2020

JACQUET METALS

Universal registration document

including the annual financial report

This is a translation into English of the universal registration document of the Company issued in French and it is available at www.jacquetmetals.com

A leader in the distribution of specialty steels

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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 net 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**
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% 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

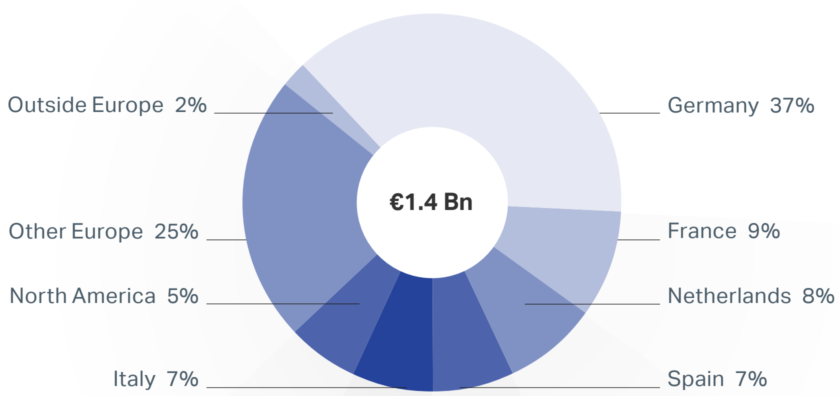
€m	31.12.20	31.12.19
Goodwill	66	66
Net non-current assets	154	143
Right-of-use assets	70	85
Net inventory	368	442
Net trade receivables	135	152
Other assets	91	91
Cash & cash equivalents	333	206
Total assets	**1,217**	**1,186**
Shareholders' equity	373	379
Provisions (including provisions for employee 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

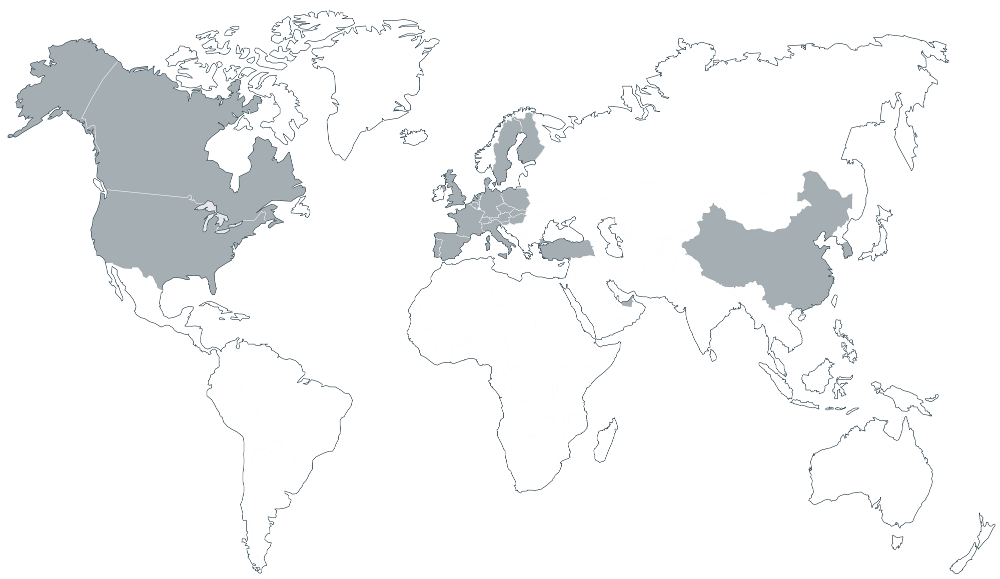
1 A leading distributor of specialty steels

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 sharehol-der (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 (Phi-ladelphia, 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 manu-facturer'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, 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 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 →

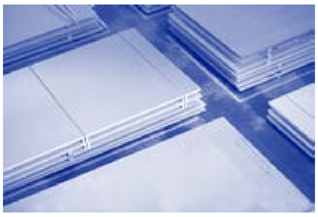
- 20 suppliers: 50% of purchases
- Delivery time: 2 to 12 months

JACQUET METALS →

- Purchase prices
- Storage of specialty steels
- Managing price fluctuations
- Finishing services

Customers

- 60,000 customers
- Average invoice: < €3,000
- Delivery time: ± 1 week



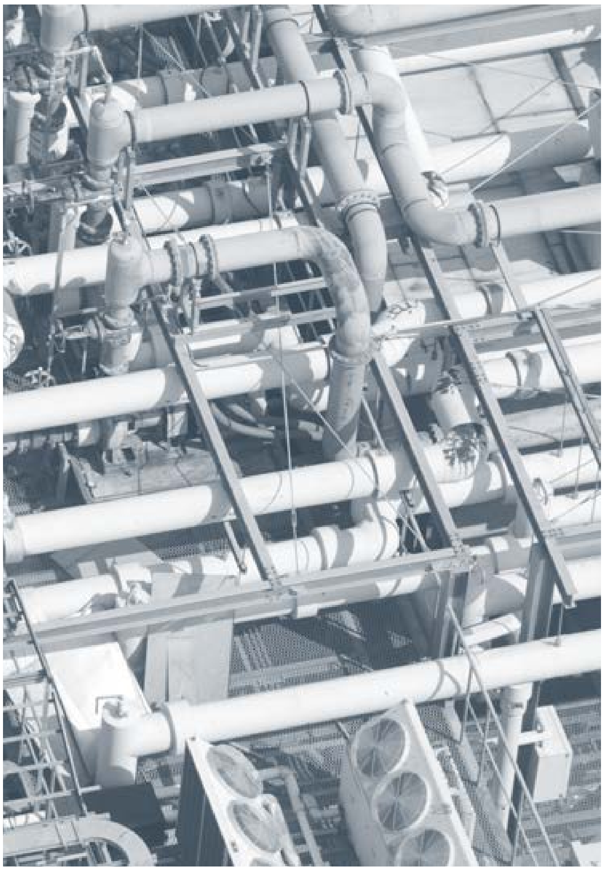
Purchases

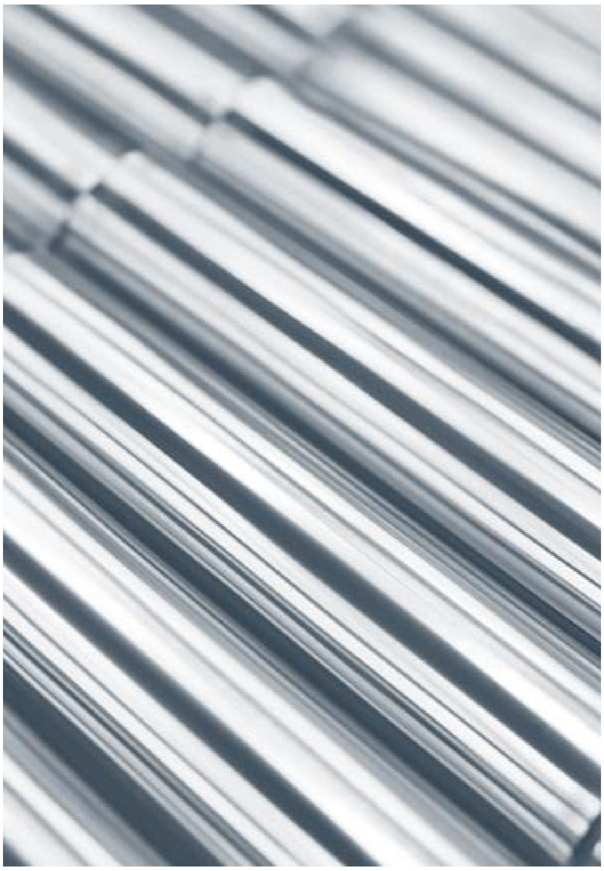
Purchasing terms and conditions are negotiated between the main specialty steel producers' management teams and the JACQUET METALS SA managers, working together with the division managers.

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.

Strategy and objectives

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 ("the Company"), 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:

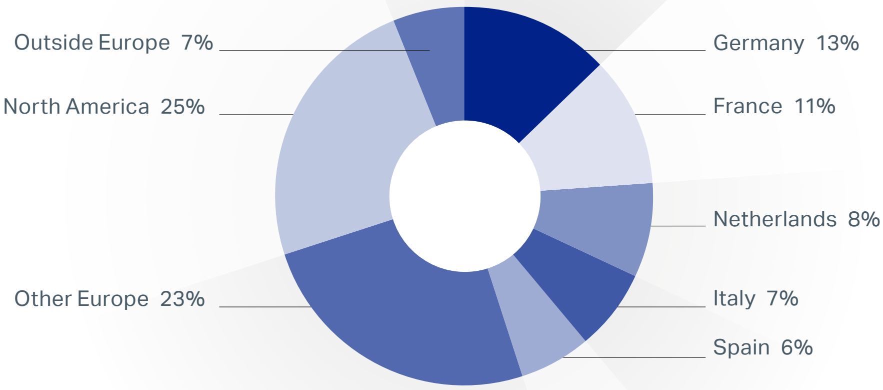
- in-house departments of large European steel groups (e.g. Outokumpu), which operate in several countries;
- family type businesses operating in a single country.

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;
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- 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.

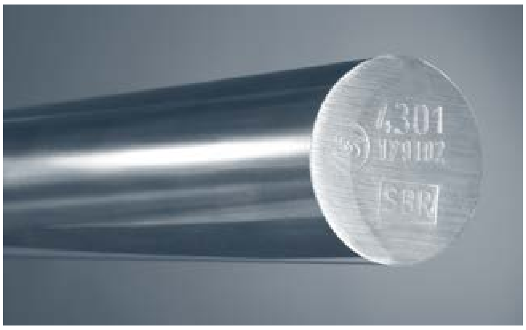
The stainless steel long products market

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 for 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

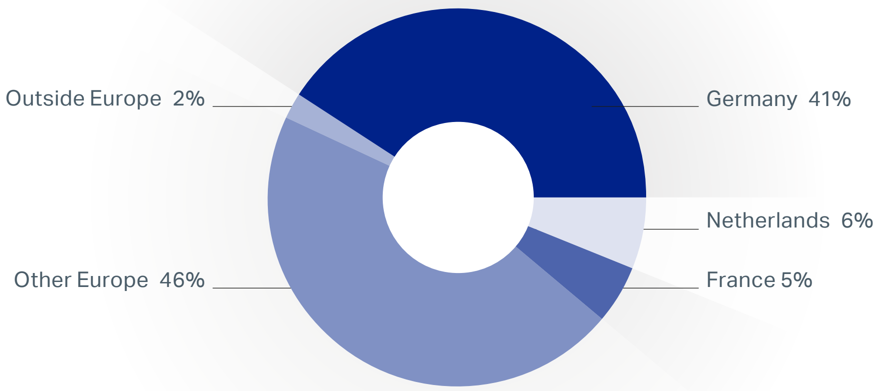
STAPPERT's competition breaks down between the following types of operator:

- 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, tk 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.

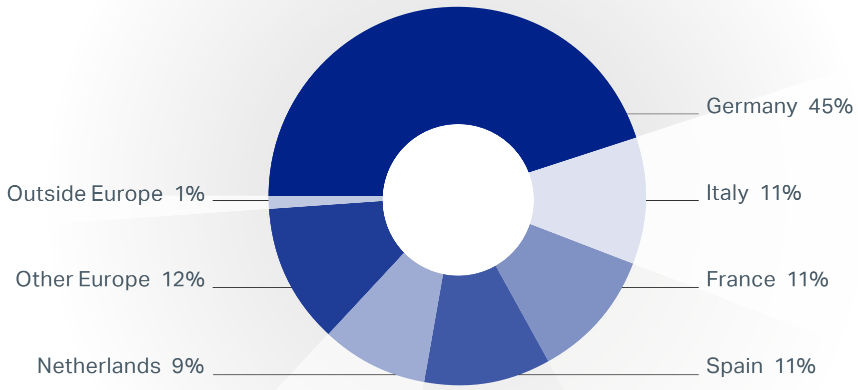
The competition

The engineering steel distribution market includes a small number of major international operators at European level (tk 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.



4 Other information

4.1 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.

4.2 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.

- client accounts: in addition to the sales process, clients 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.

4.3 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 products / markets 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.

4.4 Capital expenditure policy

This information is provided in §1.3 Cash Flow of the Management report - Information on the Group

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

4.5 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.

in sqm	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.

Disclosures concerning assets belonging directly or indirectly to executive corporate directors and used by the Group in the course of its business activities are given under §5.7.2 of the notes to the JACQUET METALS SA annual financial statements.

5 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

6 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 - Compartment 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.

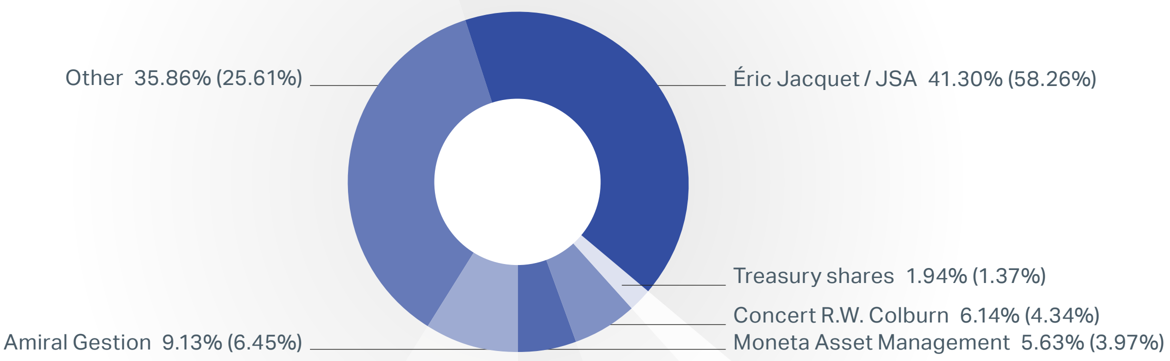
As of December 31, 2020 the JACQUET METALS ("JCQ") share price was €13.90, down from the December 31, 2019 closing price. The share price was €18.00 on March 8, 2021.

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's structure as of March 31, 2021

% 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 March 31, 2021.

Information on the share capital

Share capital Article 6 of the Company's bylaws

Share capital amounts to €35,766,549.47 divided into 23,461,313 fully paid-up shares.

Form of shares Article 9 of the Company's bylaws

Fully paid-up Company shares may, at the shareholder's discretion, be in either registered or identifiable bearer form, pursuant to the applicable statutory and regulatory provisions, in particular Article L.228-2 of the French Commercial Code.

In order to identify bearer shareholders, the Company is entitled at any time whatsoever to request the following information from the central custodian of financial instruments: the name or Company name, nationality, year of birth or year of incorporation and address of the holders of shares granting (immediately or in the future) the right to vote at its shareholders' meetings, as well as the number of shares held by each of them and any restrictions that may exist.

Furthermore, the Company is entitled to request all the information provided for under Articles L. 228-2 et seq. of the French Commercial Code.

The conditions for using such information are governed by the provisions of the aforementioned Article L. 228-2 of the French Commercial Code.

Share trading – Stock exchange

All shares may be freely sold or transferred. The shares are listed on NYSE Euronext - Compartment B.

Breakdown of share capital and voting rights

A detailed presentation of the shareholder structure and the identity of shareholders exceeding the statutory thresholds is provided in §4.8 of the Management Report - Information on JACQUET METALS SA.

Share buyback program

This information is provided in §4.5 of the Management Report - Information on JACQUET METALS SA.

Convertible, exchangeable or equity-warrant bonds

None.

Securities not representing capital

None.

Shareholders' agreements and declared concert

To the Company's knowledge:

- there are no shareholders' agreements;
- in a letter dated March 12, 2014 sent to the Company, Mr. Richard W. Colburn and Metal Companies Multi Employer Pension Plan declared that they act in concert. The Company has received no further information since this date.

Liquidity agreement

This information is provided in §4.7 of the Management Report - Information on JACQUET METALS SA.

7 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

JACQUET METALS	Thierry Philippe - Chief Financial Officer - comfi@jacquetmetals.com
NEWCAP	Emmanuel Huynh - T +33 1 44 71 94 94 - jacquetmetals@newcap.eu

Corporate governance

1 Governance

1.1 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	Independence	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 the executive directors to the Board of Directors, and may recommend the payment of an exceptional compensation amount, where applicable.

1.2 The Board of Directors

1.2.1 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 & 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 META 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)	

1.2.2 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, Chairwoman 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%

n.a. : Not applicable.

1.3 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.

1.3.1 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 executive officers 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 senior managers;
- 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 managers 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.

1.3.2 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.

1.4 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 §1.2.1;
- 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.

A list of the offices and positions held by the corporate officers, as well as information on the number of shares they hold in J ACQUET METALS, is provided in §2.1 of this section.

The compensation paid to the corporate officers is set out in §2.5 of this section.

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.

1.5 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

1.6 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 shareholders and other persons entitled to attend the meeting.

2 Corporate governance report

Pursuant to the provisions of Article L. 225-37 of the French Commercial Code, the purpose of this Board of Directors report is to notify shareholders about procedures undertaken for preparing and organizing the Company Board of Directors' work and conditions for corporate officers carrying out their duties.

This report was prepared with assistance from the Appointment and Compensation Committee. It was approved by the Board of Directors on March 9, 2021.

2.1 List of offices and positions held by corporate officers during the financial year

	Nationality	Appointment/reappointment dates	Term ends	Years of Board membership	Number of shares held	Committee meeting attendance	Other offices excluding offices held at Company subsidiaries
Éric Jacquet *62 - M* - Director and Chairman of the Board - CEO	French	30.06.10 29.06.12 26.06.14 30.06.16 29.06.18 26.06.20 30.06.10 29.06.12 26.06.14 30.06.16 29.06.18 26.06.20	2022 General Meeting 2022 General Meeting	10	39,530	-	Managing Partner, JSA TOP Managing Director, JSA Managing Partner, SCI DU CANAL Managing Partner of SCI ROGNA BOUE Managing Partner, SCI QUEDE Managing Partner, SCI DE MIGENNES Chairman, JERIC Managing Partner, SCI DE LA RUE DE BOURGOGNE Managing Partner, JACQUET BATIMENTS EURL Managing Partner, SCI DES BROSSES Managing Partner, SCI DE MANTENAY Managing Partner, SCI CITE 44 Managing Partner, SCI LE PETIT SAUZAYE Managing Partner, SCI LES CHENES SAINT FORTUNAT Chairman, SAS JML
Jean Jacquet *88 - M* *Deemed independent* - Vice-Chairman of the Board of Directors	French	30.06.10 29.06.12 26.06.14 30.06.16 29.06.18 26.06.20	2022 General Meeting	10	2,000	-	-
Gwendoline Arnaud *48 - F* *Deemed independent* - Director	French	26.06.14 30.06.16 29.06.18 26.06.20	2022 General Meeting	6	0	Member of the Appointment and Compensation Committee	Managing Partner, Cabinet Gwendoline Arnaud & Associés SELARL Managing Partner, SCI PNRAS Managing Partner, SCI LCSG Managing Partner, SCM 2G
Séverine Besson-Thura *46 - F* *Deemed independent* - Director	French	30.06.16 29.06.18 26.06.20	2022 General Meeting	4	500	-	Chairwoman, SAS Ork-ID Chairwoman, SAS ACT4 TALENTS
Jacques Leconte *76 - M* *Deemed independent* - Director	French	30.06.10 29.06.12 26.06.14 30.06.16 29.06.18 26.06.20	2022 General Meeting	10	400	Member of the Audit and Risk Committee	Member, Thermcross SA Strategy Committee
Henri-Jacques Nougein *73 - M* *Deemed independent* - Director	French	30.06.10 29.06.12 26.06.14 30.06.16 29.06.18 26.06.20	2022 General Meeting	10	510	Chairman of the Appointment and Compensation Committee	Chairman, SCPI "BUROBOUTIC" Supervisory Board Vice Chairman, SCPI "FICOMMERCE" Supervisory Board Managing Partner, Cabinet Nougein
Dominique Takizawa *64 - F* *Deemed independent* - Director	French	26.06.20	2022 General Meeting	1	500	Chairwoman of the Audit and Risk Committee	Employee representative director for Institut Mérieux SA Permanent representative, TSGH SAS*, director and main shareholder of Transgene SA (listed on Euronext Paris), audit committee member Director and Audit Committee member, ABL Inc. (USA) Director and Audit Committee chairwoman, Mérieux NutriSciences Corp. (USA)* Director and Audit Committee chairwoman, ADOCIA SA (listed on Euronext Paris) Director, Lyon Place Financière & Tertiaire (LPFT)* Director, Lyon Pôle Bourse and LPFT representative Non-voting Board member, LABORATOIRE PRECILENS SAS, permanent representative of IM Europe
Pierre Varnier *72 - M* *Deemed independent* - Director	French	26.06.20	2022 General Meeting	1	0	Member of the Audit and Risk Committee	Chairman, Varco International

* Term of office expired in Q2 2020.

Alice Wengorz *54 - F* *Deemed independent* - Director	German	30.06.16 29.06.18 26.06.20	2022 General Meeting	4	700	Member of the Appointment and Compensation Committee	-
JSA - Director Company represented by **Ernest Jacquet** *23 - M*	French	30.06.10 29.06.12 26.06.14 30.06.16 29.06.18 26.06.20	2022 General Meeting	10	9,648,941	Member of the Audit and Risk Committee	-
Philippe Goczol *55 - M* - Deputy CEO	Belgian	20.07.10 29.06.12 26.06.14 30.06.16 29.06.18 26.06.20	2022 General Meeting	n.a.	2 431	-	Joint Managing Partner, SCI des Acquits

n.a.: Not applicable.

2.2 Regulated agreements and commitments

2.2.1 Authorized regulated agreements and commitments

See §7 Statutory Auditors' special report on regulated agreements.

2.2.2 Agreements entered into in the ordinary course of business on arm's length terms

Pursuant to Article L. 22-10-12 of the French Commercial Code, the Board of Directors has established a procedure for periodically assessing whether agreements entered into in the ordinary course of business on arm's length terms duly meet such criteria.

With regard to agreements entered into in the ordinary course of business on arm's length terms, note the following items:

- both criteria regarding ordinary course of business and arm's length terms must be satisfied;
- given that ordinary agreements entered into on arm's length terms are excluded from the regulated agreement authorization procedure provided for by Article L. 225-38 of the French Commercial Code, it is necessary to verify periodically that criteria for classification as such agreements are duly met;
- agreements entered into between the Company and Group companies in which the Company directly or indirectly holds all of the share capital (less the minimum number of shares required to meet statutory requirements, where applicable) are excluded from this assessment procedure given that they are by definition excluded from the regulated agreement procedure pursuant to Article L. 225-39 of the French Commercial Code.

With regard to the annual assessment procedure:

- company management draws up an annual inventory of ordinary agreements entered into on arm's length terms between the Company and non-wholly owned subsidiaries (less the minimum number of shares required to meet statutory requirements, where applicable) or with the persons defined by Article L. 225-38 of the French Commercial Code;
- every year, before approving the financial statements for the year ended, Company management forwards the aforementioned inventory of ordinary agreements entered into on arm's length terms to the Audit and Risk Committee;
- the Audit and Risk Committee reviews this inventory and submits its analysis and recommendations to the Board of Directors for the purposes of the annual Board review of regulated agreements and ordinary agreements;
- persons having a direct or indirect interest in a given agreement must not take part in its assessment.

