suppliers must be selected on the basis of objective criteria such as quality, reliability, price, performance or service. An anti-corruption e-learning module was also deployed throughout the Group, and an internal whistleblowing system was set up at each subsidiary to report situations or behavior in breach of the anti-corruption policy.

The risk of exposure to corruption was also mapped out using a risk assessment mechanism tailored to specific business activities and regions.

Risk is assessed as follows:

- periodic assessment of main steel suppliers. They are selected every year based on the volume of purchases made and their geographical location (this selection accounts for around 57% of Group purchases). This assessment is approved by the Group Procurement Department; and
- adherence to the Anti-Corruption Policy by the selected suppliers. Supplier adherence is renewed every three years.

The percentage of selected suppliers adhering to the Anti-Corruption Policy in 2020 is presented below:

Adherence to Anti-corruption Policy*	90%

* (no. of suppliers adhering/no. of suppliers selected) × 100

Finally, the Group has no operations or holding companies in countries blacklisted as tax havens by the European Commission.

5.5 NFS cross-reference table

5.5.1 Business model

1	**Description of the Group's business**	
	Description of business activity and divisions	The Group - § 4 Information on the Group's business
	Key figures	2020 annual results
	Organization chart of main entities	The Group - § 7 Main companies by division
	Product descriptions	The Group - § 4 Information on the Group's business
2	**Description of the business model**	
	Market positioning	The Group - § 4 Information on the Group's business
	Key resources / production factors used	The Group - § 4 Information on the Group's business
	Value contributed to the various customer segments and other stakeholders	The Group - § 4 Information on the Group's business
	Profit analysis	The Group - § 4 Information on the Group's business

5.5.2 Description of non-financial risks and impacts

The description of the main non-financial risks is set out in § 5.1 to 5.4 of this section.

Given the nature of its business and the working conditions inherent to handling operations, the Group considers that the following issues listed in Article L. 225-102-1 (III) of the French Commercial Code do not constitute major CSR risks and do not require explanation in this report: prevention of food waste and food insecurity, defense of animal well-being and a responsible, fair and sustainable food system.

6 Other information

6.1 IT systems

The Group has its own business application (Jac ERP*), which has been developed to cover the different types of products and includes an accounting solution (Finance V10). The application has been developed using state-of-the-art technologies, while all Group sites are connected to the central site via an MPLS and VPN IPsec network.

** Enterprise Resource Planning*

Jac ERP is used by all JACQUET companies and most of the STAPPERT and IMS group companies.

These centralized tools are among the keys to effective and responsive inventory management and financial controlling. They enable the implementation of purchasing systems based on centralized negotiations and offer solutions that facilitate the sales process.

Every user can access all their division's inventories in real time. Intra-group sales are processed automatically. Marketing documents are published in the local language and measurement systems and comply with national presentation specifications.

The high degree of scalability offered by these solutions ensures that Group's developments are supported, regardless of the number of users or volumes handled.

6.2 Digital transformation

In anticipation of the growing digitization of commercial flows in the specialty steels distribution sector, as in other areas of trade, the Group is pursuing digital transformation while remaining as close as possible to its customers.

The Group has identified three areas of development for this transformation drive:

- EDI (Electronic Data Interchange): for several years now the Group has been using EDI protocols with customers generating large and recurring business volumes. EDI will ultimately be used for steel supplies;

- customer accounts: in addition to the sales process, customers can now set up an account that contains all of their purchase documentation (product certification, delivery note, invoice, order history and tracking, etc.).

- e-commerce: an online sales platform was designed in 2020 and is gradually deployed across the Group from 2021 onwards;

The digital transformation of the offering, in combination with our CRM (Customer Relationship Management) policy, helps us understand our customers better and provides new opportunities in terms of loyalty enhancement and prospect conversion.

6.3 Developments

Founded in Lyon in 1962, the Group has developed through organic growth but primarily through acquisitions, including the acquisitions of IMS and STAPPERT in 2010 (14 countries, 1,500 employees, €1.2 billion of sales) and SCHMOLZ+BICKENBACH DISTRIBUTION in 2015 (6 countries, 1,000 employees, €600 million of sales).

Regarding organic growth, the Group generally develops the operations of its divisions primarily via a business model that is unusual in the metals distribution sector. Subsidiaries are set up with a local partner, who is usually the manager of the subsidiary. This partner invests and receives an equity interest in the subsidiary ranging from 10 to 49%; in the event of losses, the partner commits to recapitalizing the subsidiary at least up to the amount initially invested. The subsidiary has an exclusive right to exploit the brand and can therefore market the full range of brand products in a specified area.

All Group subsidiaries benefit from a set of resources placed at their disposal, including terms and conditions of purchase, a product / market information system tailored to their business, staff training and access to an information network. Every effort is made to enable them to focus on their main goal, i.e. generating profitable sales.
Local managers manage their inventories in accordance with their own marketing policy.
The compensation paid to subsidiary managers is largely based on the subsidiary's results.
The Group invoices the subsidiary for services performed, primarily management and IT services. Where applicable, managers also receive dividends in proportion to the shares they hold.

6.4 Capital expenditure policy

This information is provided in the section entitled §1.3 Activity report - Cash Flow.

The Company is not dependent on patents for the conduct of its business.

6.5 Infrastructure

Group assets largely consist of distribution centers and finishing capacity (cutting and folding machines, etc.).