2.3 Current authorizations to increase the share capital granted by the General Meeting

The following authorizations granted to the Board of Directors by the June 26, 2020 General Meeting are still in effect:

Delegation of authority	General Meeting	Expiry	Maximum authorized amount per transaction	Overall maximum authorized amount
1 Delegation of authority to increase the Company's share capital via the capitalization of premiums, reserves, earnings or other amounts. *- Resolution n°29*	26.06.20	26.08.22	€8,000,000	€8,000,000
2 Delegation of authority to increase the Company's share capital via the issuance of shares and/or securities granting access to the Company's share capital, with maintenance of preferential subscription rights, and/or via the issuance of securities granting the right to allotment of debt securities. *- Resolutions n°30 & 35*	26.06.20	26.08.22	**Capital increase:** €8,000,000 **Issuance of debt securities:** €120,000,000	**Capital increase*:** €12,000,000 **Issuance of debt securities:** €175,000,000
3 Delegation of authority to increase the Company's share capital via the issuance of shares and/or transferable securities granting access to the Company's share capital, by way of public offerings without preferential subscription rights, and/or via the issuance of transferable securities conferring the right to allotment of debt securities *- Resolutions n°31 & 35*	26.06.20	26.08.22	**Capital increase:** €8,000,000 **Issuance of debt securities:** €120,000,000	**Capital increase*:** €12,000,000 **Issuance of debt securities:** €175,000,000
4 Delegation of authority to decide to increase the Company's share capital via the issuance of shares and/or transferable securities granting access to the Company's share capital, with no public offering or preferential subscription rights *- Resolutions n°32 & 35*	26.06.20	26.08.22	**Capital increase:** €8,000,000 **Issuance of debt securities:** €120,000,000	**Capital increase*:** €12,000,000 **Issuance of debt securities:** €175,000,000
5 Authorization, in the event of an increase in the Company's share capital via the issuance of shares and/or transferable securities granting access to the Company's share capital without preferential subscription rights, to set an issue price in accordance with the procedure approved by the General Meeting. *- Resolutions n°33 & 35*	26.06.20	26.08.22	10% of the share capital	**Capital increase*:** €12,000,000 **Issuance of debt securities:** €175,000,000
6 Authorization to increase the number of securities to be issued in the event of a capital increase with or without preferential subscription rights. *- Resolutions n°34 & 35*	26.06.20	26.08.22	Subject to the cap provided for in the resolution concerning the relevant issue	**Capital increase*:** €12,000,000 **Issuance of debt securities:** €175,000,000
7 Delegation of powers to the Board of Directors to issue shares or transferable securities granting access to the Company's share capital with no preferential subscription rights, in consideration for contributions in kind involving equity securities or transferable securities granting access to the share capital. *- Resolution n°36*	26.06.20	26.08.22	10% of the share capital	10% of the share capital
8 Delegation of authority to the Board of Directors to issue shares and/or transferable securities granting access to the Company's share capital in the event of a public exchange offer launched by the Company. *- Resolution n°37*	26.06.20	26.08.22	**Capital increase:** €8,000,000 **Issuance of debt securities:** €120,000,000	**Capital increase:** €8,000,000 **Issuance of debt securities:** €120,000,000
9 Delegation of authority to the Board of Directors to increase the share capital by way of a share issue, in the event that the Board of Directors exercises the authority delegated to it to decide on one or more mergers by absorption. *- Resolution n°39*	26.06.20	26.08.22	€8,000,000	€8,000,000
10 Delegation of authority to the Board of Directors to increase the share capital by way of a share issue, in the event that the Board of Directors exercises the authority delegated to it to decide on one or more demergers. *- Resolution n°41*	26.06.20	26.08.22	€8,000,000	€8,000,000
11 Delegation of authority to the Board of Directors to increase the share capital by way of a share issue, in the event that the Board of Directors exercises the authority delegated to it to decide on one or more partial asset transfers. *- Resolution n°43*	26.06.20	26.08.22	€8,000,000	€8,000,000
12 Delegation of authority to increase the Company's share capital via the issuance of shares or transferable securities granting access to the capital reserved for members of saving plans, with waiver of preferential subscription rights. *- Resolution n°46*	26.06.20	26.08.22	1% of the number of shares comprising the share capital	1% of the number of shares comprising the share capital
13 Authorization to award existing or future free shares of the Company to employees and executive officers of the Company and its affiliates. *- Resolution n°44*	26.06.20	26.08.23	- 3% of the share capital - 1% of the share capital for executive officers	- 3% of the share capital - 1% of the share capital for executive officers
14 Authorization to grant stock options for existing or new shares in the Company to the employees and/or corporate officers of the Company and its affiliates. *- Resolution n°45*	26.06.20	26.08.23	- 3% of the share capital - 1% of the share capital for executive officers	- 3% of the share capital - 1% of the share capital for executive officers

* joint caps for Resolutions 30 to 34

On March 11, 2020, the Board of Directors exercised the aforementioned authorization to award existing or future free shares of the Company to employees and executive officers of the Company and its affiliates. The information relating to the exercise of this authorization is included in the special report prepared pursuant to Article L. 225-197-4 of the French Commercial Code.

2.4 Elements liable to impact a takeover bid

To the Company's knowledge, there are no mechanisms specifically designed to delay, defer or prevent a change of control. Pursuant to Article L. 225-123 of the French Commercial Code, the Company bylaws provide that a double voting right, compared to the voting right conferred on other shares in light of the proportion of the share capital they represent, shall be assigned to all fully paid up shares held in registered form by the same shareholder for at least two years.

2.5 Compensation paid to corporate officers

2.5.1 Compensation paid to executive officers

The variable compensation paid to executive officers is based on the following criteria:

Quantitative
the variable compensation based on quantitative criteria depends 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 annual fixed compensation for the Chief Executive Officer and €250,000 gross for the Deputy Chief Executive Officer.

Qualitative
the variable compensation based on qualitative criteria is left to the discretion of the Appointment 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.

2.5.1.1 Compensation paid to executive officers

The executive officers since July 20, 2010 are Éric Jacquet in the capacity of Chairman & Chief Executive Officer and Philippe Goczol in the capacity of Deputy Chief Executive Officer. The compensation amounts shown below are for the 2019 and 2020 financial years. Éric Jacquet and Philippe Goczol receive no compensation from any other company belonging to the consolidated Group.

Éric Jacquet, Chairman of the Board of Directors & Chief Executive Officer

Gross amounts (€k)	2020	2019
Compensation payable for the financial year	641	797
Valuation of options awarded during the year	-	-
Valuation of performance shares awarded during the year	-	-
Total	**641**	**797**

Of which:

	2020		2019	
Gross amounts (€k)	**Amounts payable**	**Amounts paid**	**Amounts payable**	**Amounts paid**
Fixed compensation	528[2]	528[2]	650	650
Annual variable compensation	94	123[1]	123	592
Multi-year variable compensation	n.a.	n.a.	n.a.	n.a.
Exceptional compensation	-	-	-	-
Attendance fees	12	12	12	12
Post-employment benefits	7	7	12	12
Benefits in kind	-	-	-	-
Total	**641**	**670**	**797**	**1,266**

[1] In accordance with the vote at the Company's General Meeting on June 26, 2020 (Resolution 21)
[2] On May 13, 2020, the Board of Directors approved the Chairman & Chief Executive Officer's proposal to reduce his compensation by 25% between April 1 and December 31, 2020.
n.a.: Not applicable.

Philippe Goczol, Deputy Chief Executive Officer

Gross amounts (€k)	2020	2019
Compensation payable for the financial year	300	367
Valuation of options awarded during the year	-	-
Valuation of performance shares awarded during the year	-	-
Total	**300**	**367**

Of which:

	2020		2019	
Gross amounts (€k)	**Amounts payable**	**Amounts paid**	**Amounts payable**	**Amounts paid**
Fixed compensation	207	207	205	205
Annual variable compensation	75	107[1]	107	149
Multi-year variable compensation	n.a.	n.a.	n.a.	n.a.
Exceptional compensation	13	50[1]	50	20
Attendance fees	-	-	-	-
Post-employment benefits	5	5	5	5
Benefits in kind	-	-	-	-
Total	**300**	**369**	**367**	**379**

[1] In accordance with the vote at the Company's General Meeting on June 26, 2020 (Resolution 22).
n.a.: Not applicable.

The variable compensation is paid annually, once the Group's results are known. Pursuant to Article L. 225-37-2 of the French Commercial Code, payment of all variable compensation is subject to approval by the Ordinary General Meeting.

Contractual status of corporate officers

	Employment contract		Supplementary pension scheme		Indemnities or benefits[1]		Indemnities relating to a non-competition clause	
Executive officers	**yes**	**no**	**yes**	**no**	**yes**	**no**	**yes**	**no**
Éric Jacquet • Chairman and CEO since 20.07.10		√	√			√		√
Philippe Goczol • Deputy CEO since 20.07.10		√		√	√		√	

[1] Indemnities or benefits actually or potentially payable as the result of termination or a change in duties.

The Company pays contributions for retirement benefits and supplementary pension contributions based on a calculation method common to Company employees and, where applicable, senior managers and other corporate officers.

The Company pays a contribution to Philippe Goczol in the form of a GSC-type directors' unemployment insurance policy, which provides for payment of an indemnity during a period of no more than 18 months as from the month following the date when the event covered by the policy occurred.

2.5.1.2 Stock options (for new or existing shares) granted to each executive officer during the financial year

None.

2.5.1.3 Stock options (for new or existing shares) exercised by executive officers during the financial year

None.

2.5.1.4 Performance shares granted to each corporate officer

None.

2.5.1.5 Performance shares vested during the financial year for executive officers

None.

2.5.1.6 Free shares

None.

2.5.1.7 Other information

None.

2.5.1.8 Indemnity for termination or non-renewal of Philippe Goczol's term of office

On November 15, 2010, the Board of Directors decided to grant Philippe Goczol an indemnity for the termination or non-renewal of his duties as the Company's Deputy Chief Executive Officer. The conditions for the payment and amount of the indemnity were determined as follows:

Conditions for awarding the indemnity

Philippe Goczol will be awarded a severance payment in the following scenarios, provided that the Board of Directors notes the achievement of the performance criteria:

- decision by the Board of Directors to terminate Philippe Goczol's duties as Deputy Chief Executive Officer;
- decision by the Board of Directors not to renew Philippe Goczol's office as Deputy Chief Executive Officer, unless he is offered other salaried or non-salaried duties at the Company and/or any related companies within the meaning of Article L. 225-197-2 of the French Commercial Code, in exchange for an annual compensation amount equal to 50% of the total gross compensation actually received by Philippe Goczol over the 24-month period prior to the month in which the event triggering the award of the severance payment occurs. "Compensation received" means the fixed and variable compensation (PBMG Group manager profit-share, attendance bonus and any other variable compensation that the Deputy Chief Executive Officer may receive during his term of office, where applicable). Compensation does not include stock options or free share awards. The gross salary as shown on Philippe Goczol's pay slip will be used to calculate the compensation received over the last 24 months.

Lastly, the Board of Directors decided that no severance payment will be payable to the Deputy Chief Executive Officer if the termination or non-renewal of his term of office occurs after the date on which he claimed his right to retirement or has retired.

Calculation of the indemnity on the basis of performance criteria

The amount of the indemnity will be based on the change in the Company's theoretical enterprise value (TEV) between:

- 2010, the date when Philippe Goczol took office; and
- the average TEV for the benchmark period for the year of departure and the two previous years.

This indemnity will amount to 6 months' salary, if the TEV has increased by an average of 3% to 6% per year compared to 2010, and to 12 months' salary if the average increase in the TEV is higher than 6% per year. No indemnity will be paid if the average increase in the TEV is less than 3% per year.

The following definitions will apply for the calculation of the indemnities referred to above:

- the benchmark salary used to calculate the indemnity corresponds to the gross average fixed and variable compensation (PBMG, attendance bonus and any other variable compensation that the Deputy Chief Executive Officer may receive during his term of office) payable for the last three financial years and available as of the departure date ("Salary"). Compensation does not include stock options or free share allocations;
- TEV will be assessed every year using the following formula: TEV = average market capitalization + average Group debt, where:
  - average market capitalization is equal to the number of shares (recorded at the end of the benchmark period for the year of departure) multiplied by the average of the average daily volume-weighted share price over the benchmark period;
  - average debt is calculated on the basis of the average net debt at the end of the last two benchmark periods;

- the benchmark period is determined on the basis of the departure date, as follows:
  - if departure occurs before the date of the Board of Directors' meeting called to review the half-year financial statements for the year of departure (year N), and no later than September 1 of year N, the benchmark period for the year of departure will correspond to the most recent full financial year (N-1). The two previous benchmark periods are therefore financial years N-2 and N-3;
  - if departure occurs after the date of the Board of Directors' meeting called to review the half-year financial statements for the year of departure (year N), but before the date on which the Board of Directors reviews the full-year financial statements for the same year (which must be prior to March 1), the benchmark period for the year of departure will correspond to the 12 months preceding the half-year closing date (N). The two previous benchmark periods will be determined in the same way for the 12 months preceding the first-half closing dates for the two prior years.

At its meetings held on June 29, 2012, June 26, 2014, June 30, 2016, June 29, 2018 and June 26, 2020, the Board of Directors renewed its approval of this indemnity in accordance with payment terms and conditions identical to those approved at its meeting on November 15, 2010.

2.5.1.9 Non-compete clause

On November 15, 2010, on the recommendation of the Appointment and Compensation Committee, the Board of Directors approved a non-compete agreement with Philippe Goczol to apply after he leaves the Company. The Board of Directors renewed its approval of this agreement at its meetings held on June 29, 2012, June 26, 2014, June 30, 2016, June 29, 2018 and June 26, 2020.

Under this agreement, Mr. Goczol is prohibited, for a period of one year, from directly or indirectly competing with the Company's or Group companies' business activities in the Benelux countries, mainland France and adjacent countries, in any manner whatsoever, including by means of e-commerce.

During the contractual non-compete period, the Company will pay the Deputy Chief Executive Officer a special monthly financial consideration equal to his monthly compensation (hereinafter "MC") x 0.6.

MC equals the total gross compensation actually received by Philippe Goczol over the 12 months preceding the month in which his duties are terminated, divided by 12. "Compensation received" means the fixed and variable compensation (PBMG Group manager profit-share, attendance bonus and any other variable compensation that the Deputy Chief Executive Officer may receive during his term of office, where applicable). Compensation does not include stock options or free share allocations. The gross salary as shown on Mr. Philippe Goczol's pay slip will be used to calculate the compensation received over the last 12 months.

The Company will have the option to waive the application of this non-compete clause, subject to the prior authorization of the Board of Directors, and therefore not to pay the financial consideration.

Lastly, on March 13, 2019 the Board of Directors decided to amend Philippe Goczol's non-compete clause such that no financial consideration would be payable once he had claimed his retirement entitlements and that no indemnity would be paid to him upon reaching the age of 65.

2.5.1.10 Equity ratio between executive officer compensation and the average and median amount of compensation awarded to Company employees

The following presentation was prepared in accordance with the provisions of French Act no. 2019-486 of May 22, 2019 on corporate growth and transformation (the “PACTE Act”) for the sake of immediate compliance with new transparency requirements regarding senior executive compensation.

The following ratios were calculated on the basis of fixed and variable compensation paid during the respective years, being specified that the "average compensation" and "median compensation" values were calculated excluding the compensation of executive officers.

	2020	2019	2018	2017	2016
Chairman & CEO					
Ratio over average compensation	3	8	7	5	7
Ratio over median compensation	9	19	16	10	13
Deputy Chief Executive Officer					
Ratio over average compensation	2	2	2	2	2
Ratio over median compensation	5	6	5	4	4

2.5.2 Compensation paid to non-executive officers (directors)

	2020		2019	
Gross amounts (€k)	**Amount payable**	**Amount paid**	**Amount payable**	**Amount paid**
Jean Jacquet	16.0	18.9	18.9	20.3
Gwendoline Arnaud	15.4	15.4	15.4	15.0
Séverine Besson-Thura	12.3	12.3	12.3	12.0
Xavier Gailly	-	-	-	9.0
Wolfgang Hartmann	5.7	13.4	13.4	16.5
Jacques Leconte	17.0	17.0	17.0	16.5
Stéphanie Navalon	-	-	-	4.0
Henri-Jacques Nougein	18.1	18.1	18.1	17.5
Françoise Papapietro	6.1	12.3	12.3	15.0
Dominique Takizawa	9.0	-	-	-
Pierre Varnier	7.7	-	-	-
Alice Wengorz	15.4	15.4	15.4	12.0
JSA	9.8	10.2	10.2	4.0
Total	**132.5**	**132.9**	**132.9**	**141.8**

Company directors are not bound by employment contracts within the Group. The only compensation they receive for the performance of their duties takes the form of attendance fees, which are awarded on the basis of their actual attendance of Board and committee meetings.

2.5.3 Presentation of draft resolutions on executive officer compensation policy submitted for approval by the General Meeting

2.5.3.1 Draft resolutions determining the principles and criteria for setting the compensation paid to the executive officers

The principles and criteria for calculating, allocating and awarding fixed, variable and exceptional components of the total compensation and benefits of all kind awarded to Éric Jacquet as Chief Executive Officer and Philippe Goczol as Deputy Chief Executive Officer are set out below.

On the basis of this report, it is proposed that the June 25, 2021 General Meeting approve the executive officer compensation policy for 2021 via a number of resolutions. It is specified that, with regard to the executive officer compensation policy for 2021, no changes have been made to the policy previously submitted and approved by the General Meeting of the Company's Shareholders held on June 26, 2020.

Given that Éric Jacquet receives compensation only in respect of his duties as Chief Executive Officer, no resolution will be submitted with regard to his duties as Chairman of the Board of Directors.

General principles

The Board of Directors is responsible for determining the compensation paid to executive officers on the basis of the proposals made by the Appointment and Compensation Committee.

With regard to the corporate officer compensation policy, the Board of Directors and the Appointment and Compensation Committee apply the recommendations of the Company's Reference Code, i.e. the AFEP-MEDEF corporate governance code (completeness, balance between the components of compensation, comparability, consistency, and clarity of rules and measurements).

These principles apply to all components of the compensation awarded to the Chief Executive Officer and the Deputy Chief Executive Officer.

Fixed compensation awarded to the Chief Executive Officer and Deputy Chief Executive Officer

Fixed compensation is determined by the Board of Directors at the recommendation of the Appointment and Compensation Committee.

In accordance with the recommendations of the Reference Code, the fixed compensation awarded to executive officers is only reviewed at relatively long intervals.

For example:

- in March 2019, the fixed compensation awarded to the Chief Executive Officer and set at €600,000 upon the renewal of his appointment in June 2018 was increased by 8.3% to €650,000 with effect from January 1, 2019, and has remained unchanged since. On May 13, 2020, the Board of Directors approved the Chairman & Chief Executive Officer's proposal to reduce his compensation by 25% between April 1 and December 31, 2020;
- the fixed compensation awarded to the Deputy Chief Executive Officer and set at €202,200, with effect from January 1, 2018, upon the renewal of his appointment in June 2018 was increased by 1.4% to €205,030 with effect from January 1, 2019, by 1.2% to €207,490 with effect from January 1, 2020 and by 1.2% to €210,000 with effect from January 1, 2021.

Variable compensation awarded to the Chief Executive Officer and Deputy Chief Executive Officer

Variable compensation is set by the Board of Directors at the recommendation of the Appointment and Compensation Committee.

The variable compensation paid to executive officers is based on the following criteria:

Quantitative
the variable compensation based on quantitative criteria depends on the Group's profitability; the calculation is based on the ratio of net income (Group share) to consolidated sales. There is no fixed target;

Qualitative
the variable compensation based on qualitative criteria is left to the discretion of the Appointment 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.

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 annual fixed compensation for the Chief Executive Officer and €250,000 gross for the Deputy Chief Executive Officer.

The Appointment and Compensation Committee may propose to the Board of Directors, where appropriate, that exceptional compensation be awarded to the Chief Executive Officer and/or the Deputy Chief Executive Officer, as justified by special circumstances.

Furthermore, pursuant to Article L. 225-37-2 of the French Commercial Code, since 2018 the payment of all variable and exceptional compensation has been subject to the approval of the Ordinary General Meeting of Shareholders. These criteria for awarding variable compensation are periodically reviewed by the Appointment and Compensation Committee, while avoiding excessively frequent revisions.

Long-term compensation awarded to executive officers

The June 26, 2020 General Meeting of Shareholders authorized the Board of Directors to (i) award existing or future free shares and (ii) grant stock options in Company shares to employees and/or corporate officers of the Company and related companies for a 38-month term.

At present, the Company has no outstanding free share or stock option plans for executive officers. The awarding of such free shares or Company stock options to executive officers will be reviewed as and when the Company decides to set up such plans.

Indemnities related to termination of office

There are no provisions for awarding any indemnity to the Chief Executive Officer by reason of the termination of his office. Only a non-compete indemnity and a termination indemnity in the event of termination of office or change of position are awarded to the Deputy Chief Executive Officer.

Non-compete indemnity payable to Philippe Goczol

On November 15, 2010, on the recommendation of the Appointment and Compensation Committee, the Board of Directors approved a non-compete agreement with Philippe Goczol to apply after he leaves the Company. The Board of Directors renewed its approval of this agreement at its meetings held on June 29, 2012, June 26, 2014, June 30, 2016, June 29, 2018 and June 26, 2020.

Under this agreement, Mr. Goczol is prohibited, for a period of one year, from directly or indirectly competing with the Company's or Group companies' business activities in the Benelux countries, mainland France and adjacent countries, in any manner whatsoever, including by means of e-commerce.

During the contractual non-compete period, the Company will pay the Deputy Chief Executive Officer a special monthly financial consideration equal to his monthly compensation (hereinafter "MC") x 0.6.

MC equals the total gross compensation actually received by Philippe Goczol over the 12 months preceding the month in which his duties are terminated, divided by 12. "Compensation received" means the fixed and variable compensation (PBMG Group manager profit-share, attendance bonus and any other variable compensation that the Deputy Chief Executive Officer may receive during his term of office, where applicable). Compensation does not include stock options or free share allocations. The gross salary as shown on Mr. Philippe Goczol's pay slip will be used to calculate the compensation received over the last 12 months.

The Company will have the option to waive the application of this non-compete clause, subject to the prior authorization of the Board of Directors, and therefore not to pay the financial consideration.

Lastly, on March 13, 2019 the Board of Directors decided to amend Philippe Goczol's non-compete clause such that no financial consideration would be payable once he had claimed his retirement entitlements and that no indemnity would be paid to him upon reaching the age of 65.

Indemnity for termination or non-renewal of Philippe Goczol's term of office

On November 15, 2010, the Board of Directors decided to grant Philippe Goczol an indemnity for the termination or non-renewal of his duties as the Company's Deputy Chief Executive Officer. The conditions for the payment and amount of the indemnity were determined as follows:

Conditions for awarding the indemnity

Philippe Goczol will be awarded a severance payment in the following scenarios, provided that the Board of Directors notes the achievement of the performance criteria:

- decision by the Board of Directors to terminate Philippe Goczol's duties as Deputy Chief Executive Officer;
- decision by the Board of Directors not to renew Philippe Goczol's office as Deputy Chief Executive Officer, unless he is offered other salaried or non-salaried duties at the Company and / or any related companies within the meaning of Article L. 225-197-2 of the French Commercial Code, in exchange for an annual compensation amount equal to 50% of the total gross compensation actually received by Philippe Goczol over the 24-month period prior to the month in which the event triggering the award of the severance payment occurs. "Compensation received" means the fixed and variable compensation (PBMG Group manager profit-share, attendance bonus and any other variable compensation that the Deputy Chief Executive Officer may receive during his term of office, where applicable). Compensation does not include stock options or free share awards. The gross salary as shown on Philippe Goczol's pay slip will be used to calculate the compensation received over the last 24 months.

Lastly, the Board of Directors decided that no severance payment will be payable to the Deputy Chief Executive Officer if the termination or non-renewal of his term of office occurs after the date on which he claimed his right to retirement or has retired.

Calculation of the indemnity on the basis of performance criteria

The amount of the indemnity will be based on the change in the Company's theoretical enterprise value (TEV) between:

- 2010, the date when Philippe Goczol took office; and
- the average TEV for the benchmark period for the year of departure and the two previous years.

This indemnity will amount to 6 months' salary, if the TEV has increased by an average of 3% to 6% per year compared to 2010, and to 12 months' salary if the average increase in the TEV is higher than 6% per year. No indemnity will be paid if the average increase in the TEV is less than 3% per year.

The following definitions will apply for the calculation of the indemnities referred to above:

- the benchmark salary used to calculate the indemnity corresponds to the gross average fixed and variable compensation (PBMG, attendance bonus and any other variable compensation that the Deputy Chief Executive Officer may receive during his term of office) payable for the last three financial years and available as of the departure date ("Salary"). Compensation does not include stock options or free share allocations;
- TEV will be assessed every year under the following formula: TEV = average market capitalization + average Group debt, where:
  - average market capitalization is equal to the number of shares (recorded at the end of the benchmark period for the year of departure) multiplied by the average of the average daily volume-weighted share price over the benchmark period;
  - average debt is calculated on the basis of the average net debt at the end of the last two benchmark periods;
- the benchmark period is determined on the basis of the departure date, as follows:
  - if departure occurs before the date of the Board of Directors' meeting called to review the half-year financial statements for the year of departure (year N), and no later than September 1 of year N, the benchmark period for the year of departure will correspond to the most recent full financial year (N-1). The two previous benchmark periods are therefore financial years N-2 and N-3;

- if departure occurs after the date of the Board of Directors' meeting called to review the half-year financial statements for the year of departure (year N), but before the date on which the Board of Directors reviews the full-year financial statements for the same year (which must be prior to March 1), the benchmark period for the year of departure will correspond to the 12 months preceding the half-year closing date (N). The two previous benchmark periods will be determined in the same way for the 12 months preceding the first-half closing dates for the two prior years.

At its meetings held on June 29, 2012, June 26, 2014, June 30, 2016, June 29, 2018 and June 26, 2020, the Board of Directors renewed its approval of this indemnity in accordance with payment terms and conditions identical to those approved at its meeting on November 15, 2010.

Retirement benefits

The Company pays contributions for retirement benefits and supplementary pension contributions based on a calculation method common to Company employees and, where applicable, senior managers and other corporate officers.

Unemployment insurance

The Company pays a contribution to Philippe Goczol in the form of a GSC-type directors' unemployment insurance policy, which provides for payment of an indemnity during a period of no more than 18 months as from the month following the date when the event covered by the policy occurred.

2.5.3.2 Draft resolutions relating to the compensation paid or awarded to the executive officers in respect of the 2020 financial year

In accordance with Article L. 225-37-2 of the French Commercial Code, the principles and criteria for determining, dividing and allocating the fixed, variable and exceptional components that make up the total compensation and benefits of any kind awarded to the Chairman & Chief Executive Officer and the Deputy Chief Executive Officer in consideration of the performance of their duties during the 2020 financial year, in accordance with the compensation policy that concerns them, were submitted to the shareholders for approval and approved by the Company's General Meeting on June 26, 2020 under Resolutions 21 and 22.

Pursuant to Article L. 225-100 of the French Commercial Code, the amounts resulting from the implementation of these principles and criteria will be submitted to the shareholders for approval at the General Meeting called to approve the financial statements for 2020, namely:

Éric Jacquet, Chairman of the Board of Directors and Chief Executive Officer

Gross amounts awarded (€k)	2020
Compensation payable for the financial year	634

Of which:

Gross amounts (€k)	Amounts payable in respect of 2020	Amounts paid in 2020
Fixed compensation	528	528 in respect of 2020
Annual variable compensation	94[1]	123 in respect of 2019
Multi-year variable compensation	n.a.	n.a.
Exceptional compensation	-	-
Directors' attendance fees	12	12 in respect of 2019
Total	**634**	**663**

[1] Pursuant to Article L. 225-37-2 of the French Commercial Code, the payment of all variable compensation is subject to approval by the Ordinary General Meeting of Shareholders.
n.a.: Not applicable.

Philippe Goczol, Deputy Chief Executive Officer

Gross amounts awarded (€k)	2020
Compensation payable for the financial year	295

Of which:

Gross amounts (€k)	Amounts payable in respect of 2020	Amounts paid in 2020
Fixed compensation	207	207 in respect of 2020
Annual variable compensation	75[1]	107 in respect of 2019
Multi-year variable compensation	n.a.	n.a.
Exceptional compensation	13[1]	50 in respect of 2019
Directors' attendance fees	n.a.	n.a.
Total	**295**	**364**

[1] Pursuant to Article L. 225-37-2 of the French Commercial Code, the payment of all variable compensation is subject to approval by the Ordinary General Meeting of Shareholders.
n.a.: Not applicable.

2.6 Executive officers' duties regarding Company shareholdings

Pursuant to the provisions of the Reference Code and by way of exemption from French law and the Company's bylaws, it is recommended that all directors endeavor to hold at least 500 shares in the Company. The purchase of these shares may be staggered in order to reach this minimum threshold.

Each member of the Board of Directors undertakes to keep their Company shares in registered form (direct or administered).

3 Persons responsible for auditing the financial statements

Regular statutory auditors

ERNST & YOUNG & Autres

Represented by: Lionel Denjean
Tour Oxygène • 10-12, boulevard Marius Vivier Merle
69393 Lyon Cedex 03

Renewal date: June 30, 2017

Term: 6 years. Term expires at the close of the General Meeting called to approve the financial statements for the year ended December 31, 2022.

Grant Thornton

Represented by: Robert Dambo
Cité Internationale • 44, quai Charles de Gaulle
69463 Lyon Cedex 06

Renewal date: June 26, 2020

Term: 6 years. Term expires at the close of the General Meeting called to approve the financial statements for the year ended December 31, 2025.

4 Person responsible for financial reporting and investor relations

Thierry Philippe • Chief Financial Officer • comfi@Jacquetmetals.com

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 below.

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.

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

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 recovered and recycled.


↑ Stock in Bochum, Germany

1.3 A demanding supply chain

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

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

2 Social challenges

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 §4.3 Developments of the Overview of the Group). 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).

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.

2.3 Headcount

By function

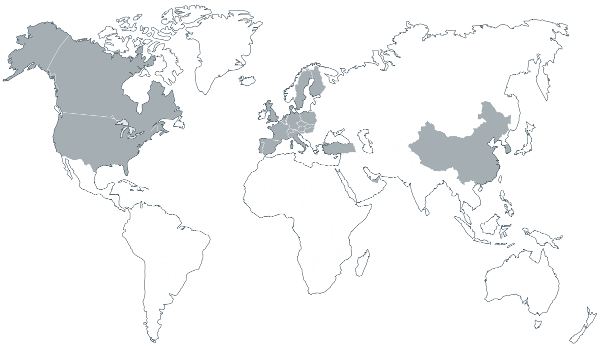
Group headcount at December 31, 2020 amounted to 2,857 full-time equivalent (FTE) employees including 2,640 under permanent contracts, as well as 142 temporary workers.
During 2020, 487 people left the Group and 290 joined.

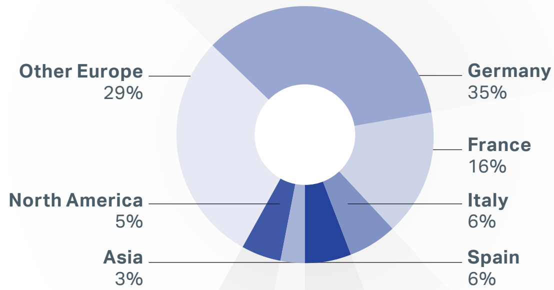
The change in FTE (full-time equivalent) headcount by function is as follows:

	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%

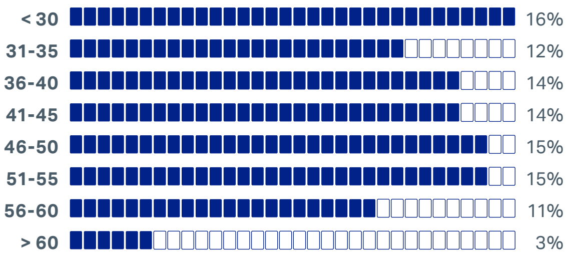
By region

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%**

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.

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 NFS cross-reference table

5.1 Business model

	Topic	Section	Pages
1	**Description of the Group's business**		
	Description of business activity and divisions	The Group • §3 Information on the Group's business	12
	Key figures	2020 annual results	04
	Organization chart of main entities	The Group • §5 Main companies by division	21
	Product descriptions	The Group • §3 Information on the Group's business	12
2	**Description of the business model**		
	Market positioning	The Group • §3 Information on the Group's business	12
	Key resources / production factors used	The Group • §3 Information on the Group's business	12
	Value contributed to the various customer segments and other stakeholders	The Group • §3 Information on the Group's business	12
	Profit analysis	The Group • §3 Information on the Group's business	12

5.2 Description of non-financial risks and impacts

The description of the main non-financial risks is set out in §1 to 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

Independent third party's report on consolidated non-financial statement

EY et Associés Statutory Auditor Member of Compagnie Régionale de Versailles
Tour Oxygène • 10-12, boulevard Marius Vivier Merle - 69393 Lyon Cedex 03
S.A.S. à capital variable • 438 476 913 R.C.S. Nanterre

JACQUET METALS • Year ended December 31, 2020

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the General Assembly,

In our quality as an independent verifier, accredited by the COFRAC under the number n° 3-1681 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the statutory auditors of your entity Jacquet Metals (hereafter "entity"), we present our report on the consolidated non-financial statement established for the year ended on the 31 December 2020 (hereafter referred to as the "Statement"), included in the management report pursuant to the requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

The entity's responsibility

The Board of Directorsis responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and which are available on request at the entity's head office.

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

Nature and scope of the work

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000[1].

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225 102 1 III of the French Commercial Code as well as information set out in the second paragraph of article L. 22-10-36 regarding compliance with human rights and anti corruption and tax avoidance legislation;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with its their business relationships, its their products or services, as well as its their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (exemple : anti corruption, responsible procurement, etc.), our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities: IMS France;
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1 , we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 5% and 6% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our verification work mobilized the skills of two people and took place between November 2020 and mars 2021 on a total duration of intervention of about three weeks.

We conducted four interviews with the persons responsible for the preparation of the Statement including in particular the General Management, Administration and Finance, Internal Audit, Human Resources and Purchasing.

[1] ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Paris, La Défense, March 26, 2021

The Independent third party
French original signed by:

EY et Associés
Jean-François Bélorgey • Partner
Christophe Schmeitzky • Partner, Sustainable Development

Appendix 1

The most important information

Social Information

Quantitative Information (including key performance indicators)

- Frequency and severity rate of accidents at work.
- Short-term absenteeism rate.

Qualitative Information (actions or results)

- Employment (attractiveness, retention).
- Organization of work (organization, absenteeism).
- Health and safety (prevention actions).
- Training,

Environmental Information

Quantitative Information (including key performance indicators)

- Volumes of waste generated during cutting.

Qualitative Information (actions or results)

- Circular economy (raw materials, waste management).

Societal Information

Quantitative Information (including key performance indicators)

- Percentage of suppliers exposed to environmental risk who have adhered to the Group's supplier code of conduct.
- Percentage of suppliers exposed to human rights risks who have signed up to the Group's supplier code of conduct.
- Percentage of suppliers exposed to the risk of corruption who have adhered to the Group's anti-corruption code of conduct.

Qualitative Information (actions or results)

- Subcontracting and suppliers (environmental and social issues).
- Actions taken to prevent corruption.

Risk management

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 §2.2 Safety and health at work of the Non-financial statement);
- disruption of supply chain (see §1.1.1 Risks of supply);
- impact of economic slowdown on raw materials prices (see §1.1.2 Purchase price elasticity risk and §1.1.3 Risk of changes in metal prices) and counterparty risk (see §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.

1.1 Operational risks

1.1.1 Risks of supply

The very nature of JACQUET METALS' 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 terms 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 less than 50% of Group purchases.

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 material 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 material 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.

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.

1.1.4 IT system risk

Most Group companies use the Integrated Management Program (IMP) developed by JACQUET METALS SA. 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 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 IT rooms. Every item of equipment is installed in two separate inter-connected rooms, which enables ongoing real-time data duplication in both locations. The IT rooms are hosted in data centers that provide a high level of service and access security as well as broadband Internet access.

1.2 Financial risks

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.

The parent company 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.

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.

1.2.3 Liquidity risk

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

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

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.

1.4 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 Group's financial structure.

Non-financial risks

The description of the main non-financial risks is set out in §1 to 4 of the Non-financial statement section.

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 Company and covering all potential risks, such as:

- comprehensive property damage and consequential operating losses;
- directors and officers civil 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.

3 Internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The information regarding the internal control procedures implemented by the Company is based on the AMF guide to the implementation of an internal control reference framework by small and mid caps, published on January 9, 2008. It covers all Group subsidiaries included in the Group consolidation scope.

3.1 Definition and objectives of internal control

Internal control is a system that aims to ensure:

- compliance with applicable laws and regulations;
- implementation of instructions and guidelines issued by senior management;
- the proper functioning of the Company's internal procedures, in particular those that contribute to safeguarding its assets; and
- the reliability of financial and accounting information.

By contributing to the prevention and control of risks that could prevent the Company from achieving its defined objectives, the internal control system plays a key role in the management and execution of its various operations. Nevertheless, internal control cannot guarantee that the Company's objectives will be achieved.
Currently applicable internal controls are designed to optimize the Company's control over its subsidiaries in a decentralized framework for responsibilities and operations. The key control objectives are as follows:

- ensure that management actions are in line with the strategic guidelines approved by senior management, comply with the Group's internal rules and are in line with annual targets;
- verify that the accounting, financial and management information communicated to the Board of Directors and the Company's shareholders gives a fair and accurate picture of the Group's operations and position;
- ensure control of risks liable to have a material impact on the Group's assets and liabilities or the achievement of its objectives.

However, as with all control systems, it cannot guarantee that these risks have been completely eliminated.

3.2 Contributors to internal control

Internal control is everyone's concern, from senior executives through to each individual staff member.

Board of Directors

Senior management is required to report to the Board of Directors and the Audit and Risk Committee on the essential features of the internal control system, its Group-wide implementation and the measures adopted in order to improve the system.

As required, the Board of Directors may exercise its general powers in order to implement checks and verifications it considers necessary or to adopt any other initiative it considers appropriate in this respect.
The Board of Directors determines the Company's business strategy and sees to its implementation. It addresses all matters concerning the efficient running of the Company and settles issues, through its deliberations, over which it has authority.

Audit and risk committee

The Audit and Risk Committee is responsible for reviewing the parent company and consolidated financial statements and the related reports prior to their review by the Board of Directors, and for verifying that these financial statements are consistent with other information of which it is aware.

It is also responsible for monitoring the efficiency of the internal control and risk management systems. The statutory auditors attend the meetings of the Audit and Risk Committee and keep themselves informed of the assignments carried out by the internal audit department.

Group Finance Department

The Chief Financial Officer is responsible for the core competences of (I) finance and treasury, (II) consolidation and financial control, (III) legal matters and insurance, (IV) audit and internal control, (V) taxation, (VI) investor relations and (VII) mergers & acquisitions. These responsibilities are exercised or delegated as follows:

Finance Department

Consisting of a central department and local country departments, the Finance Department's principal remit is to:

- monitor the performance of the subsidiaries, divisions and Group;
- monitor the achievement of targets set by senior management;
- define, implement and ensure the reliability of reporting and procedures;
- verify that the accounting, financial and management information gives a fair and accurate picture of the operations and position of the subsidiaries, divisions and Group;
- ensure that tax rules are properly adhered to;
- optimize and secure the management of cash and borrowings within the Group. It also ensures that the commitments made by the Company and its subsidiaries correspond to the requirements of the financing arrangements.

Internal Audit Department

This department is responsible for supervising and organizing the internal control system, helping to define and circulate internal control guidelines and monitoring the application of the principles established by the Group. It exercises cross-level control over all Group operations and flows. Its work may involve assignments such as the financial audit (review of the financial statements, review of systems and regulations established in order to verify the reliability of financial reporting), the operational audit (review of the main business cycles, analysis of the current organizational arrangements to ensure that they allow risks to be controlled and set targets achieved) or ad hoc tasks such as support for operations, diagnostic or organizational studies.

Legal Department

The Legal Department works together with the Group's lawyers. Its assignments include overseeing legal operations performed in relation to normal business or growth transactions, monitoring regulatory obligations in terms of corporate law, stock exchange law and corporate governance, verifying compliance of regulated financial communications and any other documents intended for market authorities, overseeing the legal monitoring of Group companies in France and abroad, drafting and monitoring contracts and agreements of all kinds, monitoring litigation, disputes and arbitration proceedings, assisting with the negotiation of insurance policies, monitoring and managing insurance claims, and implementing and overseeing procedures for monitoring the compliance and proper governance of the subsidiaries in France and abroad and their legal secretary function.

3.3 Summary of internal control procedures

Information and reporting

Procedures specific to the preparation of financial and accounting information include:

- preparation of the quarterly financial statements for consolidation and publication;
- monthly monitoring of results;
- monthly cash flow forecasts.

Identification and assessment of risks

Group senior management meets the divisional Chief Operating Officers (COOs) once a quarter. The primary purpose of these meetings is to review results, monitor targets and identify growth opportunities and risks.

This survey is supplemented by a half-yearly report regarding the risks identified by the subsidiaries.

General Group regulations

The current regulations define and limit the powers and obligations of Group managers, particularly with regard to:

- commitments related to raw material purchases, overheads or financing;
- execution of sales contracts (credit insurance, long-term contracts, specific customer or consignment inventories etc.);
- staff changes;
- investments and divestments;

Internal control management

An internal audit plan is prepared each year and submitted to the Audit and Risk Committee. The aim is to improve internal control by organizing ad hoc reviews of the procedures implemented by the subsidiaries and assessing each subsidiary's internal control system.

3.4 Internal control procedures relating to the preparation and processing of accounting and financial information

Reporting planning, management and processes

The procedures for preparing budgets and monitoring performance are as follows:

- on the basis of the strategic guidelines approved by Group senior management, the divisional COOs and the subsidiary managers draw up an annual budget to be discussed and approved by Group senior management;
- once a quarter, Group senior management holds a meeting with the divisional COOs in order to review operating results, strategic guidelines and objectives.

Accounts closing procedures

The Group produces a monthly consolidated statement of specific KPIs and prepares consolidated financial statements on a quarterly basis.

The Finance Department organizes and plans all accounting operations so as to ensure reliable and consistent consolidation of data. This procedure covers all of the Group's consolidated subsidiaries.

Accounting principles are reviewed on a quarterly basis in light of recent changes in regulations.

The means employed to guarantee the consistency and reliability of the data used for the purposes of internal management and external communication include the use of a single reporting and consolidation software tool that incorporates, on a monthly basis, the management and accounting information required for consolidation and operational management. This single consolidation application is used to prepare monthly reports and external financial communications at each phase of consolidation (budget, forecasts, reporting). Using a single system ensures that accounting and financial information is reliable, available and relevant with regard to the specific data used for internal management and external communication purposes.

Subsidiary data is communicated via a standard format that is mandatory for all Group subsidiaries. The reported data is in local currency and complies with IFRS principles based on a standard chart of accounts. The subsidiaries are responsible for ensuring that this information complies with Group instructions (chart of accounts, instructions for closing) and that the detailed instructions sent by Group Finance Department are followed (reporting timetable and data reliability). The adjustments required between individual and consolidated financial statements are specified and recorded by each subsidiary and reviewed by the central Finance Department.
The reporting formats also include detailed analyses allowing results to be compared according to the same parameters, for example by isolating non-recurring transactions such as changes in the consolidation scope.

Each subsidiary manages its specific local characteristics, carries out accounting checks and ensures compliance with local regulations concerning the storage of information and data used in preparing accounting and financial records.

Control activities

The Finance Department verifies the consistency of information reported by the subsidiaries before consolidating the results and recording consolidation entries and adjustments. The subsidiaries' recorded transactions are also controlled automatically by the consolidation and reporting software.

Identification and listing of adjustments is carried out by the country finance departments together with the central Finance Department. These items are also reviewed by the statutory auditors within the scope of their audits.

Moreover, the central Finance Department may be required to carry out specific checks concerning sensitive accounting issues which could have a material impact on the presentation of the financial statements. These issues are also reviewed by the statutory auditors within the scope of their audits.

As part of their control work, controllers in charge of the subsidiaries have access to all information. Their main contacts are the managers and financial directors of the relevant subsidiaries.

Accounting and financial reporting

Every year, a timetable is drawn up showing all Group deadlines for financial and accounting reporting to the stock market and the Company's regulatory bodies. The timetable is circulated internally to those staff working specifically on financial reporting.

In addition, the Finance Department staff follow a formal accounting and financial timetable drawn up to ensure that the set deadlines are met.

Control procedures for accounting and financial information are based on:

- monthly checks of all accounting and financial information by financial controllers and treasury departments;
- a review of the financial statements by the Finance Department.

2020 annual financial report

1 Management report – Information on the Group

1.1 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 net 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.

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 and earnings

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 tax	**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 (Group share)	**30.2**	**4.8**	**11.2**	**24.5**
% of sales	*9.3%*	*1.3%*	*0.8%*	*1.5%*

1.2 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%*

1.3 # 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 €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, 2020 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 litigations, 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**
Net 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 (Schuldscheindarlehen). 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:
  - net 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: February 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: net 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: net 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.

Consolidated statement of comprehensive income

€k	Notes	2020	2019
Sales	**2.3.1**	**1,364,685**	**1,614,637**
Cost of goods sold	2.3.2	(1,036,479)	(1,240,716)
Gross margin	**2.3.1, 2.3.2**	**328,206**	**373,921**
Operating expenses	2.3.3	(119,873)	(140,456)
Personnel expenses	2.3.4	(149,207)	(166,368)
Miscellaneous taxes		(3,313)	(3,184)
Other income		5,951	7,334
Net depreciation and amortization		(35,032)	(34,162)
Net provisions		1,098	2,152
Gains / (losses) on disposals of non-current assets	2.3.5	360	325
Operating income	**2.3.1**	**28,190**	**39,562**
% of sales		*2.1%*	*2.5%*
Net cost of debt		(10,822)	(8,829)
Other financial income		1,908	485
Other financial expenses		(2,367)	(2,487)
Net financial income	**2.3.6**	**(11,281)**	**(10,831)**
Income before tax		**16,909**	**28,731**
Corporate income tax	2.3.7	(3,665)	(13,169)
Net income from continued current operations		**13,244**	**15,562**
Net income from discontinued operations	2.3.8	-	12,016
Total consolidated net income		**13,244**	**27,578**
% of sales		*1.0%*	*1.7%*
Minority interests		**(2,046)**	**(3,033)**
Continuing operations		(2,046)	(3,033)
Discontinued operations		-	-
Net income (Group share)		**11,198**	**24,545**
% of sales		*0.8%*	*1.5%*
Continuing operations		11,198	12,529
Discontinued operations		-	12,016
Items that may be reclassified to profit or loss			
Translation differences		(6,583)	1,268
Other		(239)	(266)
Items not reclassified to profit or loss			
Actuarial gains / (losses)		23	(6,096)
Total comprehensive net income (Group share)		**4,399**	**19,451**
Minority interests		1,938	3,185
Total comprehensive net income		**6,337**	**22,636**
Basic earnings per share (€)	2.3.9	0.49	1.04
Diluted earnings per share (€)	2.3.9	0.49	1.04

Data at December 31, 2019 comparative data has been restated for the impact of presenting the Abraservice business under discontinued operations in application of *IFRS 5*. The net income from this business activity and the proceeds of the sale are presented under a separate income statement line item, "Net income from discontinued operations", for the reported financial year.