The Group operates buildings with a total surface area of 664,196 sqm, of which 48% are fully owned.

en m²	Wholly-owned property			Rented property			Property under finance lease		
Country	Building surface area	Land surface area	Number of warehouses	Building surface area	Land surface area	Number of warehouses	Building surface area	Land surface area	Number of warehouses
Austria	1,363	30,350	1	10,047	-	1	5,000	17,200	1
Belgium	17,946	33,133	2	3,414	9,700	1	-	-	-
Canada	-	-	-	7,974	18,708	3	-	-	-
China	5,439	20,118	1	5,315	-	2	-	-	-
Czech Republic	8,753	42,164	1	2,096	974	2	-	-	-
Danmark	-	-	-	32	-	-	-	-	-
Korea	-	-	-	2,003	2,388	1	-	-	-
Finland	2,333	23,064	1	59	-	-	-	-	-
France	70,552	299,028	7	38,414	74,585	8	-	-	-
Germany	101,970	147,863	16	116,944	26,218	7	8,808	21,110	1
Hungary	7,259	22,602	2	409	-	-	-	-	-
Italy	27,706	68,080	4	43,417	24,503	7	-	-	-
Netherlands	32,550	44,137	4	4,396	2,910	1	-	-	-
Poland	11,152	66,203	2	12,663	18,882	3	-	-	-
Portugal	1,700	4,960	1	7,084	13,625	2	-	-	-
Slovakia	3,828	20,974	1	-	-	-	-	-	-
Slovenia	4,747	7,402	1	800	-	1	-	-	-
Spain	2,259	10,295	1	59,430	38,954	10	-	-	-
Sweden	4,169	27,927	2	788	-	1	-	-	-
Switzerland	1,395	1,500	1	-	-	-	-	-	-
Turkey	-	-	-	3,400	6,514	1	-	-	-
UAE	-	-	-	27	-	-	-	-	-
UK	2,900	17,000	1	45	-	-	-	-	-
USA	9,772	36,381	1	13,838	6,907	3	-	-	-
Total	**317,793**	**923,181**	**50**	**332,595**	**244,868**	**54**	**13,808**	**38,310**	**2**

Number of warehouses	31.12.20
Wholly-owned sites	50
Rented sites	54
Sites under finance lease	2
Total	**106**

There are no environmental constraints that could impact the Group's use of its property, plant and equipment.

6.6 Risk factors

6.6.1 Main risk factors

In consultation with division managers, Company management regularly reviews the main risks that could have a material adverse effect on its business activities, financial position and results (or on its ability to meet its targets).

The primary purpose of their quarterly meetings is to review results, monitor targets and identify growth opportunities and risks.

In addition, a half-yearly report on risks identified is issued by the subsidiary managers.

While it has increased the probability and impact of some risk factors, the health situation related to the global spread of COVID-19 does not alter the Group's main risk factors, which remain unchanged versus 2019.

Nevertheless, the health situation demands increased vigilance with regard to the following risks:

- disruption of operations in order to deal with the potential impact on employee health and safety (see § 5.2.2 Safety and health at work);
- disruption of supply chain (see § 6.6.1.1.1 Supply risks);
- impact of economic slowdown on raw materials prices (see § 6.6.1.1.2 Purchase price elasticity risk and § 6.6.1.1.3 Risk of changes in metal prices) and counterparty risk (see § 6.6.1.2.4 Credit and counterparty risk).

In this context, the Group paid special attention to preserving employee health and safety. Teleworking arrangements were set up wherever possible and work procedures at distribution centers were adapted in order to reduce the risk of infection while ensuring continuity of operations.

Health conditions were still unstable at time of publication.

6.6.1.1 Operational risks

6.6.1.1.1 Risks of supplier dependence

The very nature of JACQUET METALS's business allows the Company to avoid being dependent on any given supply contract. The diversified procurement policy and supplier selection process are aimed at avoiding dependence on one or more suppliers.

Transactions with third parties such as customers and suppliers are approved by a manager of appropriate seniority and are formalized via contracts or orders that comply with applicable local legislation. The negotiation of purchase term and conditions with the main producers is conducted by JACQUET METALS SA management, working together with the Chief Operating Officers of each division. These terms and conditions are then passed on to the subsidiaries of the various divisions.

By way of illustration, the Group's 20 main suppliers account for around 50% of Group purchases.

6.6.1.1.2 Purchase price elasticity risk

The Group's main business is the purchase, storage, and delivery of various categories of products to a primarily local customer base consisting of small and medium-sized industrial companies.

Purchase prices for stainless steels (JACQUET and STAPPERT) and engineering steels (IMS group) may generally be broken down into two separate components:

- the base price, which is the outcome of negotiations at the time when the order is placed with each producer;
- a more variable portion which depends on the trend in raw materials prices. This includes, for example, the scrap surcharge for engineering steels or the alloy surcharge for stainless steels. The alloy surcharge is usually determined at the time of delivery, in accordance with a calculation formula specific to each producer, which factors in the cost of nickel, chromium, titanium, molybdenum and scrap metal, the euro-US dollar exchange rate, etc.

Furthermore, delivery lead times are a major factor when determining the price. In fact, lead times are usually not adhered to and generally range from 2 to 12 months.

Given the fluctuations in raw materials prices that affect the value chain, purchase prices may therefore be subject to adjustment clauses depending on compliance with delivery lead times. Some agreements may also provide for the final price to be adjusted depending on the actual rather than theoretical delivery date, while the base price may be revised ex post facto by the producer, etc.

Lastly, annual price reductions may be provided for in accordance with volumes purchased and the producer's overall performance.

The Group's gross margin ratios as a percentage of sales vary in accordance with the following factors:

- changes in the business mix (relative contributions of divisions to sales, in view of differences between individual division margin rates);
- price level (absolute value);
- impact of price changes on inventory drawdown.

Changes in base steel prices and the prices of certain metals used in alloys (nickel, molybdenum, chromium, etc.) also impact the gross margin as a percentage of sales.

Accordingly, Group policy and industry practice tend to pass on any purchase price increases directly to customers, with immediate effect if possible. Conversely, if prices decrease, the Group's competitive positioning requires it to pass on these price decreases within variable timeframes. The option of whether to pass on price increases and decreases is reflected in an inventory price effect and a gross margin effect.

6.6.1.1.3 Risk of changes in metal prices

The Group does not use any financial instruments to hedge fluctuations in the price of the raw materials used as components in the steels that it markets. In the case of some of the metals used (especially molybdenum and chromium), this is due to the lack of a market allowing such a hedging process. In the case of nickel, the lack of hedging is a management decision, as the Group currently considers that such a policy would not necessarily be effective and could even be financially counter-productive, as the related costs may be higher than the profits likely to result. The advisability of such a hedging policy is subject to periodic reviews. To date, the policy has been to remain exposed to fluctuations in metal prices.

The Group is unable to provide relevant and reliable quantified information regarding the elasticity and sensitivity of prices and margins, due to the large number of factors taken into account when setting raw material purchase and sale prices.

6.6.1.1.4 IT system risk

Most Group companies use the Integrated Management Program (IMP) developed by the Company. This program includes a business application and a localized accounting solution. IT systems play an essential support role in the management and development of JACQUET METALS' business activities in an international, decentralized environment.

In this context, the Group considers that the main IT system risks concern cybersecurity and potential IT system architecture failure (computer infrastructures and software).

Several initiatives to improve cybersecurity were organized in 2019 and 2020:

- establishment of a cybersecurity roadmap and implementation of dedicated resources;
- system and network auditing;
- system and network security enhancement measures.

The cybersecurity drive will continue in 2021 in the form of organizational and technical measures.

JACQUET METALS protects its IT architecture against risks of outage or major incidents by using several data centers. Every item of equipment is installed in two remote inter-connected data centers, which enables ongoing real-time data duplication at both locations. The data centers provide a high level of service and access security as well as broadband Internet access.

6.6.1.2 Financial risks

6.6.1.2.1 Currency risk

The subsidiaries mainly purchase raw materials in euros, given their geographical location. The Group's exposure to currency risk primarily concerns purchases made by European subsidiaries from producers based outside the euro zone and euro purchases made by subsidiaries based outside the zone. Other cash flows are denominated in the functional currency of each subsidiary.

JACQUET METALS SA is exposed to currency risk when it grants cash advances in local currencies to subsidiaries outside the euro zone.

The finance department assesses the currency positions every month, per currency and per subsidiary, and then arranges the hedges required. The most frequently used hedging instruments are forward currency purchases or sales.

6.6.1.2.2 Interest rate risk

Financial assets and liabilities may be exposed to changes in interest rates.

Cash investments primarily consist of term deposits where the interest rate risk is limited. Therefore, exposure to interest rate risk primarily relates to floating rate debt.

The Group limits the risk of changes in interest rates by setting up hedging instruments: as of December 31, 2020, 55% of floating rate debt was hedged via swap and cap contracts.

6.6.1.2.3 Liquidity risk

The Group may be exposed to liquidity risk in the event of non-compliance with the financial covenants included in financing agreements. The main covenant concerns the debt to equity ratio (gearing) which must be less than 100%.

As of December 31, 2020, this ratio was 28%.

6.6.1.2.4 Credit and counterparty risk

Credit risk mainly concerns the risk of financial loss arising from customer default.

The Group is not in a position of commercial dependence on specific customers.

Furthermore, thanks to the Group's credit insurance policy, credit and counterparty risk applies solely to uninsured trade receivables.

As of December 31, 2020, 94% of trade receivables were insured.

6.6.1.3 Legal and regulatory risks

The Company and its subsidiaries may be involved in legal proceedings brought by third parties or an administrative or regulatory body. Likewise, they may be subject to tax or customs audits.

With assistance from specialized law firms, the Company and its subsidiaries regularly monitor changes in legislation in order to ensure that their practices comply with laws and regulations.

There are no pending or imminent government, judicial or arbitration proceedings, including any proceedings of which the Company is aware, likely to have a material impact on the Company's and / or Group's financial structure or profitability.

6.6.1.4 Non-financial risks

This information is provided in the section entitled § 5 Non-financial statement.

6.6.2 Insurance and risk coverage

In the case of operational risks, each subsidiary has a risk coverage tailored to its operations through insurance policies taken out locally or by the Group and covering all potential risks, such as:

- comprehensive property damage and consequential operating losses;
- directors and officers liability;
- civil general liability: the Group has taken out a master policy covering liability incurred by the Company and its subsidiaries. Local policies are taken out to cover subsidiaries not included under the master policy.

The Company considers that its insurance cover complies with French and European professional third-party liability insurance standards and is sufficiently broad to cover the standard risks inherent in its operations.

However, it cannot guarantee that these policies will cover all the claims that the Group may face.

No material potential risk whose consequences were not already included in the 2020 financial statements had been identified at December 31, 2020.