Statement of financial position at December 31

€k				31.12.20	31.12.19
Assets	**Notes**	**Gross**	**Dev. Amort. Prov.**	**Net**	**Net**
Goodwill	2.4.1	66,254	-	66,254	66,395
Intangible assets	2.4.2	30,316	25,751	4,565	5,630
Property, plant and equipment	2.4.3	442,502	293,503	148,999	137,821
Right-of-use assets	2.4.4	110,665	40,550	70,115	84,866
Other financial assets	2.4.5, 2.4.17	19,501	1,219	18,282	17,605
Deferred tax	2.4.14	49,366	-	49,366	45,242
Non-current assets		**718,604**	**361,023**	**357,581**	**357,559**
Inventory and work-in-progress	2.4.6	434,354	66,682	367,672	442,478
Trade receivables	2.4.7, 2.4.17	141,482	6,120	135,362	152,244
Tax assets receivable	2.4.8	4,012	-	4,012	3,736
Other assets	2.4.9, 2.4.17	19,347	34	19,313	24,036
Derivatives	2.4.17	183	-	183	17
Cash and cash equivalents	2.4.10, 2.4.17	333,052	-	333,052	206,007
Current assets		**932,430**	**72,836**	**859,594**	**828,518**
Assets held for sale		**-**	**-**	**-**	**-**
Total assets		**1,651,034**	**433,859**	**1,217,175**	**1,186,077**
Equity and liabilities					
Share capital				35,767	36,631
Consolidated reserves				322,602	327,944
Shareholders' equity (Group share)				**358,369**	**364,575**
Minority interests				15,033	14,834
Shareholders' equity	**2.4.11**			**373,402**	**379,409**
Deferred tax	2.4.14			6,133	6,071
Non-current provisions	2.4.12			6,233	4,921
Provisions for employee benefit obligations	2.4.13			60,207	61,161
Other non-current liabilities	2.4.16, 2.4.17			4,978	4,459
Long-term borrowings	2.4.15, 2.4.17			347,191	254,631
Long-term lease liabilities	2.4.4			56,081	67,100
Non-current liabilities				**480,823**	**398,343**
Short-term borrowings	2.4.15, 2.4.17			91,673	126,298
Short-term lease liabilities	2.4.4			17,417	18,739
Trade payables	2.4.16, 2.4.17			171,116	177,628
Current tax liabilities	2.4.16			2,073	4,591
Current provisions	2.4.12			29,980	33,386
Derivatives	2.4.17			1,191	881
Other liabilities	2.4.16, 2.4.17			49,500	46,802
Total current liabilities				**362,950**	**408,325**
Liabilities held for sale				**-**	**-**
Total equity and liabilities				**1,217,175**	**1,186,077**

Cash flow statement

€k	Notes	2020	2019
Cash and cash equivalents at beginning of period	**2.4.10**	**206,007**	**119,420**
Operating activities			
Net income		**13,244**	**27,578**
Net income from discontinued operations		-	12,016
Net income from continued current operations		**13,244**	**15,562**
Depreciation, amortization and provisions		31,828	31,873
Capital gains on asset disposals	2.3.5	(304)	(326)
Change in deferred taxes	2.4.14	(3,387)	2,277
Other non-cash income and expenses		65	53
Operating cash flow after tax and cost of borrowings		**41,446**	**49,439**
Cost of borrowings	2.3.6	13,132	11,227
Current income tax	2.3.7	7,056	10,892
Taxes paid		(9,851)	(17,341)
Operating cash flow before change in working capital		**51,783**	**54,217**
Change in inventory and work-in-progress		70,453	36,449
Change in trade receivables		14,271	18,907
Change in trade payables		(4,093)	(43,427)
Other changes		7,466	(7,633)
Total change in working capital		**88,097**	**4,296**
Cash flow from continued current operating activities		**139,880**	**58,513**
Cash flow from discontinued operating activities		-	4,818
Cash flow from operating activities	**2.7**	**139,880**	**63,331**
Investing activities			
Acquisitions of fixed assets	2.4.2, 2.4.3	(26,705)	(29,832)
Disposal of assets	2.3.5	616	24,757
Acquisitions of subsidiaries		-	(72)
Changes in consolidation and other		(739)	6,052
Cash flow from continued current investing activities		**(26,828)**	**905**
Cash flow from discontinued investing activities		-	(2,803)
Cash flow from investing activities	**2.7**	**(26,828)**	**(1,898)**
Financing activities			
Dividends paid to parent company shareholders		(4,616)	(16,561)
Dividends paid to minority shareholders of consolidated companies		(1,740)	(1,704)
New borrowings	2.4.15	124,835	91,136
Lease liability payments		(19,210)	(19,940)
Lease receivables		659	673
Change in borrowings	2.4.15	(66,634)	(14,802)
Interest paid	2.3.6	(12,779)	(11,509)
Other changes	2.7	(5,764)	(116)
Cash flow from continued financing activities		**14,751**	**27,177**
Cash flow from discontinued financing activities		-	(943)
Cash flow from financing activities	**2.7**	**14,751**	**26,234**
Change in cash and cash equivalents		**127,803**	**87,667**
Translation differences		(758)	(1,080)
Net cash at end of period	**2.4.10**	**333,052**	**206,007**

Changes in working capital are shown at net book value.

Change in consolidated shareholders' equity

€k	Notes	Number of shares	Share capital	Reserves	Translation differences (Group share)	Share-holders' equity (Group share)	Minority interests	Share-holders' equity
At 01.01.19	**2.4.11**	**24,028,438**	**36,631**	**327,496**	**(2,410)**	**361,717**	**15,042**	**376,759**
Net income				24,545	-	24,545	3,033	27,578
Translation differences	2.4.11.3			-	1,268	1,268	155	1,423
Actuarial gains / (losses)				(6,096)	-	(6,096)	-	(6,096)
Other				(266)	-	(266)	(3)	(269)
Total comprehensive net income				**18,183**	**1,268**	**19,451**	**3,185**	**22,636**
Change in consolidation scope				(796)	-	(796)	(1,690)	(2,486)
Dividend payments				(16,561)	-	(16,561)	(1,704)	(18,265)
Other	2.4.11.2			764	-	764	1	765
At 31.12.19	**2.4.11**	**24,028,438**	**36,631**	**329,086**	**(1,142)**	**364,575**	**14,834**	**379,409**
Net income				11,198	-	11,198	2,046	13,244
Translation differences	2.4.11.3			-	(6,583)	(6,583)	(96)	(6,679)
Actuarial gains / (losses)				23	-	23	(12)	11
Other				(239)	-	(239)	-	(239)
Total comprehensive net income				**10,982**	**(6,583)**	**4,399**	**1,938**	**6,337**
Change in consolidation scope				-	-	-	-	-
Dividend payments				(4,616)	-	(4,616)	(1,740)	(6,356)
Other	2.4.11.2	(567,125)	(864)	(5,125)	-	(5,989)	1	(5,988)
At 31.12.20	**2.4.11**	**23,461,313**	**35,767**	**330,327**	**(7,725)**	**358,369**	**15,033**	**373,402**

Notes to the consolidated financial statements

The JACQUET METALS Group's consolidated financial statements for the year ended December 31, 2020 were approved by the Board of Directors on March 9, 2021 and will be submitted for approval by the Ordinary General Meeting to be held no later than June 30, 2021.

All figures are reported in thousands or millions of euros unless otherwise stated. Some totals may display differences in rounding.

2.1 Consolidation principles and methods

Pursuant to European Regulation 1606 / 2002 of July 19, 2002 on international financial reporting standards, the JACQUET METALS Group's consolidated financial statements published in respect of the 2020 financial year and the comparative 2019 financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) in force as of December 31, 2020, as approved by the European Union.
The standards and interpretations applied are those published in the Official Journal of the European Union (OJEU) before December 31, 2020 for compulsory application as from this date.

These guidelines cover all of the standards approved by the International Accounting Standards Board (IASB) and adopted by the EU, i.e. IFRS, International Accounting Standards (IAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC). These accounting standards can be consulted on the European Commission website at: https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/

The new legislation or amendments adopted by the European Union for compulsory application as from January 1, 2020 have been applied in the consolidated financial statements for the year ended December 31, 2020. They comprise the following standards:

- amendment of references to the IFRS conceptual framework;
- amendements to *IAS 1* and *IAS 8 - Definition of Material*;
- amendements to *IFRS 9*, *IAS 39* and *IFRS 7* - related to Interest Rate Benchmark Reform;
- amendement to *IFRS 3 - Definition of a Business*.

The Group has chosen not to apply in advance standards and interpretations adopted by the European Union before the balance sheet date but applicable after December 31, 2020, including:

- amendments to *IFRS 9*, *IAS 39*, *IFRS 7*, *IFRS 4* and *IFRS 16* related to Interest Rate Benchmark Reform phase 2.

The Group chose to apply in advance the amendement to *IFRS 16* related to rent reliefs linked to Covid-19.

Use of estimates

The preparation of IFRS-compliant consolidated financial statements requires management to take into account assumptions and estimates that have an impact on the assets and liabilities shown in the statement of financial position, and mentioned in the notes to the financial statements, as well as on the income and expenses recorded in the consolidated statement of comprehensive income. The estimates may be revised if the circumstances under which they were based change, or in accordance with new information obtained. Actual results may differ from these estimates.

In accordance with *IAS 10*, management's estimates are based on the information available at the balance sheet date, taking post balance sheet events into account.

The main estimates at December 31, 2020 involved:

- assessment of the recoverability of deferred tax assets: the method followed is based on five-year projections and takes into account local legislation in force at the balance sheet date;
- the value of goodwill is tested for impairment at least once a year for the annual financial statements, and whenever an indication of loss of value arises;
- inventory valuation: the method followed to determine the net realizable value of inventory is based on the best estimate, as of the date of preparation of the financial statements, of the future sale price in the normal course of business less any estimated selling costs;
- measurement of right-of-use assets and lease liabilities following the adoption of *IFRS 16*;
- impairment of receivables, which is reviewed on a case-by-case basis in light of the specific situation of particular customers;
- employee benefit liabilities: measured based on actuarial assumptions;
- current and non-current provisions: estimated to reflect the best estimate of the risks as of the balance sheet date.

2.1.1

Consolidation scope

Main operating companies consolidated at December 31, 2020

	Country	% Interest	% Control
JACQUET METALS SA	**France**	**100.00%**	**100.00%**
JACQUET Holding SARL	**France**	**100.00%**	**100.00%**
JACQUET Deutschland GmbH	Germany	90.00%	90.00%
Quarto Deutschland GmbH	Germany	100.00%	100.00%
JACQUET Metallservice GmbH	Austria	100.00%	100.00%
JACQUET Benelux SA	Belgium	99.96%	100.00%
Rolark Toronto Inc.	Canada	96.88%	96.88%
Rolark Edmonton Inc.	Canada	96.88%	100.00%
JACQUET Montréal Inc.	Canada	100.00%	100.00%
JACQUET Shanghai Co. Ltd.	China	100.00%	100.00%
JACQUET Chengdu Co. Ltd.	China	100.00%	100.00%
JACQUET (Tianjin) Metal Material Co., Ltd.	China	100.00%	100.00%
JACQUET Korea Co. Ltd.	Korea	100.00%	100.00%
JMS Danmark ApS	Danmark	100.00%	100.00%
Intra Alloys FZE	UAE	50.40%	100.00%
JACQUET Iberica SA	Spain	70.00%	70.00%
JACQUET Houston Inc.	USA	100.00%	100.00%
JACQUET Midwest Inc.	USA	95.00%	95.00%
JACQUET West Inc.	USA	100.00%	100.00%
JACQUET Midatlantic Inc.	USA	100.00%	100.00%
Quarto North America LLC	USA	100.00%	100.00%
JACQUET Finland OY	Finland	78.95%	78.95%
Détail Inox SAS	France	100.00%	100.00%
France Inox SAS	France	100.00%	100.00%
JACQUET International SAS	France	100.00%	100.00%
JACQUET Lyon SASU	France	100.00%	100.00%
OSS SARL	France	100.00%	100.00%
JACQUET Paris SAS	France	100.00%	100.00%
Quarto International SAS	France	100.00%	100.00%
JACQUET Magyarorszag Kft	Hungary	100.00%	100.00%
JACQUET Nova SRL	Italy	85.00%	85.00%
JACQUET Italtaglio SRL	Italy	85.00%	85.00%
JACQUET Centro Servizi SRL	Italy	95.50%	100.00%
JACQUET Nederland B.V.	Netherlands	50.40%	50.40%
Friesland B.V.	Netherlands	40.32%	80.00%
Intra Metals B.V.	Netherlands	50.40%	50.40%
JACQUET Polska Sp z.o.o.	Poland	95.00%	95.00%
JACQUET Portugal LDA	Portugal	75.50%	75.50%
JACQUET S.R.O.	Czech Rep.	80.00%	80.00%
JACQUET UK Ltd.	UK	76.00%	76.00%
JMS Metals Asia Pte. Ltd.	Singapore	100.00%	100.00%
Quarto Jesenice d.o.o.	Slovenia	100.00%	100.00%
JMS Adriatic d.o.o.	Slovenia	51.00%	51.00%
JACQUET Sverige AB	Sweden	100.00%	100.00%
JACQUET Osiro AG	Switzerland	50.98%	51.00%

	Country	% Interest	% Control
STAPPERT Deutschland GmbH	**Germany**	**100.00%**	**100.00%**
STAPPERT Fleischmann GmbH	Austria	100.00%	100.00%
STAPPERT Intramet SA	Belgium	100.00%	100.00%
STAPPERT France SAS	France	100.00%	100.00%
STAPPERT Magyarorszag Kft	Hungary	100.00%	100.00%
STAPPERT Noxon B.V.	Netherlands	100.00%	100.00%
STAPPERT Polska Sp z.o.o.	Poland	100.00%	100.00%
STAPPERT Ceska Republika Spol S.R.O.	Czech Rep.	100.00%	100.00%
STAPPERT UK Ltd.	UK	76.00%	76.00%
STAPPERT Slovensko AS	Slovakia	100.00%	100.00%
STAPPERT Sverige AB	Sweden	100.00%	100.00%
IMS group Holding SAS	**France**	**100.00%**	**100.00%**
Höselmann Stahl GmbH	Germany	100.00%	100.00%
Finkenholl Stahl Service Center GmbH	Germany	100.00%	100.00%
Günther + Schramm GmbH	Germany	100.00%	100.00%
Dr. Wilhelm Mertens GmbH	Germany	100.00%	100.00%
International Metal Service Süd GmbH	Germany	100.00%	100.00%
International Metal Service Nord GmbH	Germany	100.00%	100.00%
International Metal Service Trade GmbH	Germany	100.00%	100.00%
Fellbach Service- und Lagerdienstleistungen GmbH	Germany	100.00%	100.00%
IMS Austria GmbH	Austria	100.00%	100.00%
IMS Belgium SA	Belgium	100.00%	100.00%
IMS Aceros INT SAU	Spain	100.00%	100.00%
IMS France SAS	France	100.00%	100.00%
IMS SpA	Italy	100.00%	100.00%
IMS Nederland B.V.	Netherlands	100.00%	100.00%
IMS Portugal SA	Portugal	100.00%	100.00%
IMS Özel Celik Ltd Si	Turkey	99.99%	99.99%

2.1.2 Main changes in consolidation scope

In 2020, two new companies have been created:

- JACQUET (Tianjin) Metal Material Co., Ltd;
- JACQUET Magyarorszag kft.

Activities of companies IMS Trossingen GmbH and IMS Rhein-Main GmbH have been absorbed by IMS Bayern, the latter became International Metal Service Süd GmbH.

The following companies changed names:

- IMS Deutschland GmbH became International Metal Service Nord GmbH;
- IMS Trade GmbH became International Metal Service Trade GmbH;
- IMS Fellbach became Fellbach Service- und Lagerdienstleistungen GmbH.

As a reminder, in 2019, the Group sold to SSAB 100% of the shares of its subsidiary Abraservice Holding, the holding company of the Abraservice group which specializes in the distribution of wear-resistant steels. In accordance with *IFRS 5- Discontinued operations*, the contribution of Abraservice, historically presented under the JACQUET division, is not included in Group sales and operating income. Only Abraservice's net income until October 31, 2019 and the proceeds of disposal amounting to €9 million recorded under "Net income from discontinued operations" contribute to net income (Group share).

2.1.3 Covid-19 Impacts

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

The Group's activities were severely disrupted by the health crisis in H1 2020, with circumstances varying greatly from one country to another. As such:

- in China (1% of Group sales), business was interrupted for several weeks during the first quarter, and returned to a "normal" level at the end of March;
- the distribution centers in France, Italy and Portugal (18% of consolidated sales) were gradually shut down from mid-March 2020 following instructions issued by local authorities or due to logistical difficulties, and had not yet returned to normal business levels by the end of the first half;
- the other Group distribution centers continued to operate at between 60-90% of full capacity in the second quarter.

Operations were coordinated by individual country and center depending on the specific circumstances. The Group took all the required steps to minimize the impact of the pandemic on its operating income and its cash position, including:

- short-time working arrangements in Europe and North America, affecting up to 25% of the total workforce;
- reduction in non-essential expenditure;
- reduction or deferral of supply commitments.

Due to the Group's broad geographical footprint and its large number of subsidiaries, it is difficult to accurately quantify the impact of the health crisis on business levels.

In the first half of the year, revenues were 18% lower than the same period in 2019 (Q1: -10%; Q2: -26%). Results (net loss of €15m) 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, business picked up slightly towards the end of the year, particularly for IMS group. Revenues for the second half of the year were 13% lower than the same period in 2019 (Q3: -17%; Q4: -8%). Furthermore, inventory valuation benefited from the late 2020 increase in raw material prices. The inventory provision rate at 2020 year-end reverted close to 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 in deferred taxes, and 2020 net income amounted to €11 million.

2.1.4 Consolidation method

All companies that are fully controlled via the direct or indirect ownership of voting rights are fully consolidated. All transactions between consolidated companies are eliminated, in the same way as for internal Group income (dividends, capital gains, inventory margins, etc.).

The restatements required to harmonize the consolidated companies' valuation methods have been performed. The impact of internal Group transactions on the statement of financial position and consolidated earnings has been eliminated.

2.1.5 Closing date

The closing date for all consolidated subsidiaries is December 31.

2.1.6 Translation of foreign companies' financial statements

Foreign companies' financial statements, where the local currency is the functional currency, are translated into euros at the balance sheet date in accordance with the following principles:

- the items in the statement of financial position are translated at the exchange rate in effect at the balance sheet date;
- the items in the consolidated statement of comprehensive income are translated at the average rate for the year;
- the differences arising from these translation methods are recognized in shareholders' equity.

Euro exchange rates used for consolidation purposes

Country		Currency	2020 Average rate	2020 Closing rate
UAE	Dirham	AED	4.1922	4.5054
Canada	Canadian Dollar	CAD	1.5295	1.5633
Switzerland	Swiss Franc	CHF	1.0704	1.0802
China	Yuan	CNY	7.8855	8.0250
Czech Republic	Czech Koruna	CZK	26.4547	26.2420
Danmark	Danish Krone	DKK	7.4544	7.4409
United Kingdom	Pound Sterling	GBP	0.8893	0.8990
Hungary	Forint	HUF	351.1822	363.8900
Korea	South Korean Won	KRW	1,348.6933	1,338.2400
Poland	Zloty	PLN	4.4430	4.5597
Sweden	Swedish Krona	SEK	10.4880	10.0340
Singapore	Singapore Dollar	SGD	1.5737	1.6218
Turkey	Turkish Lira	TRY	8.0443	9.0079
USA	US Dollar	USD	1.1414	1.2271

2.2 Valuation methods

2.2.1 Sales

Sales consist of the value of the goods and services, excluding tax, sold by the consolidated companies during their normal course of business, after the elimination of intra-group sales. Pursuant to *IFRS 15*, the Group reviewed its sales contracts and concluded that there was no need to alter the triggering event for recognizing revenue: control of the goods is transferred when they are made available to customers, usually on the delivery date.

Generally speaking, sales contracts only contain a single performance obligation.

The transaction price pertaining to this performance obligation reflects the payments receivable from the customer, with little impact from variables.

Therefore, the application of *IFRS 15* has not resulted in any material adjustments.

2.2.2 Cost of goods sold

The cost of goods sold primarily corresponds to purchases consumed and the net impact of inventory impairment charges recognized for the financial year.

Rebates, reductions and any financial discounts obtained are deducted from purchases.

2.2.3 Personnel expenses

Personnel expenses include costs related to salaries and payroll taxes.

2.2.4 Net financial income / (expense)

Net financial income / (expense) consists of the following items:

- interest income and expense on consolidated net debt, which consists of loans, cash and other financial liabilities;
- interest charges on lease liabilities;
- banking services;
- foreign exchange gains and losses;
- the valuation of derivatives, where hedge accounting is not applied.

Interest is recognized in the amount of the interest accrued, using the effective interest rate method.

2.2.5 Corporate income tax

The income tax charge includes current corporate income tax and deferred tax.

The tax charge payable is equal to the income tax payable to the tax authorities for the financial year, depending on the rules and tax rates in effect in each country.

In accordance with the provisions of *IAS 12 - Income Taxes*, deferred tax is valued using the balance sheet approach and the liability method for all temporary differences arising from the difference between the tax base and the accounting base for assets and liabilities, as well as for tax-loss carryforwards. However, deferred tax arising from tax-loss carryforwards is only recognized once its recoverability has been assessed.

The French business value-added charge (CVAE), which is based on the value-added resulting from the individual financial statements of the French subsidiaries, is classified under "income tax" in the consolidated statement of comprehensive income.

2.2.6 Earnings per share

Basic earnings per share is calculated by dividing net income (Group share) for the period by the weighted average number of shares outstanding during the period, excluding treasury shares. The average weighted number of shares outstanding corresponds to the number of ordinary shares outstanding at the beginning of the period, adjusted for the number of ordinary shares bought back or issued during the period.

Diluted earnings per share is calculated by dividing net income (Group share) by the weighted average number of ordinary shares outstanding, plus any potentially dilutive ordinary shares (stock options, warrants, etc.), restated for treasury shares.

2.2.7 Operating segments

Pursuant to *IFRS 8 - Operating Segments*, the information provided is based on the internal reporting process used by management in order to assess the performance of each operating segment.

In accordance with the Group's operational organizational structure, performance is assessed at the subsidiary level for each division:
- JACQUET: distribution of stainless steel quarto plates;
- STAPPERT: distribution of stainless steel long products;
- IMS group: distribution of engineering steels.

The sector-based benchmark indicators reviewed by the main decision-makers are: sales, gross margin, adjusted operating income, operating working capital and the operating working capital to sales ratio.

2.2.8 Goodwill - Business combinations

IFRS 3 entails measuring the assets and liabilities of the companies acquired by the Group at fair value. Only identifiable liabilities that meet the criteria for recognizing a liability in the acquired entity are recognized at the time of the combination. The difference between the purchase cost of the securities and the acquired portion of the fair value of the assets and liabilities identified at the acquisition date is recognized under goodwill. Where the goodwill is negative (badwill), it is immediately recognized through profit or loss. The determination of fair values and goodwill is finalized within a maximum period of one year as from the acquisition date. Any changes that occur after that date are recorded through profit or loss.

In accordance with *IAS 27*, any acquisition or disposal of an interest that does not alter control and is performed after the business combination must be directly recognized in shareholders' equity.

Goodwill arising on the acquisition of foreign companies outside the euro zone is treated in the same way as the assets and liabilities of the foreign business activity, and is therefore translated at the closing exchange rate, in accordance with *IAS 21*.

In accordance with the provisions of *IAS 36 - Impairment of Assets*, the value of goodwill is tested for impairment at least once a year, at the balance sheet date, and whenever an indication of impairment arises. This test is performed at the level of the Cash Generating Units (CGUs) to which the goodwill has been allocated.

The CGUs correspond to the Group's three divisions.

The divisions correspond to the Group's operational organizational structure and form the basis of the internal reporting used by the Senior Management team to assess the performance.

In the event of material adverse factors, the Group re-assesses the recoverable value of the assets and may be required to impair some of those assets.

The recoverable value of the CGU is the higher of fair value and value-in-use.

The CGU's value-in-use is determined on the basis of discounted future operating cash flow forecasts, drawn from the 5-year business plans, and of a terminal value estimated by capitalizing cash flows to infinity.

Where the recoverable value of the CGU is lower than its net book value, an impairment charge is recorded under operating income.

The discount rate used is assessed on an individual basis at the level of each CGU, and is determined on the basis of the average weighted cost of capital determined for the Group, to which a company size premium is applied for the smaller subsidiaries.

The discounted future cash flow method used to assess the recoverable value of goodwill is by nature uncertain. Its structure implies that the values obtained are sensitive to changes in the assumptions and parameters selected, such as:

- changes in the economic environment and market conditions;
- changes in sale prices and gross margins;
- fluctuations in raw material prices and foreign exchange rates;
- the choice of discount rate and perpetual growth rate at the end of the forecast period.

Depending on the assumptions used to draw up the business plans and the interest rate parameters applied, the method results in a level of uncertainty that may affect the value of goodwill.