7 Main companies by division

as of 31.12.20

JACQUET METALS SA • FR

JACQUET

JACQUET HOLDING SARL • FR

- JACQUET Metallservice GmbH • AT
- JACQUET Benelux SA • BE
- JACQUET Montréal INC. • CA
- Rolark Toronto INC. • CA
- Rolark Edmonton INC. • CA
- JACQUET Osiro AG • CH
- JACQUET Chengdu CO. LTD. • CN
- JACQUET Shanghai CO. LTD. • CN
- JACQUET Tianjin Metal Material CO. LTD. • CN
- JACQUET Sro • CZ
- JACQUET Deutschland GmbH • DE
- Quarto Deutschland GmbH • DE
- JMS Danmark APS • DK
- JACQUET Ibérica SA • ES
- JACQUET Finland OY • FI
- Détail Inox SAS • FR
- France Inox SAS • FR
- JACQUET International SAS • FR
- JACQUET Lyon SAS • FR
- JACQUET Paris SAS • FR
- OSS SARL • FR
- Quarto International SAS • FR
- JACQUET Magyarorszag Kft • HU
- JACQUET Centro Servizi Srl • IT
- JACQUET Italtaglio Srl • IT
- JACQUET Nova Srl • IT
- JACQUET Korea CO. LTD. • KR
- Intra Metals BV • NL
- JACQUET Nederland BV • NL
- JACFRIESLAND BV • NL
- JACQUET Polska Sp. z o.o. • PL
- JACQUET Portugal LDA • PT
- JACQUET Sverige AB • SE
- JMS Metals Asia Pte. Ltd. • SG
- JMS Adriatic d.o.o. • SI
- Quarto Jesenice d.o.o. • SI
- Intra Alloys FZE. • UAE
- JACQUET UK Ltd • UK
- JACQUET Mid Atlantic Inc. • USA
- JACQUET Houston Inc. • USA
- JACQUET Midwest Inc. • USA
- JACQUET West Inc. • USA
- Quarto North America LLC • USA

STAPPERT

STAPPERT DEUTSCHLAND GMBH • DE

- STAPPERT Fleischmann GmbH • AT
- STAPPERT Intramet SA • BE
- STAPPERT Ceská Republika Spol Sro • CZ
- STAPPERT France SAS • FR
- STAPPERT Magyarország Kft • HU
- STAPPERT Noxon BV • NL
- STAPPERT Polska Sp. z o.o. • PL
- STAPPERT Sverige AB • SE
- STAPPERT Slovensko AS • SK
- STAPPERT UK Ltd • UK

IMS GROUP

IMS GROUP HOLDING SAS • FR

- IMS Austria GmbH • AT
- IMS Belgium SA • BE
- Dr. Wilhelm Mertens GmbH • DE
- Finkenholl Stahl Service Center GmbH • DE
- Fellbach Service- und Lagerdienstleistungen GmbH • DE
- Günther + Schramm GmbH • DE
- Hoselmann Stahl GmbH • DE
- International Metal Service Nord GmbH • DE
- International Metal Service Süd GmbH • DE
- International Metal Service Trade GmbH • DE
- IMS Aceros INT, SAU • ES
- IMS France SAS • FR
- IMS SpA • IT
- IMS Nederland BV • NL
- IMS Portugal SA • PT
- IMS Özel çelik Ltd Şi. • TR

8 Stock market information and shareholder structure

Main indices	CAC® All Shares, CAC® All-Tradable, CAC® Basic Materials, CAC® Mid & Small, CAC® Small,
Market	Euronext Paris - Compartiment B
Listed on	Euronext Paris
Code or ticker	JCQ
ISIN code	FR0000033904
Reuters	JCQ.PA
Bloomberg	JCQ : FP

		2020	2019	2018	2017	2016
Number of shares at end of period	numbers of shares	23,461,313	24,028,438	24,028,438	24,028,438	24,028,438
Market capitalization at end of period	**€k**	**326,112**	**370,519**	**372,921**	**660,782**	**476,003**
High	€	15,86	18,46	32,90	29,61	20,63
Low	€	7,60	13,76	13,56	19,45	10,02
Price at end of period	**€**	**13,90**	**15,42**	**15,52**	**27,50**	**19,81**
Average daily traded volume	numbers of shares	20,891	34,833	27,351	24,330	23,718
Average daily traded capital	€	233,870	562,702	634,980	596,557	353,251

Pursuant to the delegation granted to the Board of Directors by the General Meeting of June 28, 2019, the Board of Directors resolved to cancel 567,125 shares at its meeting held on May 13, 2020. Following this cancellation, the share capital of JACQUET METALS SA comprised 23,461,313 shares and 33,212,697 attached voting rights as of December 31, 2020.

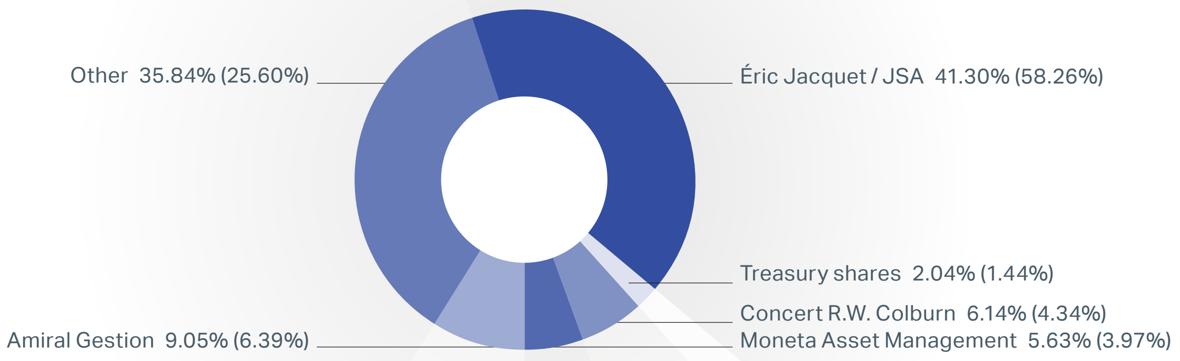
As of December 31, 2020 the JACQUET METALS ("JCQ") share price was €13.90, down from the December 31, 2019 closing price. The share price was €18.00 on March 8, 2021.

JACQUET METALS' shares are followed by:

- Société Générale SGCIB;
- ODDO BHF Corporates & Markets;
- Portzamparc of BNP Paribas group;
- GILBERT DUPONT of Société Générale group.

Shareholder structure at December 31, 2020

% capital (% voting rights)



Éric Jacquet and JSA (which is controlled by Éric Jacquet) held 41.30% of the share capital and 58.26% of the voting rights in the Company at December 31, 2020.