Goodwill impairment charges are definitively applied to the gross value of the goodwill.

2.2.9 Intangible assets

Intangible assets primarily include amortizable items such as software.

The useful life of intangible assets is assessed as finite or indefinite for each asset. Where an intangible asset has a finite useful life, it is amortized over that period.

The amortization periods and methods for intangible assets with a finite useful life are reviewed at least at every balance sheet date, and whenever there is evidence of impairment.

2.2.10 Property, plant and equipment

Gross value

In accordance with *IAS 16 - Property, Plant and Equipment*, assets are broken down if their components have different useful lives, or if they provide benefits to the company at different rates that require the use of separate depreciation rates and methods. Property, plant and equipment are recorded on the balance sheet at their historic cost, which consists of:

- the purchase price, including customs duties and other non-recoverable levies;
- any directly related expenses incurred to put the asset in working order for the purpose of its planned use;
- any trade rebates and discounts deducted when calculating the purchase cost;
- plus any valuation differences arising from first-time consolidation differences.

Impairment

The depreciation methods and periods (which correspond to the useful life) applied by the Group are as follows:

- buildings and their fixtures and fittings are depreciated on a straight-line basis over their estimated useful life, which ranges between 5 and 30 years;
- industrial equipment is depreciated on a straight-line basis over its estimated useful life, which ranges between 5 and 15 years;
- other categories of property, plant and equipment, such as vehicles and computer equipment, are depreciated on a straight-line basis based on their estimated useful lives, which usually range between 3 and 10 years.

The Group uses its assets for as long as possible, and sales of property, plant and equipment take place only very occasionally. This means that the Group uses its assets over their useful life, without taking their residual value into account.

Property, plant and equipment are tested for impairment where events or changes indicate that their book value may no longer be recoverable. If there is any evidence of this kind, or if their book value exceeds their estimated recoverable value, the assets are written down to their recoverable value, which is determined on the basis of their market value or their value based on discounted future cash flows, if higher.

2.2.11 Leases

Since January 1, 2019, the Group has applied *IFRS 16* according to the modified retrospective approach, recognizing the cumulative effect of initially applying the new standard under the transitional method at the date of initial application.

Lease liabilities are presented under "long-term lease liabilities" or "short-term lease liabilities", while the corresponding asset is classified under "right-of-use assets".

The Group has chosen to apply the two exemptions proposed by the standard on the following contracts:

- short-term leases;
- leases of low-value items.

The expenses relating to these leases remain under operating expenses.

In 2020,the Group chose to apply in advance the amendment to IFRS 16 related to rent reductions linked to Covid-19, these are not considered as a contract modificication and the impacts have been taken into account in the result of the period.

Future lease payments are discounted by the lessee's incremental borrowing rate, the implicit rate being difficult to determine. The incremental borrowing rate is determined by region and amounts to 2.2% for European companies and 4.5% for North American companies.

Depreciation periods generally correspond to the lease term, except in the case of a certain purchase option. In such cases, the depreciation period corresponds to the useful life.

The Group has taken note of the decisions issued by the IFRS IC on November 26, 2019 regarding the measurement of lease terms for automatically renewable leases or leases that do not specify a particular contractual term. The Group has analysed the term of some its leases but it did not lead to any significant impact on the duration.

2.2.12 Financial instruments

2.2.12.1 Financial assets

- financial assets recorded at amortized cost: this heading includes non-current financial assets, such as loans, deposits and guarantees, and current assets (trade receivables and other assets excluding prepaid expenses);
- financial assets designated at “fair value through comprehensive income”: this heading includes cash and cash equivalents, as well as financial derivatives;
- non-consolidated securities and long-term investments: pursuant to *IFRS 9 - Financial Instruments*, these asset classes are measured at fair value as of the balance sheet date. Changes in fair value are henceforth recognized to profit or loss or to items of OCI not reclassified to profit or loss.

The application of new *IFRS 9* does not require any adjustments, as the Group does not hold material non-consolidated securities or long-term investments.

2.2.12.2 Financial liabilities

- financial liabilities recorded at amortized cost: this heading includes current and non-current borrowings (bank loans and finance leases, other financing and bank overdrafts) and other current and non-current liabilities (trade payables and other liabilities excluding deferred income);
- in accordance with *IAS 9 - Financial Instruments*, borrowings and bank overdrafts are recognized at their amortized cost, calculated on the basis of the effective interest rate. The portion maturing in less than one year is classified under “short-term borrowings”, while the portion maturing in over one year is classified under "long-term borrowings";
- financial liabilities designated at "fair value through comprehensive income": this heading includes financial derivatives.

2.2.12.3 Derivatives

Derivatives primarily include interest rate and currency hedging instruments.

Derivatives are valued at their fair value at the balance sheet date. Where the Group can prove the effectiveness of the hedges, the changes in fair value are recorded under other comprehensive income; where the Group does not use hedge accounting, changes in fair value are recognized in profit or loss.

2.2.13 Inventory and work-in-progress

Gross value

Inventory is valued at the weighted average cost.

Net realizable value

An impairment charge may be recognized in accordance with the inventory turnover period. Where applicable, inventory is subject to impairment in order to reduce it to its net realizable value. The net realizable value corresponds to the estimated sale price during the normal course of business less any costs necessary for completing the sale. This means that the impairment charge is calculated on the basis of an estimated net realizable value, which is discounted in accordance with the estimated resale date.

2.2.14 Trade receivables

Trade receivables are valued at their nominal value. Given the short payment timeframes, their fair value is identical to their nominal value.

Discounted notes not yet due, securitized receivables or receivables assigned under the Dailly Act are added back to trade receivables. Receivables assigned on a non-recourse basis in accordance with *IFRS 9 - Financial Instruments* are removed from the accounts, given that late payment and other credit risks are transferred to the factor.

Pursuant to *IFRS 9*, losses expected on trade receivables as of their origin are estimated and give rise to impairment charges. As the Group has taken out credit insurance, credit risk only arises from uninsured trade receivables. Amounts of impairment have remained stable and the application of the new standard has not required any material adjustments.

Irrecoverable receivables are removed from the balance sheet and recognized as losses.

2.2.15 Cash and cash equivalents

This item may consist of cash held at banks, cash on hand, term accounts and deposits and equity investments, which are usually money-market investment funds or Negotiable Certificates of Deposit that are immediately convertible and subject to a non-material risk of change in value. Investment securities are measured at fair value and unrealized gains and losses are recognized under net financial items. These investments are held with a view to their short-term sale.

2.2.16 Assets and liabilities held for sale

Assets or groups of assets held for sale, as defined by *IFRS 5*, are shown on a separate line under assets. The liabilities attached to groups of assets held for sale are shown on a separate line under liabilities. Assets are no longer depreciated or amortized once they fulfill the conditions for classifying them as assets held for sale, i.e. as soon as they are available for immediate disposal and their disposal is likely.

Their book value is compared to their fair value, net of disposal costs, at each year-end, and an impairment charge is recognized, where applicable.

Where a group of assets disposed of, held for sale or discontinued is a component of the entity, the related income and expenses are shown on a separate line in the consolidated statement of comprehensive income (net income from discontinued operations).

2.2.17 Shareholders' equity, treasury shares and free share plans

Share-based payments

In accordance with *IFRS 2 - Share-Based Payments,* free shares awarded to Group employees are measured at the fair value of the benefit granted on the award date.

Changes in their value following the award date have no impact on this valuation. The expense calculated in this way is recognized under personnel expenses and offset in shareholders' equity over the vesting period for the rights on a straight-line basis.

Treasury shares

The treasury shares held by the Group are charged against shareholders' equity at their purchase cost. Any gains or losses relating to the purchase, sale, issuance or cancellation of these shares are recognized directly in shareholders' equity, with no impact on income.

2.2.18 Current and non-current provisions

In accordance with *IAS 37,* provisions are recognized where:

- there is a legal or constructive obligation arising from past events;
- it is likely that an outflow of resources will be required to extinguish the obligation; and
- the amount of the obligation can be reliably estimated.

Depending on their expiry date, provisions are considered as "current" (expiring in less than one year) or "non-current" (expiring in more than one year).

Contingent assets are mentioned in the notes to the financial statements where their realization is likely and their amount is material.

Contingent liabilities are mentioned in the notes to the financial statements where their amount is material.

2.2.19 Provisions for employee benefit obligations

In addition to the pension benefits required by the applicable local legislation of the countries where the companies are located, some Group employees receive retirement benefits (or termination allowances) and supplemental pensions. There are also long-service awards. The Group offers these benefits in some countries through defined-contribution or defined-benefit schemes.

In the case of defined-contribution schemes, the Group has no other obligation than to pay the premiums, while the related expense is recognized directly in income for the financial year.

In the case of defined-benefit schemes, pension obligations are valued in accordance with *IAS 19*, using the actuarial projected unit credit method.

The Group applies *IAS 19* revised and recognizes the change in actuarial differences under items of other comprehensive income.

The provision is assessed by actuaries who are independent of the Group.

2.2.20 Deferred tax

Deferred tax is recognized according to the balance sheet liability method for any temporary differences that exist between the tax base for assets and liabilities and their net book value at the balance sheet date.

Deferred tax assets are only recorded under assets if the Group expects to make sufficient taxable profits to absorb them, based on a business plan drawn up in accordance with the most likely scenarios. The methodology is based on five-year business plans, and takes the legislation in effect at the balance sheet date into account. The book value of deferred tax assets is reviewed at least once a year during the annual closing process.

Tax assets and liabilities are valued on the basis of the tax rates adopted or substantially adopted at the balance sheet date. Under the liability method, the impact of potential changes in tax rates on deferred tax recorded in prior periods is recorded in income during the financial year when these tax rate changes have become certain.

2.2.21 Current tax liabilities

All tax liabilities are recorded in accordance with *IAS 12*.

2.2.22 Receivables and payables denominated in foreign currencies

Transactions denominated in foreign currencies are recognized at their equivalent value in euros at the transaction date. At the balance sheet date, financial assets and monetary liabilities denominated in foreign currencies are converted into euros at the closing exchange rate. The resulting foreign exchange gains and losses are recognized under "foreign exchange gains and losses" and are shown under other financial income and expense in the consolidated statement of comprehensive income.

Foreign exchange differences relating to monetary items that are part of the Group's net investment in a foreign subsidiary are treated in the same manner as an investment in the subsidiary's share capital, i.e. they are recognized in shareholders' equity in accordance with *IAS 21 - Effects of Changes in Foreign Exchange Rates*. When the net investment is sold, these exchange rate differences are reclassified from shareholders' equity to profit or loss.

2.3 Notes to the consolidated statement of comprehensive income

2.3.1 Operating segments

The Group is organized on the basis of three divisions:

- JACQUET - STAPPERT - IMS group

As of December 31, 2020, the key indicators per operating segment are as follows:

€m	Sales	Gross margin	Adjusted operating income [2]	Operating working capital	Operating working capital (% of sales)
JACQUET	305.1	88.6	5.3	106.0	34.8%
STAPPERT	426.8	88.4	14.9	71.4	16.7%
IMS Group	644.5	150.5	0.8	151.9	23.6%
Other [1]	-	0.7	2.5	2.6	n.a.
Inter-brand eliminations	(11.7)	0.0	-	-	n.a.
Total	**1,364.7**	**328.2**	**24.3**	**331.9**	**24.3%**

[1] Non-brand activities (including JACQUET METALS SA).
[2] Adjusted for non-recurring items. The definition of non-IFRS financial indicators and the methods used to calculate them are included in the Management report - Information on the Group. Adjusted operating income for the three divisions and other businesses is presented excluding the impact of *IFRS 16*.
n.a: not applicable.

At December 31, 2019, the key indicators per operating segment, after reclassification of the Abraservice business to net income from discontinued operations, are as follows:

€m	Sales	Gross margin	Adjusted operating income [2]	Operating working capital	Operating working capital (% of sales)
JACQUET	343.5	105.1	16.5	115.0	34%
STAPPERT	467.4	91.6	12.3	102.1	22%
IMS Group	817.7	177.2	11.1	196.1	24%
Other[1]	0.0	0.0	2.2	3.9	n.a.
Inter-brand eliminations	(14.0)	-	-	-	n.a.
Total	**1,614.6**	**373.9**	**42.8**	**417.1**	**26%**

[1] Non-brand activities (including JACQUET METALS SA).
[2] Adjusted for non-recurring items. The definition of non-IFRS financial indicators and the methods used to calculate them are included in the Management report - Information on the Group. Adjusted operating income for the three divisions and other businesses is presented excluding the impact of *IFRS 16*.
n.a: not applicable.

The breakdown of sales by geographical region was as follows:

€m	2020		2019	
	Sales	**in%**	**Sales**	**in%**
Germany	501	37%	609	38%
France	123	9%	147	9%
Netherlands	104	8%	117	7%
Italy	94	7%	127	8%
Spain	91	7%	107	7%
North America	75	5%	91	6%
Other Europe	339	25%	375	23%
Outside Europe	38	2%	42	2%
Total	**1,365**	**100%**	**1,615**	**100%**

2.3.2 Cost of goods sold

€m	2020	2019
Sales	**1,364.7**	**1,614.6**
Cost of goods sold	**(1,036.5)**	**(1,240.7)**
Incl. purchases consumed	(1,050.7)	(1,241.2)
Incl. inventory impairment	14.2	1.5
Gross margin	**328.2**	**373.9**
Gross margin rate	*24.0%*	*23.2%*

The 2020 gross margin was €328 million and amounted to 24.0% of sales compared to 23.2% in 2019.

2.3.3 Operating expenses

In a context of declining activity in 2020, the reduction in operating expenses is mainly linked to the adjustment of variable expenses.

2.3.4 Personnel expenses and headcount

€m	2020	2019
Salaries	(117.6)	(132.7)
Payroll taxes	(28.8)	(31.5)
Other personnel expenses	(2.9)	(2.2)
Personnel expenses	**(149.2)**	**(166.4)**
Payroll tax rates	24.5%	23.7%

Headcount

	2020	2019
FTE at year-end	**2,857**	**3,039**
Average headcount	**3,007**	**3,086**
France	462	473
Other countries	2,544	2,613

Compensation paid to corporate officers

The Company has two executive officers, to whom the compensation and direct and indirect benefits of all kinds paid in 2020 amounted to €1,041,000 compared to €1,645,000 in 2019.

Net compensation paid to JACQUET METALS SA non-executive directors amounted to €98,000 in 2020 compared to €102,000 in 2019

2.3.5 Gains / (losses) on disposals of non-current assets

In 2020, net gains on disposals of non-strategic assets amounted to €0.4 million.

In 2019, the proceeds of the sale of Abraservice are included in net income from discontinued operations.

2.3.6 Net financial income / (expense)

€m	2020	2019
Interest on long-term borrowings	(6.0)	(3.6)
Interest on lease liabilities	(1.7)	(2.0)
Interest on short-term borrowings	(3.6)	(4.0)
Interest income	0.4	0.8
Net cost of debt	**(10.8)**	**(8.8)**
Other financial income	1.9	0.5
Other financial expenses	(2.4)	(2.5)
Other financial income and expense	**(0.5)**	**(2.0)**
Net financial income	**(11.3)**	**(10.8)**

2020 net financial expense amounted to €11.3 million:

- 2020 net cost of debt amounted to €10.8 million, up from 2019 mainly due to the increased gross debt. The average gross cost of debt in 2020 was 2%, stable compared to 2019;
- other financial items (primarily bank charges and currency gains or losses) amounted to a €0.5 million expense compared to a €2.0 million expense in 2019.

An assessment of the interest rate and currency risk management process is set out in §2.4.17.3.2 and 2.4.17.3.3.

2.3.7 Corporate income tax

€m	2020	2019
Tax payable	(7.1)	(10.9)
Deferred tax	3.4	(2.3)
Total taxes	**(3.7)**	**(13.2)**

The reconciliation between theoretical income tax, as calculated by applying the tax rate in effect in France (28% in 2020) on pre-tax income, and the actual tax charge is as follows:

€m	2020 Basis	Corresponding tax income / (expense)	Rate
Net consolidated income before tax	**16.9**		
Calculated using the theoretical tax rate in France		**(4.7)**	**28.0%**
Impact of permanent differences [1]		(0.2)	1.3%
Impact of the non-recognition of loss carryforwards		(7.2)	42.4%
Impact of the use of prior unrecognized loss carryforwards		1.2	-7.3%
Recognition of previous tax loss carryforwards		9.1	-53.7%
Other		(0.2)	1.3%
Total impact of tax base corrections		**2.7**	**-15.9%**
Additional tax arising from rate differences between France and other countries		(0.9)	5.5%
Other [2]		(0.7)	4.1%
Actual income tax expense		**(3.7)**	**21.7%**

[1] The permanent differences arise from non-tax-deductible expenses.
[2] The "Other" line primarily corresponds to the impact of the reclassification of the French CVAE business value-added charge as income tax (see §2.2.5).

A breakdown of the tax loss carryforwards positions at December 31, 2020 is set out in §2.4.14.

2.3.8 Net income from discontinued operations

In 2019, the net income generated by the Abraservice business (€3.5 million) sold during 2019 and the proceeds of this sale (€8.5 million) were reclassified to net income from discontinued operations in accordance with *IFRS 5*.

2.3.9 Earnings per share

	2020	2019
Net income (Group share) (€k)	**11,198**	**24,545**
Total number of shares	23,461,313	24,028,438
Treasury shares	478,574	373,827
Total number of shares excluding treasury shares	22,982,739	23,654,611
Basic earnings per share (€)	**0.49**	**1.04**
Free shares [1]	-	-
Total diluted number of shares, excluding treasury shares	22,982,739	23,654,611
Diluted earnings per share (€)	**0.49**	**1.04**

[1] Average number of shares during the period.

2.4 Notes to the statement of financial position

2.4.1 Goodwill - Business combinations

€m	31.12.18	Increase	Decrease	Translation differences	Changes in consolidation scope	31.12.19
JACQUET CGU	11.9	-	-	0.1	(2.0)	10.1
STAPPERT CGU	40.4	-	-	-	-	40.4
IMS group CGU	15.9	-	-	-	-	15.9
Net Goodwill	**68.3**	**-**	**-**	**0.1**	**(2.0)**	**66.4**

€m	31.12.19	Increase	Decrease	Translation differences	Changes in consolidation scope	31.12.20
JACQUET CGU	10.1	-	-	(0.1)	-	9.9
STAPPERT CGU	40.4	-	-	-	-	40.4
IMS group CGU	15.9	-	-	-	-	15.9
Net Goodwill	**66.4**	**-**	**-**	**(0.1)**	**-**	**66.3**

The change in "Goodwill" for 2020 is related to goodwill allocated to translation differences.

The Group analyzed the results of the various cash-generating units (CGUs), which correspond to the Group's three divisions, as of December 31, 20120 in order to identify any evidence of potential impairment. The main assumptions used to determine asset value-in-use based on the discounted future cash flow method are set out below for information purposes:

- projection period: 5 years;
- a perpetual growth rate of 1.7% was used to extrapolate the cash flow forecasts beyond the projection period. This rate is based on perpetual growth rates ranging between 0.9% (for companies operating in markets considered as mature and/or where the Group has traditionally operated) and 5.6% (for companies operating in developing markets and/or markets where the Group's growth targets exceed expected market growth);
- a discount rate of between 8.1% and 8.4%, depending on the division, is applied to the cash flow forecasts.

Sensitivity tests have been performed by varying:

- the perpetual growth rate by ±0.5pp and the discount rate by ±1pp;
- the gross margin, as expressed in euros, by ±1%.

These tests did not result in the identification of any impairment to be recognized at 2020 year-end. No impairment charges have been recorded against CGUs since 2011.

2.4.2 Intangible assets

€m	31.12.18	Increase [2]	Decrease [2]	Reclassifi-cation	Translation differences	Change in consolidation scope	31.12.19
Softwares	24.0	0.7	(0.1)	1.1	(0.0)	(0.1)	25.6
In progress [1]	3.6	-	-	-	-	-	3.6
Other	1.1	0.0	-	-	0.0	(0.0)	1.1
Gross value	**28.7**	**0.7**	**(0.1)**	**1.1**	**0.0**	**(0.1)**	**30.3**
Softwares	(21.4)	(1.0)	0.1	(0.0)	0.0	0.1	(22.2)
In progress [1]	(1.1)	(0.3)	-	-	-	-	(1.4)
Other	(1.0)	(0.0)	-	-	(0.0)	0.0	(1.0)
Amortization	**(23.6)**	**(1.3)**	**0.1**	**(0.0)**	**0.0**	**0.1**	**(24.6)**
Softwares	2.6	(0.2)	(0.0)	1.1	0.0	(0.0)	3.5
In progress [1]	2.5	(0.3)	-	-	-	-	2.2
Other	0.0	(0.0)	-	-	-	(0.0)	0.0
Net value	**5.1**	**(0.5)**	**(0.0)**	**1.1**	**0.0**	**(0.0)**	**5.6**

[1] Development costs of the new Group ERP (JAC3).
[2] Including movements in intangible assets pertaining to the Abraservice businesses until October 31, 2019

Changes in consolidation scope are due to the derecognition of Abraservice company assets.

€m	31.12.19	Increase	Decrease	Reclassifi-cation	Translation differences	Change in consolidation scope	31.12.20
Softwares	25.6	0.2	(0.1)	(0.0)	(0.0)	-	25.7
In progress [1]	3.6	-	-	-	-	-	3.6
Other	1.1	-	-	-	(0.0)	-	1.0
Gross value	**30.3**	**0.2**	**(0.1)**	**(0.0)**	**(0.0)**	**-**	**30.3**
Softwares	(22.2)	(0.9)	0.1	0.0	0.0	-	(23.0)
In progress [1]	(1.4)	(0.3)	-	-	-	-	(1.7)
Other	(1.0)	(0.0)	-	-	0.0	-	(1.0)
Amortization	**(24.6)**	**(1.2)**	**0.1**	**0.0**	**0.0**	**-**	**(25.8)**
Softwares	3.5	(0.7)	-	(0.0)	(0.0)	-	2.7
In progress [1]	2.2	(0.3)	-	-	-	-	1.9
Other	0.0	(0.0)	-	-	(0.0)	-	0.0
Net value	**5.6**	**(1.0)**	**-**	**(0.0)**	**(0.0)**	**-**	**4.6**

[1] Development costs of the new Group ERP (JAC3).

2.4.3 Property, plant and equipment

€m	31.12.18	Increase [1]	Decrease [1]	Reclassifi-cation	Translation differences	Change in consolida-tion scope	31.12.19
Land	26.2	-	-	-	0.1	(1.4)	25.0
Leased land	3.7	-	-	(3.7)	-	-	-
Buildings	138.4	2.7	(0.0)	1.3	0.3	(10.3)	132.3
Leased buildings	10.4	-	-	(10.4)	-	-	
Equipment, tools & technical installations	191.3	9.3	(2.8)	6.0	0.5	(11.7)	192.6
Leased equipment, tools & technical installations	18.0	-	-	(18.0)	-	-	-
Transport equipment	11.9	0.9	(0.7)	0.1	0.1	(0.8)	11.4
Leased transport equipment	0.9	-	-	(0.9)	-	-	-
Computer equipment	8.0	0.3	(0.2)	(0.1)	0.0	(0.3)	7.8
Leased computer equipment	-	-	-	-	-	-	-
Other property, plant and equipment	32.4	1.9	(0.7)	0.2	0.0	(1.7)	32.1
Other leased PP&E	0.1	-	-	(0.1)	-	-	-
Property, plant and equipment in progress	5.7	13.0	-	(1.1)	(0.0)	-	17.6
Advance payments	1.0	1.5	-	(1.0)	0.0	(0.0)	1.5
Total gross value	**448.0**	**29.5**	**(4.4)**	**(27.7)**	**1.0**	**(26.1)**	**420.3**
Buildings	(81.0)	(5.0)	0.0	0.1	(0.1)	5.6	(80.3)
Leased buildings	(5.5)	-	-	5.5	-	-	-
Equipment, tools & technical installations	(155.5)	(7.4)	2.7	(4.1)	(0.4)	8.2	(156.5)
Leased equipment, tools & technical installations	(8.9)	-	-	8.9	-	-	-
Transport equipment	(9.1)	(0.9)	0.7	(0.1)	(0.0)	0.5	(9.0)
Leased transport equipment	(0.3)	-	-	0.3	-	-	-
Computer equipment	(6.6)	(0.5)	0.2	0.1	(0.0)	0.3	(6.6)
Leased computer equipment	-	-	-	-	-	-	-
Other property, plant and equipment	(25.4)	(1.5)	0.6	0.0	(0.0)	1.1	(25.2)
Other leased PP&E	(0.0)	-	-	0.0	-	-	-
Total depreciation	**(292.2)**	**(15.3)**	**4.2**	**10.8**	**(0.6)**	**15.7**	**(277.4)**
Land	(2.3)	(0.0)	-	-	(0.0)	-	(2.3)
Buildings	(0.6)	-	-	-	-	-	(0.6)
Equipment, tools & technical installations	(2.1)	(0.0)	-	-	-	0.0	(2.1)
Other property, plant and equipment	(0.1)	-	-	-	-	-	(0.1)
Total provisions	**(5.0)**	**(0.0)**	**-**	**-**	**(0.0)**	**0.0**	**(5.0)**
Net book value	**150.8**	**14.2**	**(0.2)**	**(16.9)**	**0.4**	**(10.4)**	**137.8**

[1] Including movements in intangible assets pertaining to the Abraservice businesses until October 31, 2019.

Assets covered by finance leases and capitalized in 2018 under former *IAS 17* were reclassified under right-of-use assets following the application of *IFRS 16* as from January 1, 2019 ("Reclassification" column above and §2.4.4).

€m	31.12.19	Increas	Decrease	Reclassi-fication	Translation differences	31.12.20
Land	25.0	3.3	-	1.2	(0.3)	29.2
Buildings	132.3	10.6	(0.2)	17.4	(1.9)	158.2
Equipment, tools & technical installations	192.6	6.1	(2.5)	2.1	(1.9)	196.5
Transport equipment	11.4	0.6	(0.8)	(0.1)	(0.1)	11.0
Computer equipment	7.8	0.5	(0.3)	0.0	(0.0)	7.9
Other property, plant and equipment	32.1	1.4	(0.6)	(0.0)	(0.1)	32.8
Property, plant and equipment in progress	17.6	3.4	-	(14.4)	(0.3)	6.3
Advance payments	1.5	0.6	-	(1.5)	(0.0)	0.6
Total gross value	**420.3**	**26.5**	**(4.4)**	**4.8**	**(4.6)**	**442.5**
Buildings	(80.3)	(5.1)	0.2	(1.7)	0.3	(86.6)
Equipment, tools & technical installations	(156.5)	(8.5)	2.4	0.7	1.3	(160.6)
Transport equipment	(9.0)	(0.9)	0.7	(0.0)	0.1	(9.1)
Computer equipment	(6.6)	(0.5)	0.3	(0.0)	0.0	(6.7)
Other property, plant and equipment	(25.2)	(1.6)	0.6	0.0	0.1	(26.1)
Total depreciation	**(277.4)**	**(16.6)**	**4.1**	**(1.0)**	**1.8**	**(289.1)**
Land	(2.3)	(0.0)	0.6	-	0.1	(1.6)
Buildings	(0.6)	-	-	-	-	(0.6)
Equipment, tools & technical installations	(2.1)	0.0	-	-	-	(2.1)
Other property, plant and equipment	(0.1)	-	-	-	-	(0.1)
Total provisions	**(5.0)**	**(0.0)**	**0.6**	**-**	**0.1**	**(4.4)**
Net book value	**137.8**	**9.9**	**0.3**	**3.7**	**(2.8)**	**149.0**

The Group pursued a sustained capital expenditure policy (€26.5 million) mainly aimed at strengthening its market positioning.

2.4.4 Right-of-use assets - Lease liabilities

At January 1st, 2020, balance sheet changes following application of *IFRS 16* are as follows:

€m	31.12.18	Increase	Decrease	Reclassi-fication	Impact of first-time applica-tion	Lease remea-surement	Transla-tion diffe-rences	Change in consolida-tion scope	31.12.19
Right-of-use assets - Land	-	0.0	-	3.7	2.5	0.7	-	-	6.9
Right-of-use assets - Buildings	-	3.0	(0.1)	10.4	70.9	3.9	0.0	(2.7)	85.5
Right-of-use assets - Equipment, tools & technical installations	-	2.0	(0.0)	12.4	2.0	(0.2)	0.1	(2.1)	14.3
Right-of-use assets - Transport equipment	-	1.9	(0.1)	0.8	3.6	(0.2)	0.0	(0.3)	5.8
Right-of-use assets - Computer equipment	-	0.1	(0.0)	-	0.2	0.0	-	-	0.3
Right-of-use assets - Other property, plant and equipment	-	0.3	-	0.1	0.5	(0.1)	0.0	(0.0)	0.7
Total gross value	**-**	**7.3**	**(0.3)**	**27.5**	**79.7**	**4.2**	**0.2**	**(5.1)**	**113.5**
Right-of-use assets - Land	-	(0.3)	-	-	-	-	-	-	(0.3)
Right-of-use assets - Buildings	-	(14.5)	0.1	(5.5)	-	-	(0.0)	0.6	(19.3)
Right-of-use assets - Equipment, tools & technical installations	-	(2.5)	0.0	(4.8)	-	-	(0.1)	0.5	(6.8)
Right-of-use assets - Transport equipment	-	(2.0)	0.1	(0.2)	-	-	(0.0)	0.1	(2.0)
Right-of-use assets - Computer equipment	-	(0.1)	0.0	-	-	-	-	-	(0.1)
Right-of-use assets - Other property, plant and equipment	-	(0.2)	-	(0.0)	-	-	(0.0)	0.0	(0.2)
Total depreciation	**-**	**(19.5)**	**0.3**	**(10.5)**	**-**	**-**	**(0.1)**	**1.2**	**(28.6)**
Net book value	**-**	**(12.2)**	**(0.0)**	**17.0**	**79.7**	**4.2**	**0.1**	**(3.9)**	**84.9**

€m	31.12.18	Increase	Decrease	Reclassi-fication	Impact of first-time applica-tion	Translation differences	Change in consolida-tion scope	31.12.19
Sub-lease receivables - Land	-	-	-	-	-	-	-	-
Sub-lease receivables - Buildings	-	-	(0.7)	-	4.5	-	-	3.8
Gross value	**-**	**-**	**(0,7)**	**-**	**4,5**	**-**	**-**	**3,8**

€m	31.12.18	Reclas-sification under lease liabilities	Increase	Decrease	Reclas-sification between short and long-term portions	Impact of first-time applica-tion	Lease remea-surement under *IFRS 16*	Transla-tion diffe-rences	Change in consolida-tion scope	31.12.19
Long-term lease liabilities	-	12.3	7.3	-	(37.4)	83.0	4.2	0.0	(2.3)	67.1
Short-term lease liabilities	-	3.5	-	(21.0)	37.4	-	0.0	0.0	(1.3)	18.7
Long-term finance lease liabilities [1]	12.3	(12.3)	-	-	-	-	-	-	-	-
Short-term finance lease liabilities [2]	3.5	(3.5)	-	-	-	-	-	-	-	-
Total gross value	**15.8**	**-**	**7.3**	**(21.0)**	**-**	**83.0**	**4.2**	**0.1**	**(3.6)**	**85.8**

[1] Liabilities under *IAS 17 - finance leases*, classified in 2018 under "Long-term borrowings"
[2] Liabilities under *IAS 17 - finance leases*, classified in 2018 under "Short-term borrowings"

€m	31.12.19	Increase	Decrease	Reclassi-fication	Lease remeasure-ment	Translation differences	31.12.20
Right-of-use assets - Land	6.9	-	-	(1.6)	0.0	-	5.3
Right-of-use assets - Buildings	85.5	1.9	(0.9)	(3.2)	2.2	(0.4)	85.0
Right-of-use assets - Equipment, tools & technical installations	14.3	0.4	(0.8)	(1.7)	0.1	(0.2)	12.1
Right-of-use assets - Transport equipment	5.8	2.7	(0.9)	(0.1)	(0.0)	(0.1)	7.4
Right-of-use assets - Computer equipment	0.3	0.0	(0.0)	-	-	(0.0)	0.3
Right-of-use assets - Other property, plant and equipment	0.7	0.0	(0.2)	-	0.0	(0.0)	0.6
Total gross value	**113.5**	**5.1**	**(2.7)**	**(6.6)**	**2.2**	**(0.8)**	**110.7**
Right-of-use assets - Land	(0.3)	(0.3)	-	-	-	-	(0.6)
Right-of-use assets - Buildings	(19.3)	(13.8)	0.9	1.8	-	0.2	(30.3)
Right-of-use assets - Equipment, tools & technical installations	(6.8)	(1.3)	0.9	1.1	-	0.1	(6.1)
Right-of-use assets - Transport equipment	(2.0)	(2.1)	0.8	0.0	-	0.0	(3.2)
Right-of-use assets - Computer equipment	(0.1)	(0.1)	0.0	-	-	0.0	(0.1)
Right-of-use assets - Other property, plant and equipment	(0.2)	(0.2)	0.1	-	-	0.0	(0.2)
Total depreciation	**(28.6)**	**(17.9)**	**2.7**	**2.9**	**-**	**0.3**	**(40.6)**
Net book value	**84.9**	**(12.8)**	**(0.0)**	**(3.7)**	**2.2**	**(0.5)**	**70.1**

€m	31.12.19	Increase	Decrease	Reclassi-fication	Lease remeasure-ment	Translation differences	31.12.20
Sub-lease receivables - Land	-	-	-	-	-	-	-
Sub-lease receivables - Buildings	3.8	-	(0.7)	-	-	-	3.1
Gross value	**3.8**	**-**	**(0.7)**	**-**	**-**	**-**	**3.1**

€m	31.12.19	Increase	Decrease	Reclas-sification between short and long-term portions	Lease remea-surement	Translation differences	31.12.20
IFRS16 long term lease liabilities	67.1	5.1	-	(18.1)	2.2	(0.2)	56.1
IFRS16 short term lease liabilities	18.7	-	(19.2)	18.1	-	(0.2)	17.4
Gross value	**85.8**	**5.1**	**(19.2)**	**0.0**	**2.2**	**(0.4)**	**73.5**

The Group has approximately 700 leases. These leases mainly consist of real estate leases (€59.4 million).

New leases totaling €5.1 million were recognized in 2020.

Furthermore, changes in rent payments (rent revision or remeasurement of lease term) led to a €2.2 million adjustment in lease liabilities.

Payments on lease liabilities amounted to €19.2 million.

Reclassifications were due to the exercise of options, recognized under “Property, plant and equipment”.

Sub-lease receivables are recorded under “Other financial assets”.

Lease liabilities break down into a short-term portion (due in less than a year) and a long-term portion.

The lease liability payment schedule is as follows:

€m	31.12.20
Due in <1 month	1.9
Due in 1-3 months	2.8
Due in 3-12 months	12.8
Short-term lease liabilities	**17.4**
Due in 1-5 years	44.6
Due in >5 years	11.5
Long-term lease liabilities	**56.1**
Total lease liabilities	**73.5**

Impact on comprehensive income

The impact of the application of *IFRS 16* on the consolidated statement of comprehensive income may be summarized as follows:

€m	31.12.20
Net operating expenses	20.3
Depreciation	(17.9)
Interest charge on lease liabilities	(1.7)

The remaining rental expenses recognized under operating expenses relate to:

- short-term contracts: -€0.2 million;
- contracts where the underlying asset is of low value: -€0.3 million;
- service agreements: -€0.4 million;
- COVID-19 rent relief: +€0.4 million.

2.4.5 Other financial assets

This item primarily corresponds to deposits, guarantees and receivables maturing in more than one year and to lease receivables totaling €3.1 million (§2.4.4).

2.4.6 Inventory and work-in-progress

€m	31.12.20	31.12.19
Gross value	434,4	524,1
Impairment	(66,7)	(81,6)
Net value	**367,7**	**442,5**

Inventory primarily consists of finished goods inventories (whole and cut plates, long products, etc.).

Inventory was adjusted to its estimated net realizable value at December 31, 2020 via an impairment charge amounting to 15.4% of its gross value, compared to 15.6% in 2018.

2.4.7 Trade receivables

€m	31.12.20	31.12.19
Trade receivables	118.6	133.3
Bills for collection	11.5	15.0
Bills receivable	0.6	0.7
Notes receivable discounted and factoring	1.8	0.8
Doubtful receivables	8.3	8.9
Accrued income/credit notes	0.6	0.3
Gross value	**141.5**	**159.0**
Impairment of receivables	(6.1)	(6.8)
Impairment	**(6.1)**	**(6.8)**
Net book value	**135.4**	**152.2**

All receivables have a maturity of less than one year.

The net value of the receivables does not include receivables assigned on a non-recourse basis, which amounted to €26.5 million in 2020, compared to €35.7 million in 2019.

An assessment of the credit and counterparty risk management process is set out in §2.4.17.3.1.

Changes in the impairment of trade receivables broke down as follows:

€m	2020	2019
As of January 1	**(6.8)**	**(7.3)**
Changes in consolidation scope	-	0.3
Net charges	0.5	0.2
Other	0.1	(0.0)
As of December 31	**(6.1)**	**(6.8)**

2.4.8 Current tax assets

Current tax assets amounted to €4.0 million at December 31, 2019. The balance corresponds to amounts that are non-material on an individual basis.

2.4.9 Other assets

€m	31.12.20	31.12.19
Advances and down payments on orders	3.3	4.7
Tax receivables	6.7	11.3
Other assets	5.4	4.3
Prepaid expenses	3.9	3.8
Gross value	**19.3**	**24.1**

"Tax receivables" correspond to receivables other than corporate income tax (primarily VAT). All receivables have a maturity of less than one year.

2.4.10 Cash and cash equivalents

€m	31.12.20	31.12.19
Cash	322.9	206.0
Cash & cash equivalents	10.2	0.0
Gross value	**333.1**	**206.0**

"Cash equivalents" primarily consist of term deposits. An assessment of the interest rate risk management process for balance sheet assets is set out in §2.4.17.3.2.1.

2.4.11 Shareholders' equity

The statement of changes in shareholders' equity is set out in the section on "Changes in consolidated shareholders' equity".

2.4.11.1 Share capital

In accordance with the authority granted by the June 28, 2019 General Meeting, on May 13, 2020 the Board of Directors decided to cancel 567,125 shares. Following this operation, the share capital of JACQUET METALS SA (the "Company") now comprises 23,461,313 shares representing a total amount of €35,767k. The changes in the number of authorized shares outstanding and in circulation over the last two financial years were as follows.

	2020	2019
Number of shares outstanding at year-end	**23,461,313**	**24,028,438**
Of which number of shares with double voting rights	9,751,384	9,752,989
Of which number of treasury shares	478,574	373,827

2.4.11.2 Other changes recorded in shareholders' equity

"Other changes" affecting consolidated reserves at December 31, 2020 corresponded to changes in treasury shares recognized as a deduction from shareholders' equity at their purchase cost.

The Company did not sell any treasury shares outside the liquidity agreement in 2020.

2.4.11.3 Translation differences recorded in shareholders' equity

The change in translation differences recorded in shareholders' equity amounted to €-6.7 million at December 31, 2020. The net impact on shareholders' equity of translation differences relating to long-term cash advances granted to subsidiaries in accordance with *IAS 21* was €-1.6 million. These differences primarily corresponded to advances granted to the US subsidiaries.

2.4.11.4 Share buyback program and free share awards

In their 12th and 21st resolutions respectively, the General Meetings of June 28, 2019 and June 26, 2020 authorized the Board of Directors to implement a share buyback program (the "Buyback Program").

In 2020, the Company implemented the Buyback Program. As part of the program, a purchase mandate was signed on February 26, 2020 with ODDO BHF SCA under which ODDO BHF SCA undertook to acquire shares in the Company on behalf of the Company with a view to their cancellation. The purchase mandate is in compliance with the requirements of market practices accepted by the AMF.

During the 2020 financial year, the Company bought back 686,952 JACQUET METALS shares (including 25,160 shares repurchased as part of the liquidity contract and transferred with a view to cancellation following the reduction of the liquidity contract), i.e. 2.86% of the share capital as of December 31, 2019:

- 567,125 shares were canceled following the Board of Directors' meeting of May 13, 2020 pursuant to the Buyback Program authorized by the General Meeting of June 28, 2019;
- 119,827 shares were bought back with a view to their cancellation as part of the Buyback Program.

Following this operation, the Company's share capital comprises 23,461,313 shares.

The information relating to the free shares allocated during the financial year is included in the special report prepared pursuant to Article L. 225-197-4 of the French Commercial Code.

The number of treasury shares held at December 31, 2020 was 478,574 shares.

2.4.11.5 Minority interests

The Group is developing its divisional operations 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.

JACQUET METALS has a large number of subsidiaries, all majority-owned, located in 25 countries. The percentages of interest and control held by JACQUET METALS in each subsidiary and their country of location are listed in §2.1.1 Consolidation scope in the notes to the consolidated financial statements.

Shareholder agreements have been signed between JACQUET METALS and the minority shareholders.

These agreements in no way affect the terms and conditions governing the sale or purchase of the Company's shares.

They are designed solely to arbitrate between the parties' interests in the event of conflict or a planned divestment.

Where applicable, some of these agreements provide for put and call options over minority interests in favor of both parties. Generally speaking, minority interests are valued using a base approximately equal to the subsidiary's shareholders' equity.

2.4.12 Current and non-current provisions

€m	31.12.19	Addition	Reversals (unused) [1]	Reversals (used)	Translation differences	31.12.20
Non-current provisions	4.9	1.9	(0.0)	(0.6)	-	6.2
Current provisions	33.4	13.1	(7.6)	(8.9)	(0.0)	30.0
Total	**38.3**	**15.0**	**(7.6)**	**(9.5)**	**(0.0)**	**36.2**

[1] including €3.3 million in reversals of provisions used, classified under personnel expenses in the consolidated statement of comprehensive income.

Current and non-current provisions correspond to disputes with employees, reorganization costs and disputes with customers and suppliers.

2.4.13 Provisions for employee benefit obligations

The pension obligations primarily relate to France, Germany, the Netherlands and Italy. The main assumptions used are as follows:

Assumptions used		France	Germany	Italy	Netherlands
Discount rate					
2020	Umbrella pension scheme	0.60%			
	Long-service awards	0.60%			0.35%
	Other schemes	0.60%	0.50% or 0.75% depending on duration	0.60%	1.04%
2019	Umbrella pension scheme	0.75%			
	Long-service awards	0.75%			0.75%
	Other schemes	0.75%	0.75% or 1.00% depending on duration	0.75%	0.95% or 1.2%
Inflation rate					
2020		1.70%	n.a.	1.70%	1.50%
2019		1.70%	n.a.	1.70%	1.70%
Average wage inflation rate					
2020		From 0.39% to 4.69% depending on SPC[1], pay schemes and age	depends on companies	n.a.	1.50%
2019		From 0.39% to 4.69% depending on SPC[1], pay schemes and age	depends on companies	n.a.	2.30%
Length in years					
2020	Umbrella pension scheme	14			
	Retirement bonuses, pensions & other schemes	11	14	12	25
	Long-service awards	7	11		9
2019	Umbrella pension scheme	12			
	Retirement bonuses, pensions & other schemes	12	23	11	27
	Long-service awards	8	13		9

[1] SPC: socio-professional categories.
n.a.: not applicable.

As in the previous financial years, the discount rate used was calculated on the basis of top tier AA-rated private corporate bonds (iBoxx € Corporate AA10+ benchmark).

The provision is assessed by actuaries who are independent of the Group.

€m					31.12.20	31.12.19
	France	Germany	Italy	Netherlands	Other countries	Total	Total
Reconciliation with opening financial position							
1 Opening actuarial liability (DBO)	(20.7)	(41.8)	(1.0)	(23.4)	(2.4)	(89.2)	(81.6)
2 Opening fair value of insurance fund assets	1.8	5.8	-	20.1	0.3	28.0	24.3
3 Opening financial position 1+2	**(18.9)**	**(35.9)**	**(1.0)**	**(3.2)**	**(2.1)**	**(61.3)**	**(57.4)**
Expense for the year							
1 Cost of services rendered	0.4	0.4	0.0	0.7	0.1	1.6	0.2
2 Interest expense	0.2	0.3	0.1	0.2	0.0	0.8	1.3
3 Expected yield from insurance funds	(0.0)	(0.0)	-	(0.2)	(0.0)	(0.3)	(0.5)
4 Administrative expenses	-	-	-	0.1	-	0.1	0.6
5 Amortization of actuarial (gains) and losses	(0.0)	(0.1)	-	0.0	0.0	(0.1)	0.1
6 Expense for the year = total of 1 to 5	**0.5**	**0.6**	**0.1**	**0.7**	**0.2**	**2.0**	**1.8**
Change in actuarial liability (DBO)							
1 Opening actuarial liability (DBO)	(20.7)	(41.8)	(1.0)	(23.4)	(2.4)	(89.2)	(81.6)
2 Cost of services rendered	(0.4)	(0.4)	(0.0)	(0.7)	(0.1)	(1.6)	(0.2)
3 Interest expense	(0.2)	(0.3)	(0.1)	(0.2)	(0.0)	(0.8)	(1.3)
4 Employee contributions	-	-	-	(0.1)	-	(0.1)	(0.1)
5 Employer contributions	0.8	1.8	0.1	0.1	0.2	3.1	2.8
6 Profits / (losses) generated during the year	0.2	(0.9)	(0.1)	0.9	0.0	0.1	(12.0)
7 Plan settlement / curtailment	-	-	-	-	-	-	0.0
8 Other	-	(0.1)	0.0	-	(0.1)	(0.2)	(0.0)
9 Change in consolidation	-	0.0	-	-	-	0.0	3.2
10 Closing actuarial liability (DBO) = total of 1 to 9	**(20.3)**	**(41.5)**	**(1.1)**	**(23.4)**	**(2.5)**	**(88.8)**	**(89.2)**
Insurance fund assets forecast							
1 Opening fair value of insurance fund assets	1.8	5.8	-	20.1	0.3	28.0	24.3
2 Expected return on assets	0.0	0.0	-	0.2	0.0	0.3	0.5
3 Employer contributions	0.1	(0.2)	-	0.4	0.0	0.4	0.8
4 Employee contributions	-	-	-	0.1	-	0.1	0.1
5 Benefits paid out by the fund	(0.0)	(0.2)	-	(0.1)	-	(0.4)	(0.2)
6 Administrative expenses	-	-	-	(0.1)	-	(0.1)	(0.6)
7 Profits / (losses) generated during the year	0.0	0.2	-	(0.2)	(0.0)	(0.0)	3.5
8 Plan settlement / curtailment	-	-	-	-	-	-	(0.1)
9 Other	-	0.2	-	-	0.1	0.2	(0.0)
10 Change in consolidation	-	-	-	-	-	-	(0.3)
11 Closing fair value of insurance fund = total of 1 to 10	**1.9**	**5.8**	**-**	**20.5**	**0.4**	**28.5**	**28.0**
Reconciliation with closing financial position							
1 Closing actuarial liability (DBO)	(20.3)	(41.5)	(1.1)	(23.4)	(2.5)	(88.8)	(89.2)
2 Closing fair value of insurance fund assets	1.9	5.8	-	20.5	0.4	28.5	28.0
3 Financial position 1+2	**(18.4)**	**(35.8)**	**(1.1)**	**(2.9)**	**(2.1)**	**(60.2)**	**(61.3)**
Closing (provision) / advance payment							
1 Opening (provision) / advance payment	(18.9)	(35.9)	(1.0)	(3.2)	(2.0)	(61.2)	(57.4)
2 Expense for the year	(0.5)	(0.6)	(0.1)	(0.7)	(0.2)	(2.0)	(1.8)
3 Benefits / contributions paid by the employer	0.9	1.4	0.1	0.4	0.2	3.1	3.5
4 Actuarial gains / losses recognized in items of other comprehensive income	0.1	(0.8)	(0.1)	0.7	0.0	(0.1)	(8.5)
5 Plan settlement / curtailment	-	-	-	-	-	-	-
6 Other	-	-	0.0	-	(0.1)	(0.0)	(0.0)
7 Change in consolidation	-	0.0	-	-	-	0.0	2.9
8 Closing (provision) / advance payment = total of 1 to 7	**(18.4)**	**(35.9)**	**(1.1)**	**(2.9)**	**(2.0)**	**(60.2)**	**(61.2)**
Reasons for actuarial gains and losses generated during the year							
1 Change in demographic assumptions	0.4	-	-	0.5	-	0.9	0.6
2 Change in financial assumptions	(0.3)	(1.2)	(0.0)	0.0	-	(1.5)	(12.0)
3 Experience adjustments	0.1	0.2	(0.1)	0.3	0.0	0.5	(0.9)
4 Actuarial gains / losses generated by hedge assets	0.0	0.2	-	(0.2)	0.0	(0.0)	3.9
5 Total experience (gains) / losses over the year - Closing balance = total of 1 to 4	**0.1**	**(0.8)**	**(0.1)**	**0.7**	**0.0**	**(0.1)**	**(8.5)**

Assets held for the purpose of covering employee benefit liabilities amounted to €28 million and are mainly located in France (special pension fund set up in 2019), the Netherlands and Germany. They are invested in the general funds of the insurance company, on which the Company has not usually imposed any investment strategy (allocation to equity, real estate, etc.).