9 Financial communication schedule

Q1 2021 results	May 5, 2021
General meeting	June 25, 2021
H1 2021 results	September 8, 2021
Q3 2021 results	November 17, 2021
2021 full year results	March 2022

Investors and shareholders may obtain complete financial information from the Company's website at: www.jacquetmetals.com

— Investor relations

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Activity report 2020

1 Group sales and earnings

Solid 2020 performance in a challenging context

In a context of profound disruptions, JACQUET METALS succeeded in adapting to its market conditions and achieved a good overall performance.

Consolidated sales amounted to €1.4 billion, down 15.5% from 2019 (Q4: -8.3%), while EBITDA amounted to €62 million representing 4.6% of sales compared to 4.5% in 2019.

During this year, the Group paid particular attention to preserving health and safety of its employees as well as adapting to the economic environment its costs and steel inventories (down €75 million to €368 million at 2020 year-end).

Furthermore, the Group pursued a sustained capital expenditure policy (€27 million in 2020 after €30 million in 2019), despite the context, mainly aimed at strengthening Group's positioning on its key markets.

Having generated €140 million of operating cash flow in 2020, the Group strengthened its financial structure, posting a debt to equity ratio (gearing) of 28% at 2020 year-end compared to 46% at 2019 year-end.

Without returning to pre-crisis levels, business at the start of 2021 benefited from the increase in raw material prices, fueling expectations of a Q1 2021 increase in gross margin level.
Nevertheless, the overall environment remains marked by a lack of visibility, exacerbated by still unstable health conditions.

In 2021 the Group will be aiming to improve its operating efficiency, particularly in the IMS group division in Germany, pursue the capital expenditure policy and seek out growth opportunities.

Q4 2020

The Group posted highly contrasting performances between H1 and H2 2020:

- in H1 2020, Group's business was drastically slowed down by the COVID-19 crisis. Results were impacted by expenses of over €10 million related to the set-up of a savings plan and the impact of the economic slowdown on inventory valuation (leading the Group to record a provision representing 18% of the gross value of inventories at June 30, 2020 versus 15.6% at 2019 year-end).

- In H2 2020, Group's business picked up slightly towards the end of the year, particularly for IMS group. Moreover, inventory valuation benefited from the late 2020 increase in raw material prices. The inventory provisions rate at 2020 year-end reverted close to its 2019 year-end level. Under these conditions, the Group posted positive net income of €30 million for Q4 2020, after the recognition of €9 million of deferred taxes.

1.1 Group results for 2020

Results for the year ended December 31, 2020 are compared to the results for 2019, which may be consulted in the 2019 Universal Registration Document filed with the Autorité des Marchés Financiers (AMF, French financial market regulator) on April 3, 2020 (filing no. D.20-0242) and in the December 31, 2019 activity report.

€k	Q4 2020	Q4 2019	2020	2019
Sales	**325,797**	**355,150**	**1,364,685**	**1,614,637**
Gross margin	**93,688**	**86,274**	**328,206**	**373,921**
% of sales	*28.8%*	*24.3%*	*24.0%*	*23.2%*
Operating expenses	(64,052)	(75,462)	(266,442)	(302,674)
Net depreciation and amortization	(8,403)	(8,655)	(35,032)	(34,162)
Net provisions	14,111	(1,453)	1,098	2,152
Gains on disposals of non-current assets	76	91	360	325
Operating income	**35,420**	**795**	**28,190**	**39,562**
Net financial expense	(2,194)	(1,627)	(11,281)	(10,831)
Income before tax	**33,226**	**(832)**	**16,909**	**28,731**
Corporate income tax	(2,375)	(2,872)	(3,665)	(13,169)
Net income from discontinued operations	-	8,858	-	12,016
Consolidated net income	**30,851**	**5,154**	**13,244**	**27,578**
Net income (Group share)	**30,162**	**4,774**	**11,198**	**24,545**
Earnings per share in circulation (€)	**1.29**	**0.20**	**0.48**	**1.02**
Operating income	**35,420**	**795**	**28,190**	**39,562**
Non-recurring items and gains / losses on disposals	(8,210)	2,789	(3,894)	3,234
Adjusted operating income	**27,210**	**3,584**	**24,296**	**42,796**
% of sales	*8.4%*	*1.0%*	*1.8%*	*2.7%*
Net depreciation and amortization	8,403	8,655	35,032	34,162
Net provisions	(14,111)	1,453	(1,098)	(2,152)
Non-recurring items	8,591	(2,880)	3,991	(1,473)
EBITDA	**30,093**	**10,812**	**62,221**	**73,333**

Sales

Sales amounted to €1,365 million, down 15.5% versus 2019 (Q4: -8.3%), including the following effects:

- volumes sold: -12.4% (Q4: -1.6%);
- prices: -3.1% (Q4: -6.6%). Q4 2020 prices were down 1.6% from Q3 2020.

€m	Q4 2020	Q4 2019	2020	2019
Sales	**326**	**355**	**1,365**	**1,615**
Change vs 2019	**-8.3%**		**-15.5%**	
Price effect	-6.6%		-3.1%	
Volume effect	-1.6%		-12.4%	

The various effects are calculated as follows:

- volume effect = (Vn - Vn-1) × Pn-1, where V = volumes and P = average sale price converted into euros at the average exchange rate;
- price effect = (Pn - Pn-1) × Vn;
- the exchange rate effect is included in the price effect. There was no significant impact in 2020;
- change in consolidation (current year acquisitions and disposals):
  - acquisitions: change in consolidation corresponds to the contribution (volumes and sales) of the acquired entity since the acquisition date;
  - disposals: change in consolidation corresponds to the contribution (volumes and sales) made by the sold entity in the year preceding disposal from the date falling one year before the disposal date until the end of the previous year;
- change in consolidation (previous year acquisitions and disposals):
  - acquisitions: the impact of the change in consolidation scope corresponds to the contribution (volumes and sales) of the acquired entity in the current year from January, 1st until the anniversary of the acquisition;
  - disposals: the impact of the change in consolidation scope corresponds to the contribution (volumes and sales) of the sold entity from January, 1st the previous year until the date of disposal.

Gross margin

Gross margin amounted to €328 million (24% of sales) compared to €374 million (23.2% of sales) in 2019.

€m	Q4 2020	Q4 2019	2020	2019
Sales	**325.8**	**355.1**	**1,364.7**	**1,614.6**
Cost of goods sold	**(232.1)**	**(268.9)**	**(1,036.5)**	**(1,240.7)**
Incl. purchases consumed	(248.4)	(268.3)	(1,050.7)	(1,241.2)
Incl. inventory impairment	16.2	(0.5)	14.2	0.5
Gross margin	**93.7**	**86.3**	**328.2**	**373.9**
% of sales	*28.8%*	*24.3%*	*24.0%*	*23.2%*

Operating income

Current operating expenses amounted to €266 million, down €35 million (-11.5%) compared to 2019. This decline is mainly due to the adjustment of variable expenses and the implementation of flexible workforce arrangements, which resulted in a temporary €9 million reduction in personnel expenses.

EBITDA amounted to €62 million and represented 4.6% of sales compared to 4.5% in 2019. It includes a €0.5 million adjustment for non-recurring expenses (non-cash items).

Adjusted operating income amounted to €24 million (representing 1.8% of sales). It includes over €10 million expenses related to the set-up of a savings plan across all divisions (€8 million annual savings expected, including €3 million effective as from 2020).

Operating income amounted to €28 million, including a €0.4 million gain on disposal of non-current assets and €3.5 million non-recurring income (non-cash items).

Net financial expense

Net financial expense amounted to €(11.3) million compared to €(10.8) as of December 31, 2019.
As of December 31, 2020 the average gross debt ratio was 2%, stable compared to 2019.

€m	Q4 2020	Q4 2019	2020	2019
Net cost of debt	**(2.8)**	**(2.1)**	**(10.8)**	**(8.8)**
Other financial items	0.6	0.5	(0.5)	(2.0)
Net financial expense	**(2.2)**	**(1.6)**	**(11.3)**	**(10.8)**

Net income

Net income (Group share) amounted to €11 million versus €25 million (including a €9 million capital gain on the sale of Abraservice) in 2019. Following the tax review (finalized the eve of the Board of Directors approving the consolidated financial statements) the Q4 income includes the recognition of €9 million of deferred taxes.

€m	Q4 2020	Q4 2019	2020	2019
Income before taxes	**33.2**	**(0.8)**	**16.9**	**28.7**
Corporate income tax	(2.4)	(2.9)	(3.7)	(13.2)
Income tax rate	7.1%	n.a.	21.7%	45.8%
Net income from discontinued operations	-	8.9	-	12.0
Consolidated net income	**30.9**	**5.2**	**13.2**	**27.6**
Minority interests	(0.7)	(0.4)	(2.0)	(3.0)
Net income (Groupe share)	**30.2**	**4.8**	**11.2**	**24.5**
% of sales	*9.3%*	*1.3%*	*0.8%*	*1.5%*

2 Sales and earnings by division

excluding IFRS 16 impacts

	JACQUET Stainless steel quarto plates		**STAPPERT** Stainless steel long products		**IMS Group** Engineering steels	
€m	**Q4 2020**	**2020**	**Q4 2020**	**2020**	**Q4 2020**	**2020**
Sales	**70**	**305**	**97**	**427**	**161**	**645**
Change vs. 2019	-12.5%	-11.2%	-6.0%	-8.7%	-7.7%	-21.2%
Price effect	-4.7%	-2.7%	-9.6%	-3.2%	-6.2%	-3.3%
Volume effect	-7.8%	-8.4%	+3.6%	-5.5%	-1.5%	-17.8%
EBITDA [1 2]	**5.8**	**13.4**	**4.9**	**17.2**	**12.6**	**7.9**
% of sales	*8.2%*	*4.4%*	*5.1%*	*4.0%*	*7.8%*	*1.2%*
Adjusted operating income [2]	**4.5**	**5.3**	**5.3**	**14.9**	**13.7**	**0.8**
% of sales	*6.4%*	*1.7%*	*5.4%*	*3.5%*	*8.5%*	*0.1%*

1 Non-division operations contributed €6.6 million to EBITDA in 2020 and Group EBITDA benefited from a positive impact of €17.2 million due to the application of *IFRS 16 - Leases*.
2 Adjusted for non-recurring items.

JACQUET

JACQUET specializes in the distribution of stainless steel quarto plates. The division generates 68 % of its business in Europe and 25% in North America.

In 2020, the division pursued its organic development by launching the long products business in the USA, a market more severely impacted by the crisis than Europe, JACQUET Korea (South Korea) and JACQUET Tianjin (China). The division also invested in two new sites, in Italy and Hungary, due to start operating in 2021.

Sales amounted to €305 million, down 11.2% from €343 million in 2019 (Q4: -12.5%):

- volumes: -8.4% (Q4 -7.8%) ;
- prices: -2.7% (Q4 -4.7% vs. Q4.19 et +0.1% vs. Q3.20).

Gross margin amounted to €89 million, representing 29.1% of sales, compared to €105 million in 2019 (30.6% of sales).

EBITDA amounted to €13 million, representing 4.4% of sales, compared to €23 million in 2019 (6.8% of sales).