Actuarial gains and losses primarily relate to changes in assumptions, and had no impact on provision.

These gains and losses were recognized under items of other comprehensive income for a non significant amount.

Sensitivity testing on the impact of changes in the discount rate on the valuation of the actuarial liability, with a deviation of ±0.25pp for most of the companies concerned, yielded the following results:

€m	France	Germany	Italy	Netherlands	Total tested	Group
Actuarial liability at 31.12.20	**(20.3)**	**(41.5)**	**(1.0)**	**(23.2)**	**(86.0)**	**(88.8)**
Actuarial liability calculated at a rate of +0.25%	(19.6)	(40.1)	(0.9)	(21.8)	(82.5)	
Actuarial liability calculated at a rate of -0.25%	(21.0)	(43.0)	(1.0)	(24.8)	(89.8)	

Sensitivity testing on the impact of changes in the inflation rate on the valuation of the actuarial liability, with a deviation of ±0.25pp for most of the companies concerned, yielded the following results:

€m	France	Germany	Italy	Netherlands	Total tested	Group
Actuarial liability at 31.12.20	**(20.3)**	**(41.5)**	**(1.0)**	**(23.2)**	**(86.0)**	**(88.8)**
Actuarial liability calculated at an inflation rate of +0.25%	(20.8)	(42.6)	(1.0)	(23.4)	(87.8)	
Actuarial liability calculated at an inflation rate of -0.25%	(19.8)	(40.5)	(1.0)	(23.1)	(84.3)	

The various pension schemes are relatively insensitive to the wage inflation rate. The forecast benefit schedule over the next three years provides for an expense of €2.7 million in France, €0.4 million in the Netherlands and €5.5 million in Germany.

2.4.14 Deferred tax

The origin of deferred tax is as follows:

€m	31.12.20	31.12.19
Temporary differences	15.6	17.5
Tax losses carried forward	15.3	5.2
Other IFRS restatements [1]	18.4	22.5
Deferred tax assets	**49.4**	**45.2**
Temporary differences	0.0	0.1
Tax losses carried forward	-	0.1
Other IFRS restatements [1]	(6.2)	(6.3)
Deferred tax liabilities	**(6.1)**	**(6.1)**

[1] These are primarily restatements relating to the rules for harmonizing the accounting process between the subsidiaries.

The change in deferred tax on tax loss carryforwards broke down as follows:

€m	31.12.20	31.12.19
As of January 1	**5.3**	**5.4**
Utilization	(0.7)	(0.9)
Recognition of previous tax loss carryforwards	11.2	0.7
Translation differences	(0.1)	0.0
Impact of changes in tax rates	(0.4)	0.1
As of December 31	**15.3**	**5.3**

2.4.15 Borrowings

€m	31.12.20	<1 year	1-5 years	>5 years	31.12.19
Long-term borrowings	**347.2**	**-**	**340.0**	**7.2**	**254.6**
Portion of long-term borrowings due < 1 year	35.4	35.4	-	-	29.0
Bank overdrafts, factoring, discounting	55.3	55.3	-	-	96.7
Accrued interest	1.0	1.0	-	-	0.6
Short-term borrowings	**91.7**	**91.7**	**-**	**-**	**126.3**
Total borrowings	**438.9**	**91.7**	**340.0**	**7.2**	**380.9**

At December 31, 2020 Long-term borrowings mainly include:

- private placements under German law (Schuldscheindarlehen):
  - €150 million, arranged in 2018 and matures in 2023,
  - €70 million, arranged in 2019, tranche 1 amounting to €36 million maturing December 2024, and tranche 2 amounting to €34 million maturing January 2025;
- a revolving syndicated loan (€20 million used).

Short-term debt repayment schedule

€m	31.12.20
Due in < 1 month	57.0
Due in 1-3 months	5.2
Due in 3-12 months	29.5
Short-term borrowings	**91.7**

Change in borrowings

€m	31.12.20
At December 31, 2019	**380.9**
New borrowings	124.8
Repayment of borrowings	(25.7)
Change in bank overdrafts, discounts and credit facilities	(40.3)
Change in consolidation scope	-
Translation differences and other items	(0.8)
At December 31, 2020	**438.9**

New borrowings amounted to €124.8 million and mainly corresponded to the cash-in of tranche 2 of SSD amounting to €34 million, the increase in the drawdown of the revolving syndicated loan amounting to €20 million and new financing arranged primarily at JACQUET METALS SA.

Breakdown of net debt by interest rate type and currency

€m	31.12.20	31.12.19
Fixed rate borrowings	83.3	59.2
Floating rate borrowings	355.6	321.7
Total borrowings	**438.9**	**380.9**
EUR	408.0	337.3
USD	17.8	18.7
CAD	5.5	7.4
CZK	2.9	6.0
PLN	1.4	5.3
CHF	1.1	1.2
HUF	0.8	1.1
CNY	0.7	1.0
GBP	0.5	0.5
SEK	0.3	2.4
Liabilities held for sale	**-**	**-**
Cash and cash equivalent	**333.1**	**206.0**
Net debt	**105.8**	**174.9**

2.4.16 Trade payables and other liabilities

€m	31.12.20	31.12.19
Trade payables	**171.1**	**177.6**
Current tax liabilities	**2.1**	**4.6**
Tax liabilities	22.5	15.1
Payroll tax payable	20.5	24.0
Advances and down payments on orders	0.7	0.7
Fixed asset payables	0.4	1.2
Other payables	4.5	4.8
Deferred income	0.9	1.0
Other current liabilities	**49.5**	**46.8**
Other non-current liabilities	**5.0**	**4.5**

All trade payables and other liabilities have a maturity of less than one year. Average supplier payment terms are around 60 days.

2.4.17 Financial instruments

2.4.17.1 Financial assets

31.12.19				Breakdown by category of instruments				
€m	Statement of financial position total	Current	Non-current	Fair value through P/L	Derivatives at fair value through P/L	Derivatives at fair value through items of OCI	Fair value through OCI not reclassified to P/L	Loans and receivables at amortized cost
Non-current financial assets	17.6	-	17.6	-	-	-	-	17.6
Trade receivables	152.2	152.2	-	-	-	-	-	152.2
Other assets	24.0	24.0	-	-	-	-	-	24.0
Derivatives	0.0	0.0	-	-	-	0.0	-	-
Cash and cash equivalents	206.0	206.0	-	206.0	-	-	-	-
Total financial assets	**399.8**	**382.2**	**17.6**	**206.0**	**-**	**0.0**	**-**	**193.8**

31.12.20				Breakdown by category of instruments				
€m	Statement of financial position total	Current	Non-current	Fair value through P/L	Derivatives at fair value through P/L	Derivatives at fair value through items of OCI	Fair value through OCI not reclassified to P/L	Loans and receivables at amortized cost
Non-current financial assets	18.3	-	18.3	-	-	-	-	18.3
Trade receivables	135.4	135.4	-	-	-	-	-	135.4
Other assets	19.3	19.3	-	-	-	-	-	19.3
Derivatives	0.2	0.2	-	-	-	0.2	-	-
Cash and cash equivalents	333.1	333.1	-	333.1	-	-	-	-
Total financial assets	**506.3**	**488.0**	**18.3**	**333.1**	**-**	**0.2**	**-**	**173.0**

2.4.17.1.1 Loans and receivables at amortized cost

			2020			2019
€m	Gross	Impairment	Net	Gross	Impairment	Net
Other non-current financial assets	19.5	(1.2)	18.3	18.8	(1.2)	17.6
Trade receivables	141.5	(6.1)	135.4	159.0	(6.8)	152.2
Other assets	19.3	-	19.3	24.1	-	24.0
Total	**180.3**	**(7.3)**	**173.0**	**201.9**	**(8.0)**	**193.8**

2.4.17.1.2 Financial assets at fair value through profit or loss or items of other comprehensive income

		2020		2019
€m	Current	Non-current	Current	Non-current
Financial derivatives	0.2	-	0.0	-
Cash and cash equivalents	333.1	-	206.0	-
Total	**333.3**	**-**	**206.0**	**-**

Financial derivatives classified as assets at December 31, 2020 are shown in §2.4.17.4. The Group uses hedge accounting when the effectiveness of a hedge can be demonstrated. Where this is not the case, the Group recognizes all changes in the fair value of hedging instruments through profit or loss.

2.4.17.1.3 Fair value of financial assets

31.12.19

€m	Listed price	Observable data model	Non-observable data model	Fair value	Statement of financial position
Non-current financial assets	-	-	17.6	17.6	17.6
Trade receivables	-	152.2	-	152.2	152.2
Other assets	-	24.0	-	24.0	24.0
Derivatives	-	0.0	-	0.0	0.0
Cash and cash equivalents	206.0	-	-	206.0	206.0
Total financial assets	**206.0**	**176.3**	**17.6**	**399.9**	**399.9**

31.12.20

€m	Listed price	Observable data model	Non-observable data model	Fair value	Statement of financial position
Non-current financial assets	-	-	18.3	18.3	18.3
Trade receivables	-	135.4	-	135.4	135.4
Other assets	-	19.3	-	19.3	19.3
Derivatives	-	0.2	-	0.2	0.2
Cash and cash equivalents	333.1	-	-	333.1	333.1
Total financial assets	**333.1**	**154.9**	**18.3**	**506.3**	**506.3**

2.4.17.1.4 Statement of changes in impairment of financial assets

€m	31.12.18	Translation differences	Reclassi-fications	Net charges	Changes in consolida-tion scope	31.12.19
Impairment of non-current financial assets	1.4	-	-	(0.1)	-	1.2
Impairment of trade receivables	7.3	-	(0.0)	(0.2)	(0.3)	6.8
Total	**8.6**	**-**	**(0.0)**	**(0.3)**	**(0.3)**	**8.0**

€m	31.12.19	Translation differences	Reclassi-fications	Net charges	Changes in consolida-tion scope	31.12.20
Impairment of non-current financial assets	1.2	-	-	-	-	1.2
Impairment of trade receivables	6.8	(0.1)	(0.0)	(0.5)	-	6.1
Total	**8.0**	**(0.1)**	**(0.0)**	**(0.5)**	**-**	**7.3**

2.4.17.2 Financial liabilities

31.12.19				Breakdown by category of instruments			
€m	Statement of financial position total	Current	Non-current	Fair value through P/L	Derivatives at fair value through P/L	Derivatives at fair value through items of OCI	Loans and receivables at amor-tized cost
Other non-current liabilities	4.5	-	4.5	-	-	-	4.5
Borrowings	380.9	126.3	254.6	-	-	-	380.9
Trade payables	177.6	177.6	-	-	-	-	177.6
Derivatives	0.9	0.9	-	-	-	0.9	-
Other liabilities	46.8	46.8	-	-	-	-	46.8
Total financial liabilities	**610.7**	**351.6**	**259.1**	**-**	**-**	**0.9**	**609.8**

31.12.20				Breakdown by category of instruments			
€m	Statement of financial position total	Current	Non-current	Fair value through P/L	Derivatives at fair value through P/L	Derivatives at fair value through items of OCI	Loans and receivables at amor-tized cost
Other non-current liabilities	5.0	-	5.0	-	-	-	5.0
Borrowings	438.9	91.7	347.2	-	-	-	438.9
Trade payables	171.1	171.1	-	-	-	-	171.1
Derivatives	1.2	1.2	-	-	-	1.2	-
Other liabilities	49.5	49.5	-	-	-	-	49.5
Total financial liabilities	**665.6**	**313.5**	**352.2**	**-**	**-**	**1.2**	**664.5**

2.4.17.2.1 Borrowings

The components of borrowings are set out in §2.4.15.

An assessment of the liquidity risk management process is set out in §2.4.17.3.2.

2.4.17.2.2 Derivatives

€m	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Financial derivatives	1.2	-	0.9	-
Total	**1.2**	**-**	**0.9**	**-**

Financial derivatives classified as liabilities at December 31, 2020 are shown in §2.4.17.4. In this case, financial derivatives are recognized under items of other comprehensive income, which resulted in a change of €-0.2 million at December 31, 2020. Where effectiveness is not demonstrated, the Group recognizes all changes in the fair value of hedging instruments through profit or loss.

An assessment of the interest rate and currency risk management process is set out in §2.4.17.3.2, 2.4.17.3.3 and 2.4.17.4, together with the terms of the hedging agreements.

2.4.17.2.3 Trade payables and other liabilities

The components of trade payables and other liabilities are set out in §2.4.16.

2.4.17.2.4 Fair value of financial liabilities

31.12.19

€m	Listed price	Observable data model	Non-observable data model	Fair value	Statement of financial position
Other non-current liabilities	-	4.5	-	4.5	4.5
Total borrowings	380.9	-	-	380.9	380.9
Trade payables	-	177.6	-	177.6	177.6
Derivatives	-	0.9	-	0.9	0.9
Other liabilities	-	46.8	-	46.8	46.8
Fair value of financial liabilities	**380.9**	**229.8**	**-**	**610.7**	**610.7**

31.12.20

€m	Listed price	Observable data model	Non-observable data model	Fair value	Statement of financial position
Other non-current liabilities	-	5.0	-	5.0	5.0
Total borrowings	438.9	-	-	438.9	438.9
Trade payables	-	171.1	-	171.1	171.1
Derivatives	-	1.2	-	1.2	1.2
Other liabilities	-	49.5	-	49.5	49.5
Fair value of financial liabilities	**438.9**	**226.8**	**-**	**665.6**	**665.6**

2.4.17.3 Management of risks relating to financial instruments

2.4.17.3.1 Credit and counterparty risk

94% of trade receivables were insured at December 31, 2020. The Group's exposure to credit and counterparty risk primarily relates to uninsured trade receivables. The Group is not in a position of commercial dependence on its customers. Moreover, the Group is not dependent on a specific supplier and only uses sub-contractors on an occasional basis.

All receivables have a maturity of less than one year. The payment terms usually offered to customers range between 30 and 120 days, depending on the region.

The gross value of customer payments in arrears at December 31, 2020 is set out below.

€m	31.12.20	31.12.19
Receivables not due and not impaired	**98.3**	**116.8**
Receivables overdue and impaired	**11.3**	**13.1**
<30 days	4.1	2.3
30 to 60 days	1.8	1.4
60 to 90 days	0.3	0.9
90 to 120 days	0.2	0.8
>120 days	4.8	7.6
Receivables overdue and not impaired	**31.9**	**29.2**
<30 days	26.0	20.9
30 to 60 days	3.7	6.2
60 to 90 days	0.9	1.5
90 to 120 days	0.2	0.3
>120 days	1.0	0.4
Total receivables	**141.5**	**159.0**

2.4.17.3.2 Interest rate and liquidity risk

2.4.17.3.2.1 Assessment of interest rate risk relating to balance sheet assets

Balance sheet assets' exposure to interest rate risk primarily relates to the Group's cash investments. These cash investments primarily consist of term deposits, where the risk is limited.

2.4.17.3.2.2 Assessment of interest rate risk relating to balance sheet liabilities

Balance sheet liability exposure to interest rate risk primarily relates to Group floating rate debt.

€m	31.12.20	31.12.19
Floating rate bank overdrafts, factoring & discounting	53.1	93.7
Floating rate borrowings	302.5	228.0
Of which hedged floating rate borrowings	195.0	195.0
Unhedge balance	**160.6**	**126.7**

55% of floating rate debt at December 31, 2020 was hedged by:

- swaps covering €155 million with a five-year term (Eur3M floored at 0% against fixed rates averaging 0.253%, expiring between 2021 and 2024);
- caps covering €40 million (Eur3M capped at 0% against payment of a 0.15% premium, expiring in 2024).

If these hedging agreements are taken into account, a ±1pp change in interest rates would have an impact of around €0.7 million on Group interest expense.

2.4.17.3.2.3 Assessment of liquidity risk

Based on non-discounted contractual cash flows covering both the principal amounts and interest, the debt payment schedule is as follows:

31.12.20			Maturity		
€m	Total borrowings	Contractual underta-kings	<1 year	1-5 years	>5 years
Long-term borrowings including short-term portion	**382.5**	**402.3**	**35.9**	**357.4**	**9.0**
Bank overdrafts, factoring, discounting	55.3	55.3	55.3	-	-
Accrued interest	1.0	1.0	1.0	-	-
Short-term borrowings	**56.3**	**56.3**	**56.3**	**-**	**-**
Total borrowings	**438.9**	**458.6**	**92.2**	**357.4**	**9.0**

As long and short-term borrowings primarily consist of euro-denominated debt, no exchange rate assumptions have been used.

The “Bank overdrafts, factoring, discounting” line only shows the principal amount.
Long-term debt (long and short-term portion) amounted to €382.5 million at December 31, 2020 and consisted of €81 million in fixed rate debt and €301.5 million in floating rate debt.

The contractual undertaking therefore corresponds to the debt shown on the balance sheet at December 31, 2020 plus future interest payments. The future interest payments were calculated on the basis of an average rate of 2.0% for unhedged loans.

Some loans are subject to compliance with the covenants set out in §2.5.4.

The Group has carried out a specific review of its liquidity risk and considers that it is able to meet its future liabilities as they fall due. As of December 31, 2020:

- Group cash and cash equivalents amounted to €333 million, including €255 million held by JACQUET METALS SA;
- JACQUET METALS SA had a revolving credit facility of €125 million, of which €20 million were used as well as other credit facilities;
- The subsidiaries had unused lines of credit amounting to €124 million.

The amount of used and unused lines of credit is set out in §2.5.3.

2.4.17.3.3 Currency risk

2.4.17.3.3.1 Currency hedging policies

The subsidiaries mainly purchase raw materials in euros. The Group’s exposure to currency risk mainly concerns the subsidiaries based in the UK, Sweden, Switzerland, Poland, USA, Canada, Turkey and China, in respect of purchases in euros, while other cash flows are denominated in the subsidiary’s functional currency.

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.

2.4.17.3.3.2 Currency risk on foreign currency investments in the subsidiaries

The net balance sheet positions for foreign currency investments in the subsidiaries by currency of origin are as follows:

€m	AED	CAD	CHF	CNY	CZK	DKK	GBP	HUF	KRW	PLN	SEK	TRY	USD	Total
Assets excluding intangible assets and PP&E	0.5	9.4	2.2	6.3	11.6	1.1	5.5	12.0	0.9	20.6	9.0	3.3	33.5	115.9
Liabilities excluding shareholders' equity	0.2	8.5	1.9	2.5	7.5	1.6	3.0	9.2	2.2	11.9	4.7	1.7	25.4	80.3
Net position before hedging	**0.3**	**0.9**	**0.3**	**3.8**	**4.1**	**(0.5)**	**2.5**	**2.8**	**(1.3)**	**8.7**	**4.3**	**1.6**	**8.1**	**35.6**
Off-balance sheet position	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net position after hedging	**0.3**	**0.9**	**0.3**	**3.8**	**4.1**	**(0.5)**	**2.5**	**2.8**	**(1.3)**	**8.7**	**4.3**	**1.6**	**8.1**	**35.6**

The other risks identified by the Group are country risk, price elasticity risk, the risk of fluctuations in metal prices.

2.4.17.4 Derivatives

These instruments, which are recognized in net financial expense or in items of other comprehensive income, were valued on the basis of expectations for interest and foreign exchange rates:

€m	31.12.19	Changes in consolida-tion scope	Increase	Decrease	Other items of OCI	31.12.20
Interest-rate derivatives	0.7	-	(0.0)	-	0.2	0.9
Currency derivatives	0.1	-	-	(0.0)	0.2	0.2
Total derivatives under liabilities	**0.9**	**-**	**(0.0)**	**(0.0)**	**0.4**	**1.2**
Interest-rate derivatives	0.0	-	-	-	(0.0)	-
Currency derivatives	-	-	0.0	-	0.2	0.2
Total derivatives under assets	**0.0**	**-**	**0.0**	**-**	**0.2**	**0.2**

An assessment of currency, interest rate and liquidity risk is set out in §2.4.17.3.2 and 2.4.17.3.3.

2.5 Off-balance sheet commitments

The Group's finance department conducts a thorough review of off-balance sheet commitments. The commitments given and received, as set out below, are presented on the basis of the principal amount outstanding on the liabilities to which they are attached.

2.5.1 Summary of commitments given and received

Off-balance sheet commitments break down as follows:

31.12.20				Maturity	
€m	31.12.20	31.12.19	<1 year	1-5 years	>5 years
Commitments received for financing transactions (guarantees)	**0.5**	**0.4**	**0.2**	**0.2**	**-**
Commitments given	**147.9**	**166.1**	**127.6**	**13.9**	**6.4**
Supplier guarantees	13.7	12.8	13.7	-	-
Guarantees given to banks	50.6	39.9	47.8	2.8	-
Documentary credit, letters of credit, SBLC	4.8	7.1	4.8	-	-
Comfort letters	40.8	55.0	29.7	4.7	6.4
Mortgages	14.7	15.6	8.3	6.4	-
Security interests on working capital	19.7	25.4	19.7	-	-
Guarantees	3.6	10.3	3.6	0.0	-

€m	Collateralized assets	Start date	Maturity	Total balance sheet item[1]	Coll. assets as % of balance sheet item
Mortgages on lands or buildings					
Belgium	6.2	20.01.2014	20.01.2024	7.4	84%
Switzerland	1.1	01.06.2011	30.06.2021	5.3	20%
Czech Republic	0.5	01.09.2014	01.07.2022	5.3	27%
	1.0	01.09.2014	31.05.2021		
Poland	4.6	19.09.2011	31.08.2021	5.7	100%
	1.0	15.11.2011	31.03.2021		
Sweden	0.4	06.12.2005	31.12.2021	0.4	100%
Total collateralized equipment	**14.7**				

[1] Total gross value of balance sheet item in the consolidated financial statements.

2.5.2 Contractual obligations

Until 2018, contractual obligations were mainly related to operating leases. In application of *IFRS 16* as from January 1, 2019, contractual obligations excluding the exemptions listed in §2.2.11, are henceforth recognized on the balance sheet; the payment schedule is presented in §2.4.4.

2.5.3 Lines of credit

Lines of credit break down as follows:

	2020			2019		
€m	Amount granted	Amount used	Amount available	Amount granted	Amount used	Amount available
Financements JACQUET METALS SA	**544.3**	**379.6**	**164.6**	**492.9**	**282.8**	**210.1**
Of which revolving term loan	125.0	20.0	105.0	125.0	-	125.0
Of which Schuldscheindarlehen (private placement of debt instruments under German law)	220.0	220.0	-	186.0	186.0	-
Of which lines of credit / facilities	199.3	139.6	59.6	181.9	96.8	85.1
Subsidiaries	**183.4**	**59.2**	**124.2**	**180.7**	**98.2**	**82.5**
Total	**727.7**	**438.9**	**288.8**	**673.6**	**380.9**	**292.6**

2.5.4 Bank covenants

Financing covenants mainly apply to the syndicated revolving loan and the German private placement (Schuldscheindarlehen or SSD) contracted by JACQUET METALS SA. 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 (of which €20 million were 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:
  - net 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: February 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: net 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: net debt to equity ratio (gearing) less than 100%.