€m	Q4 2020	Q4 2019	2020	2019
Sales	**70.3**	**80.4**	**305.1**	**343.5**
Change vs. 2019	**-12.5%**		**-11.2%**	
Price effect	-4.7%		-2.7%	
Volume effect	-7.8%		-8.4%	
Gross margin	**24.4**	**25.7**	**88.6**	**105.1**
% of sales	*34.7%*	*32.0%*	*29.1%*	*30.6%*
EBITDA	**5.8**	**4.4**	**13.4**	**23.4**
% of sales	*8.2%*	*5.5%*	*4.4%*	*6.8%*
Adjusted operating income	**4.5**	**2.9**	**5.3**	**16.5**
% of sales	*6.4%*	*3.7%*	*1.7%*	*4.8%*

STAPPERT

STAPPERT specializes in the distribution of stainless steel long products in Europe. The division generates 41% of its sales in Germany, the largest European market.

In 2020, in a disrupted market subject to strong competitive pressure, particularly in Germany, STAPPERT succeeded in preserving margins and improving earnings. In particular, the division improved its operating performance in Western Europe (Netherlands, France, Belgium).

Sales amounted to €427 million, down 8.7% from €467 million in 2019 (Q4: -6%):

- volumes: -5.5% (Q4 +3.6%) ;
- prices: -3.2% (Q4 -9.6% vs. Q4.19 et -1.6% vs. Q3.20).

Gross margin amounted to €88 million, representing 20.7% of sales, compared to €92 million in 2019 (19.6% of sales).

EBITDA amounted to €17 million, representing 4% of sales, compared to €14 million in 2019 (3% of sales).

€m	Q4 2020	Q4 2019	2020	2019
Sales	**97.3**	**103.6**	**426.8**	**467.4**
Change vs. 2019	**-6.0%**		**-8.7%**	
Price effect	-9.6%		-3.2%	
Volume effect	+3.6%		-5.5%	
Gross margin	**22.6**	**22.0**	**88.4**	**91.6**
% of sales	*23.2%*	*21.2%*	*20.7%*	*19.6%*
EBITDA	**4.9**	**1.6**	**17.2**	**14.1**
% of sales	*5.1%*	*1.6%*	*4.0%*	*3.0%*
Adjusted operating income	**5.3**	**0.7**	**14.9**	**12.3**
% of sales	*5.4%*	*0.7%*	*3.5%*	*2.6%*

IMS group

IMS group specializes in the distribution of engineering steels, mostly in the form of long products. The division generates 45% of its sales in Germany, the largest European market.

In 2020, the division suffered from both a lasting slowdown in manufacturing since 2019, particularly in Germany, and from its strong foothold in Southern European markets particularily impacted by the health crisis (this region accounts for 35% of IMS group sales).
In this context, sales amounted to €645 million, down 21.2% from €818 million in 2019 (Q4: -7.7%):

- volumes: -17.8% (Q4 -1.5%);
- prices: -3.3% (Q4 -6.2% vs. Q4.19 et -2.4% vs. Q3.20).

Gross margin amounted to €151 million, representing 23.4% of sales, compared to €177 million in 2019 (21.7% of sales).

EBITDA amounted to €8 million (Q4: €13 million), representing 1.2% of sales, compared to €14 million in 2019 (1.8% of sales).

€m	Q4 2020	Q4 2019	2020	2019
Sales	**160.7**	**174.1**	**644.5**	**817.7**
Change vs. 2019	**-7.7%**		**-21.2%**	
Price effect	-6.2%		-3.3%	
Volume effect	-1.5%		-17.8%	
Gross margin	**46**	**38.5**	**150.5**	**177.2**
% of sales	*28.6%*	*22.1%*	*23.4%*	*21.7%*
EBITDA	**12.6**	**(0.9)**	**7.9**	**14.5**
% of sales	*7.8%*	*-0.5%*	*1.2%*	*1.8%*
Adjusted operating income	**13.7**	**(1.3)**	**0.8**	**11.1**
% of sales	*8.5%*	*-0.7%*	*0.1%*	*1.4%*

3 Consolidated financial position

Summary balance sheet

The summary balance sheet below sets out JACQUET METALS' consolidated financial position as of December 31, 2020 and December 31, 2019.

€m	31.12.20	31.12.19
Goodwill	66	66
Net non-current assets	154	143
Right-of-use assets	70	85
Net inventory	368	442
Net trade receivables	135	152
Other assets	91	91
Cash & cash equivalents	333	206
Total assets	**1,217**	**1,186**
Shareholders' equity	373	379
Provisions (including provisions for employee benefit obligations)	96	99
Trade payables	171	178
Borrowings	439	381
Other liabilities	64	63
Lease liabilities	73	86
Total equity and liabilities	**1,217**	**1,186**

Working capital

Operating working capital amounted to to €332 million (24.3% of sales) compared to €417 million at 2019 year-end (25.8% of sales), mainly due to the adaptation of inventory levels to market conditions (inventories down €75 million to €368 million).

€m	31.12.20	31.12.19	Change
Net inventory	367.7	442.5	-74.8
Days sales inventory [1]	*156*	*154*	
Net trade receivables	135.4	152.2	-16.9
Days sales outstanding	*44*	*50*	
Trade payables	(171.1)	(177.6)	+6.5
Days payable outstanding	*65*	*62*	
Net Operating working capital	**331.9**	**417.1**	**-85.2**
% of sales [1]	*24.3%*	*25.8%*	
Other receivables or payabes excluding taxes and financial items	(30.2)	(22.8)	
Working capital excluding taxes and financial items	**301.7**	**394.3**	**-92.6**
Consolidation and other changes		(4.5)	
Working capital before taxes and financial items and adjusted for other changes	**301.7**	**389.8**	**-88.1**
% of sales [1]	*22.1%*	*24.1%*	

[1] rolling 12 months

Provisions for contingencies and charges and employee benefit obligations

Provisions for contingencies and charges and employee benefit obligations amounted to €96 million at December 31, 2019 compared to €99 million at December 31, 2019. These provisions consist of:

- provisions for employee benefit obligations (€60 million at December 31, 2020 compared to €61 million at December 31, 2019) mainly related to pension obligations;
- current and non-current provisions (€36 million at December 31, 2020 compared to €38 million at December 31, 2019), primarily relating to disputes with employees and reorganization costs.

Net debt

As of December 31, 2020, Group net debt stood at €106 million, compared to shareholders' equity of €373 million, resulting in a net debt to equity ratio (gearing) of 28% (46% as of December 31, 2019).

€m	31.12.20	31.12.19
Borrowings	438.9	380.9
Cash and cash equivalents	333.1	206.0
Net debt	**105.8**	**174.9**
Debt to equity ratio (gearing)	*28.3%*	*46.1%*

Borrowings

The Group had €728 million in lines of credit at December 31, 2020, 60% of which had been used:

€m				Maturity			
	Authorized at 31.12.20	Used at 31.12.20	% used	2021	2022-2023	2024-2025	2026 and beyond
Syndicated revolving loan 2023	125.0	20.0	16%	-	20.0	-	-
Schuldsheindarlehen 2023	150.0	150.0	100%	-	150.0	-	-
Schuldsheindarlehen 2024-2025	70.0	70.0	100%	-	-	70.0	-
Term loans	101.9	101.9	100%	28.0	50.2	19.7	4.0
Other lines of credit	97.4	37.8	39%	18.7	19.1	-	-
JACQUET METALS SA	**544.3**	**379.6**	**70%**	**46.7**	**239.3**	**89.7**	**4.0**
Operational lines of credit (letter of credit, etc.)	131.9	37.9	29%	37.9	-	-	-
Factoring	31.0	2.0	6%	2.0	-	-	-
Assets financing (term loans, etc.)	20.4	19.4	95%	5.2	7.4	3.6	3.2
Subsidiaries	**183.4**	**59.2**	**32%**	**45.0**	**7.4**	**3.6**	**3.2**
Total	**727.6**	**438.9**	**60%**	**91.7**	**246.7**	**93.3**	**7.2**

In addition to the financing shown in the above table, the Group also had €69.4 million in non-recourse receivable assignment facilities, €26.5 million of which had been used at December 31, 2020.

Borrowings by rate:

€m	31.12.20	31.12.19
Fixed rate	83.3	59.2
Floating rate	355.6	321.7
Total borrowings	**438.9**	**380.9**

55% of floating rate debt totaling €195 million is hedged against changes in interest rates as follows:

- swaps covering €155 million with 5-year terms expiring between 2021 and 2024;
- caps covering €40 million expiring in 2024.

Financing covenants mainly apply to the syndicated revolving loan and the German private placements (Schuldschein-darlehen). These covenants mainly correspond to commitments that must be complied with at Group level.

a • The main terms of the syndicated revolving loan are as follows:

- date of signature: June 2019
- maturity: June 2023
- amount: €125 million (€20 million of which used as of December 31, 2020)
- guarantee: None
- change of control clause: JSA must hold at least 40% of JACQUET METALS SA's share capital and voting rights.
- main covenants:
  The Company must meet one of the following criteria:
  - debt to equity ratio (gearing) less than 100% **or**
  - leverage less than 2.

b • The main terms of the Schuldscheindarlehen signed in 2018 are as follows:

- date of signature: février 2018
- maturity: April 2023
- amount: €150 million (fully used)
- amortization: *in fine*
- guarantee: None
- change of control clause: JSA must hold at least 37% of JACQUET METALS SA's share capital and voting rights.
- main covenant: debt to equity ratio (gearing) less than 100%.

c • The main terms of the 2-tranche Schuldscheindarlehen signed in 2019 are as follows:

- date of signature: December 2019
- maturity: December 2024 (tranche 1: €36 million) and January 2025 (tranche 2: €34 million)
- amount: €70 million (fully used)
- amortization: *in fine*
- guarantee: None
- change of control clause: JSA must hold at least 37% of JACQUET METALS SA's share capital and voting rights.
- main covenant: debt to equity ratio (gearing) less than 100%.

As of December 31, 2020, all financing covenants were in compliance.

Cash flow

€m	2020	2019
Operating cash flow before change in working capital	52	54
Change in working capital	88	4
Cash flow from operating activities	**140**	**59**
Capital expenditure	(27)	(30)
Asset disposals	1	25
Dividends paid to shareholders of JACQUET METALS SA	(5)	(17)
Interest paid	(13)	(12)
Other movements	(27)	14
Change in net debt	**69**	**40**
Net debt brought forward	**175**	**215**
Net debt carried forward	**106**	**175**

The Group generated operating cash flow of +€140 million in 2020.

Capital expenditure amounted to €27 million, including the acquisition of the main IMS group distribution center in Italy for €7.5 million.

“Other movements” mainly consist of a €19 million charge pursuant to the application of *IFRS 16 - Leases.*

After taking into account the dividends (€5 million) and the share buyback program (€6 million), net debt amounted to €106 million versus €175 million as of December 31, 2019.

Post balance sheet events

None.

JACQUET METALS is a European leader in the distribution of specialty steels.
The Group develops and operates a portfolio of three brands:

JACQUET stainless steel quarto plates - **STAPPERT** stainless steel long products - **IMS group** engineering steels

With a headcount of 2,857 employees, JACQUET METALS has a network of
106 distribution centers in 25 countries in Europe, Asia and North America.

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