All financing covenants were in compliance at December 31, 2020.

2.6 Information on related parties

Related parties have been defined as the corporate officers of the Company (JACQUET METALS SA). The subsidiaries' senior managers were not considered as related parties inasmuch as their responsibility is limited to a fraction of the Group's sales or assets.

Assets owned directly or indirectly by related parties that are used as part of the Group's operations:

€k	Sites	2020 rent (excl. VAT)	2019 rent (excl. VAT)	Tenants
JERIC SARL	Saint Priest - France (69)	645	633	JACQUET METALS SA
	Villepinte - France (93)	208	205	JACQUET METALS SA
	Saint Priest - France (69)	0	38	JSP
SCI Cité 44	Lyon - France (69)	586	509	JACQUET METALS SA
	Lyon - France (69)	40	39	Metal Services
SCI de Migennes	Migennes - France (89)	222	221	JACQUET METALS SA
SCI Rogna Boue	Grésy sur Aix - France (73)	134	132	Détail Inox
JSA Holding Bochum	Bochum - Germany	528	520	Quarto Deutschland
JSA Holding Deutschland	Dusseldörf - Germany	-	292	Abraservice Deutschland

Related-party transactions are performed under normal arm's length market conditions.

2.7 Changes in the consolidated cash position

The statement of changes in the consolidated cash position is shown on a net basis, after offsetting translation differences and changes in the consolidation scope.

Timing differences between financial expenses recognized for the period and expenses paid are taken into account in the cash position statement, but remain non-material.

€m	31.12.19	Change in working capital	Other	Translation differences	31.12.20
Inventory and work-in-progress	442.5	(70.5)	0.0	(4.4)	367.7
Trade receivables	152.2	(14.3)	0.0	(2.6)	135.4
Trade payables	(177.6)	4.1	0.3	2.2	(171.1)
Net operating working capital	**417.1**	**(80.6)**	**0.3**	**(4.8)**	**331.9**
Other assets	24.0	(4.6)	0.0	(0.1)	19.3
Other liabilities	(46.8)	(2.8)	(0.1)	0.3	(49.5)
Working capital before taxes and financial items	**394.4**	**(88.1)**	**0.2**	**(4.7)**	**301.7**

Further information on investing activities

Investments are set out in §2.4.2 and 2.4.3.

Further information on financing activities

A dividend of €0.20 per share was paid by JACQUET METALS SA in 2020, entailing a total payout of €4.6 million. A further €1.7 million was paid to minority shareholders in the subsidiaries.

Changes in borrowings may be summarized as follows:

€m	31.12.19	Cash flow	Translation differences	Reclassi-fication between short and long-term portions	31.12.20
Long-term borrowings	**254.6**	**124.8**	**(0.2)**	**(32.1)**	**347.2**
Portion of long-term borrowings due < 1 year	29.0	(25.7)	(0.0)	32.1	35.4
Bank overdrafts, factoring, discounting	96.7	(40.3)	(1.1)	0.0	55.3
Short-term borrowings excluding accrued interest	**125.7**	**(66.0)**	**(1.1)**	**32.1**	**90.7**

The "New borrowings" line in the cash flow statement (€124.8 million) corresponds to new borrowings recognized under long-term borrowings on the balance sheet.

The €-66 million outflow corresponding to short-term borrowings is shown on the "Change in borrowings" line of the cash flow statement.

The other changes correspond mainly to the shares buyback.

2.8 Statutory auditors' fees

Statutory auditors' fees amounted to €1,517,000 in 2020 and broke down as follows:

	EY		Grant Thornton		Other		Total	
€k	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Audit								
Independent audit, certification, review of parent company and consolidated financial statements								
Issuer	154	210	164	170	-	-	318	380
Fully consolidated subsidiaries	564	532	491	552	123	112	1,178	1,196
Services other than the certification of the financial statements								
Issuer	16	134	5	401	-	-	21	535
Fully consolidated subsidiaries	-	-	-	-	-	-	-	-
Sub-total	**734**	**876**	**660**	**1,123**	**123**	**112**	**1,517**	**2,111**
Other services provided by the networks to fully consolidated subsidiaries								
Legal, tax and corporate services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Sub-total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**734**	**876**	**660**	**1,123**	**123**	**112**	**1,517**	**2,111**

2.9 Post balance sheet events

None.

Statutory auditor's report on the consolidated financial statements

GRANT THORNTON
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CS 60095 - 69463 Lyon Cedex 06
S.A.S. au capital de € 2 297 184
632 013 843 R.C.S. Nanterre
Statutory Auditor
Member of Compagnie Régionale
de Versailles et du Centre

ERNST & YOUNG et Autres
Tour Oxygène • 10-12, boulevard Marius Vivier Merle
69393 Lyon Cedex 03
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438 476 913 R.C.S. Nanterre
Statutory Auditor
Member of Compagnie Régionale
de Versailles et du Centre

JACQUET METALS (formerly Jacquet Metal Service) • Year ended December 31, 2020

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English speaking users.
This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders of JACQUET METALS,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Jacquet Metals for the year ended December 31, 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of Assessments - Key Audit Matters

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

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, as approved in the above-mentioned context, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Valuation of goodwill

Risk identified

As of 31 December 2020, the net value of the group’s goodwill is €66.3m for a total balance sheet of €1.208m. The group performs impairment tests on its goodwill, according to the methods described in Notes 2.8 and 2.4.1 to the consolidated financial statements.

As stated in Note 2.8 to the consolidated financial statements, impairment testing consists in determining the recoverable amount of a Cash Generating Unit, which is the higher of the value in use and the fair value. The value in use is determined based on projected discounted operating cash flows taken from five-year business plans, and a terminal value based on the capitalization of cash flows to infinity.

We considered the valuation of this goodwill to be a key audit matter given its materiality in the group’s accounts and the use of assumptions and estimates required for the assessment of their recoverable amount.

Our response

Within the scope of our audit of the consolidated financial statements, our work notably consisted in:

- examining the methods of implementation of the impairment tests;
- corroborating, in particular through interviews with management, the main data and assumptions on which the estimates used are based, notably the cash flow forecasts, the long-term growth rates and the discount rates;
- analyzing the consistency of the cash flow forecasts with business plans prepared by management, past performance and regarding the group economic environment;
- assessing, with the support of our valuation experts, the appropriateness of the valuation model, the long-term growth rates and the discount rates used compared to market benchmarks;
- performing our own sensitivity valuation to corroborate the analyses carried out by management.

In addition we assessed the appropriateness of the information disclosed in Note 2.4.1 to the consolidated financial statements.

Valuation of inventories

Risk identified

Inventories and work-in-progress are recorded in the consolidated balance sheet as at 31 December 2020 for the net amount of €368m and represent 30% of the consolidated balance sheet.

As stated in Note 2.2.13 to the consolidated financial statements, inventories are valued at the lower of their weighted average cost price and net realizable value. At each year-end, management assesses the net realizable value of inventories, which corresponds to their estimated selling price in the ordinary course of business, less selling costs.

We considered the valuation of inventories to be a key audit matter given their materiality in the group's accounts and the use of estimates necessary for the assessment of their net realizable value.

Our response

Our work consisted in assessing the data and assumptions used by management to determine the net realizable value and identify the items that should be recorded at this value.
We performed the following tasks:

- we familiarized ourselves with the internal control procedures and the method implemented to estimate impairments and identify the items concerned;
- we tested the effectiveness of the key controls relating to these procedures;
- we assessed the consistency of the methods used to determine the net realizable value;
- we tested the correct application of the method, using sampling techniques on the most significant components.

Valuation of provisions for liabilities and charges

Risk identified

As at 31 December 2020, provisions for employee disputes, restructuring costs and customer and supplier disputes amount to €36.2m.

The estimation of the impacts of these liabilities or restructuring costs and the related provisions required considerable use of judgement by management, notably to assess the probability of an outflow of resources and estimate the amount of the obligation. We therefore considered these items to constitute a key audit matter.

Our response

We examined the procedures set up by the group to identify and list all the liabilities and charges.

Our work also consisted in:

- familiarizing ourselves with the analysis of the liabilities and charges performed by the group and its advisers, and examining the corresponding documentation;
- studying the main liabilities and charges identified;
- performing confirmation procedures of lawyers and advisers;
- examining management' assumptions and the data used to evaluate the amount of the provisions.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information relating to the Group given in the Board of Directors' management report.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.
We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code (Code de commerce) is included in the Group management report, it being specified that, in accordance with Article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein.

Report on Other Legal and Regulatory Requirements

Format of presentation of the financial statements intended to be included in the annual financial report

In accordance with Article 222-3, III of the General Regulation of the AMF (Autorité des Marchés Financiers), your Company's Management informed us of its decision to postpone the application of the European single electronic format as defined in Commission Delegated Regulation (EU) No 2019/815 of December 17, 2018 to years beginning on or after January 1, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (Code monétaire et financier).

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Jacquet Metals by the annual general meeting held on June 26, 2014 for GRANT THORNTON and on June 30, 2011 for ERNST & YOUNG et Autres.

As at December 31, 2020, GRANT THORNTON and ERNST & YOUNG et Autres were in the 7th year and 10th year of total uninterrupted engagement respectively. Previously, ERNST & YOUNG Audit had been statutory auditor from 2005 to 2010.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements.
- Assesses the appropriateness of Management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Lyon, March 26, 2021

The statutory auditors
French Original signed by:

GRANT THORNTON
French Member of Grant Thornton International
Robert Dambo • Partner

ERNST & YOUNG et Autres
Lionel Denjean • Partner

4 Management report - Information on the parent company JACQUET METALS SA

JACQUET METALS SA, hereinafter the "Company", holds equity interests in the Group subsidiaries on a direct or indirect basis. Its main roles are as follows:

- determining Group strategy and development;
- developing and maintaining information systems;
- controlling, coordinating and negotiating purchasing terms with the main producers;
- financial control, financing management, financial reporting and investor relations;
- corporate communications.

The Company financial statements for the year ended December 31, 2020 were prepared in accordance with French statutory requirements and in accordance with the same accounting principles and policies as those applied in the preparation of the previous year's financial statements.

4.1 2020 financial position and earnings

4.1.1 Income statement

€k	2020	2019
Sales	21,561	27,203
Operating income / (loss)	(3,255)	(4,991)
Net financial income	7,300	9,674
Net non-recurring income / (expense)	(128)	6,026
Net income	**2,753**	**12,453**

JACQUET METALS SA posted sales of €22 million for 2020. Sales correspond to services invoiced to the subsidiaries, which are mainly management and IT services. The change in sales was partly related to the Group's operations.
The 2020 operating loss amounted to €3.3 million.

Meanwhile, net financial income amounted to €7.3 million, including €8.6 million in dividends received from the subsidiaries.

In view of these conditions, the Company's net income amounted to €2.8 million.

4.1.2 Balance sheet

€k	2020	2019
Financial assets	168,799	170,600
Intangible assets and PP&E	5,468	5,290
Cash and cash equivalents	254,712	160,076
Other assets	235,211	222,174
Total assets	**664,190**	**558,140**
Shareholders' equity	201,332	208,334
Debt	432,062	320,581
Other liabilities	30,796	29,224
Total equity and liabilities	**664,190**	**558,140**

Financial assets

Financial assets amounted to €168.8 million at December 31, 2020, and broke down as follows:

€k	31.12.20	31.12.19
Equity investments	139,549	139,549
Loans and advances to subsidiaries	22,002	24,556
Other financial assets	7,249	6,495
Total net financial assets	**168,799**	**170,600**

Cash and cash equivalents

Net cash and cash equivalents at December 31, 2020 amounted to €239 million, of which €127 million invested in interest-bearing accounts.

Other assets

Other assets, which amounted to €235.2 million at the end of 2020, primarily consist of receivables payable by the subsidiaries (including cash pooling accounts).

Debt

Debt amounted to €432 million at December 31, 2020 and mainly comprised:

- €364 million in loans and other borrowings contracted with credit institutions (of which €220 million relating to the Schuldscheindarlehen);
- €52 million of debts from subsidiaries (including cash pooling accounts).

Other liabilities

Other liabilities amounted to €30.8 million at the end of 2020 and mainly comprised operating liabilities (€23.1 million), provisions for employee benefit obligations valued by external actuaries (€3.6 million) and provisions for risk of change (€1.7 million).

Trade receivables and payables payment schedule

€k	Article D. 441 I.-1: Past due invoices RECEIVED and unpaid at year-end						Article D. 441 I.-2: Past due invoices ISSUED and unpaid at year-end					
Ⓐ **Late payment tranches**	0 days (indic.)	1 > 30 days	31 > 60 days	61 > 90 days	≥91 days	Total ≥1 days	0 days (indic.)	1 > 30 days	31 > 60 days	61 > 90 days	≥91 days	Total ≥1 days
Number of invoices concerned	306					232	214					151
Total amount of invoices concerned (incl. tax)	5,439	825	59	3	113	999	7,370	114	8	2	170	294
% of total purchases during the year (incl. tax)	*19%*	*3%*	*0%*	*0%*	*0%*	*3%*						
% of sales during the year (incl. tax)							*26%*	*0%*	*0%*	*0%*	*1%*	*1%*

Ⓑ **Invoices not included in Ⓐ relating to disputed or unrecognized receivables and payables**		
Number of invoices excluded	**1**	**24**
Total amount (including tax) of excluded invoices	**590**	**520**

4.2 Share capital

During the 2020 financial year, the share capital was reduced by the cancellation of 567,125 shares with a total value of €864,576.69. At December 31, 2020, it comprised 23,461,313 shares representing a total amount of €35,766,549.47.

4.3
List of branch offices

The Company has two other establishments in addition to its registered office at 7 rue Michel Jacquet, Saint Priest (69800), located at:

- 44, quai Charles de Gaulle - Cité Internationale, Lyon (69006);
- 21, rue Auber, Paris (75009).

4.4
Progress and outlook

The Company will continue to drive Group strategy and manage its direct and indirect equity investments in its various subsidiaries. The Group's progress and outlook are set out in Management Report - Information on the Group.

4.5
Share buyback program and treasury stock

disclosures pursuant to Article L. 225-211, para 2 of the French Commercial Code

The General Meetings held on June 28, 2019 and June 26, 2020 authorized, in their twelfth and twenty-eighth resolutions respectively, the Board of Directors to implement a share buyback program (the "Buyback Program") in order to:

- boost the liquidity of transactions and the regular listing of the Company's shares, or avoid any share price discrepancies not justified by market trends, as part of a liquidity agreement entered into with an investment service provider acting on a fully independent basis, under the conditions and in accordance with the procedures determined by the regulations and recognized market practices, in compliance with a code of conduct recognized by the French market regulator (Autorité des Marchés Financiers or AMF);
- grant shares to officers or employees of the Company and/or Group companies under the terms and conditions established by the applicable statutory and regulatory provisions, in relation to (I) sharing the benefits of the Company's expansion, (II) the stock option system provided for by Articles L. 225-179 et seq. of the French Commercial Code, (III) the free share system provided for by Articles L. 225-197-1 et seq. of the French Commercial Code, and (IV) a company savings plan, as well as to execute all hedging transactions related to these operations, under the conditions established by market regulators and at such times as the Board of Directors or the person acting as its representative so decides;
- deliver shares upon the exercise of rights attached to transferable securities granting immediate or subsequent entitlement to the award of shares in the Company, via redemption, conversion, exchange, presentation of a warrant or any other means, as well as to perform any hedging transactions relating to the issuance of such securities, under the conditions provided for by the market regulatory authorities and at such times as the Board of Directors or the person acting on its authority so decides;
- retain shares and allocate them subsequently in payment or exchange in connection with potential acquisitions, mergers, demergers or contributions;
- cancel all or some of the shares by means of a capital reduction (particularly in order to optimize cash management, return on equity or earnings per share);
- and in view of any other practice that may be recognized by the law or by the AMF in the future, or for any other purpose that would enable the Company to benefit from the assumption of irrevocable legitimacy as provided for by Regulation No. 596/2014 issued by the European Parliament and Council on April 16, 2014.

The terms and conditions of the Share Buyback Program are as follows:

- From January 1 to June 25, 2020, the maximum price at which the Company may buy back its own shares was set at €70 and, from June 26, 2020, at €50 per share;

- The number of shares purchased by the Company during the term of the share buyback program may not exceed 10% of the shares that make up the Company's share capital (this percentage shall apply at all times to the share capital as adjusted in accordance with transactions affecting it), on the understanding that i) in the case of shares purchased under a liquidity agreement, the number of shares taken into consideration for the calculation of the aforementioned cap of 10% of the share capital shall be equal to the number of shares purchased less the number of shares resold during the term of this authorization, and ii) the number of shares purchased in order to be subsequently tendered as part of a merger, demerger or contribution may not exceed 5% of the Company's share capital at the time of purchase;
- The Buyback Program is valid for eighteen months from the date of authorization by the General Meeting of June 26, 2020.

In 2020, the Company implemented the Buyback Program. As part of the program, a purchase mandate was signed on February 26, 2020 with ODDO BHF SCA under which ODDO BHF SCA undertook to acquire shares in the Company on behalf of the Company with a view to their cancellation. The purchase mandate complies with the requirements of market practices accepted by the AMF.

During the 2020 financial year, the Company bought back 686,952 JACQUET METALS shares (including 25,160 shares repurchased as part of the liquidity contract and transferred with a view to cancellation following the reduction of the liquidity contract (see §4.7), i.e. 2.86% of the share capital as of December 31, 2019:

- 567,125 shares were canceled following the Board of Directors' meeting of May 13, 2020 pursuant to the Buyback Program;
- 119,827 shares were bought back with a view to their cancellation as part of the Buyback Program.

Following this operation, the Company's share capital comprises 23,461,313 shares.

Negotiation costs relating to these share buybacks amounted to €11,000.

Accordingly, the number of treasury shares at December 31, 2020 was 478,574 shares, representing 2.04% of the share capital at a net book value of €6.1 million:

- at December 31, 2020, 318,747 treasury shares were allocated for the purpose of being exchanged or used as payment as part of potential acquisitions provided for by the Buyback Program, and were recognized under "Financial assets" at a net book value of €4.4 million;
- 119,827 treasury shares are held under the Buyback Program, and were recognized under "Financial assets" at a net book value of €1.2 million;
- 12,500 treasury shares are held for the purpose of allocating them to corporate officers or employees and were recognized under "Cash" at a net book value of €0.2 million;
- 27,500 shares are held as treasury shares as part of the liquidity agreement, and were recognized under "Financial assets" at a net book value of €0.3 million.

As of the filing date of this universal registration document, the number of shares purchased since the implementation of the Buyback Program is 686,952 shares, and the number of treasury shares amounts to 458,074, representing 1.95% of the share capital.

The Company did not grant any stock options during the year.

4.6 Free share awards (FSA)

Disclosures pursuant to Article L. 225-197-4 of the French Commercial Code

The thirty-fourth resolution of the June 29, 2018 General Meeting authorized the Board of Directors to award existing or future free shares to the beneficiaries that it shall determine among the salaried employees and executive corporate officers of the Company or related entities, within the meaning of Article L. 225-197-2 of the French Commercial Code, subject to a cap of 3% of the Company's share capital as of the date of the Board's decision to award the free shares, on the understanding that the cap on the shares awarded to the Company's executive corporate officers is equal to 1% of the Company's share capital.

The term of the authorization was set at thirty-eight months as from June 29, 2018.

The Board of Directors, acting under this authorization, adopted on March 11, 2020 a free share allocation plan governing the granting of free shares to beneficiaries determined by the Board.

The free shares include:

a • a vesting period
The vesting date for the free shares granted by the Board of Directors on March 11, 2020 was set by the Board of Directors (I) at March 31, 2022 for 2,500 shares,(II) at December 31, 2022 for 2,500 shares,(III) at March 31, 2023 for 2,500 shares, and (IV) at December 31, 2023 for 2,500 shares.
At the end of this vesting period, the beneficiaries will become definitive shareholders of the Company, subject to compliance with the following conditions and criteria.

b • a condition of continued employment
The vesting of shares requires each beneficiary to remain an employee and/or executive corporate officer of the company or of entities related to it as defined by Article L. 225-197-2 of said Code, without interruption and until the end of the vesting period. As such, the termination of the employment contract and/or their duties as corporate officers during the vesting period, for any reason whatsoever, shall result in the beneficiary's loss of the right to the free share awards, subject to the free share plan.
However, pursuant to the provisions of Article L. 225-197-3, paragraph 2 of the French Commercial Code, in the event of the beneficiary's death, his or her heirs may request the granting of the shares within the six months that follow.

4.6.1 FSAs decided in 2020

On March 11, 2020, the Board of Directors decided to grant 10,000 free shares in JACQUET METALS SA. This allocation does not concern corporate officers and directors. As of December 31, 2020, there were no free shares yet to definitively vest to corporate officers and directors.

4.6.2 Valuation of free share plan

At December 31, 2020, the company's commitment regarding treasury shares allocated to free share plans was valued at €158,000. This commitment is determined based on the share price on the allotment date and the probability of the shares being granted on the closing date. This commitment is recorded as a €63,000 provision, after amortization over 24 to 46 months from the share allotment date, recognized under "Personnel expenses".

4.7 Liquidity agreement

In accordance with AMF Decision No. 2018-01 of July 2, 2018 concerning the maximum resources that may be allocated to liquidity contracts, in April 2020 the Company reduced the amount of its 2019 contract with ODDO BHF SCA. As such, 25,160 JACQUET METALS shares were reallocated to the share cancellation plan. Following this reduction, the resources allocated to the dedicated liquidity account for the implementation of this contract included 35,417 shares and €200,000.

At December 31, 2020, the liquidity account comprised 27,500 shares with a market value of €0.3 million and €0.3 million in cash.

In 2020, 186,565 shares were purchased at an average price of €11.54 per share, and 173,985 shares were sold at an average price of €11.67 per share. Fees relating to these share buybacks amounted to €40,000.

4.8 Identity of shareholders exceeding statutory thresholds

In accordance with Article L. 225-123 of the French Commercial Code, double voting rights are granted to shares held in registered form for over two years. The number of shares with double voting rights at December 31, 2020 was 9,751,384.
The voting right percentages are calculated in accordance with the provisions of Article 223-11 of the AMF General Regulation (concerning all shares with voting rights, including treasury shares stripped of voting rights).

The breakdown of the share capital and voting rights over the past three financial years was as follows:

			31.12.20			31.12.19			31.12.18
	No. shares	% of share capital	% voting rights	No. shares	% of share capital	% voting rights	No. shares	% of share capital	% voting rights
JSA / Éric Jacquet	9,688,471	41.30%	58.26%	9,688,471	40.32%	57.28%	9,688,471	40.32%	57.28%
Free float	13,294,268	56.66%	40.30%	13,966,140	58.12%	41.61%	13,966,081	58.12%	41.61%
Treasury shares	478,574	2.04%	1.44%	373,827	1.56%	1.11%	373,886	1.56%	1.11%
Total	**23,461,313**	**100.00%**	**100.00%**	**24,028,438**	**100.00%**	**100.00%**	**24,028,438**	**100.00%**	**100.00%**

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 JACQUET METALS SA at December 31, 2020.

At the date on which this universal registration document was filed and on the basis of threshold disclosures received by the Company, the following shareholders of JACQUET METALS SA held more than 5% of the Company's share capital or voting rights:

	No. shares	% of share capital	theoretical voting rights	% of theoretical voting rights	exercisable voting rights in GM	% exercisable voting rights in GM
JSA / Éric Jacquet	9,688,471	41.30%	19,350,441	58.26%	19,350,441	59.07%
Amiral Gestion [1]	2,142,001	9.13%	2,142,001	6.45%	2,142,001	6.54%
Concert R.W. Colburn [2]	1,440,966	6.14%	1,440,966	4.34%	1,440,966	4.40%
Moneta Asset Management [3]	1,320,000	5.63%	1,320,000	3.97%	1,320,000	4.03%
Other shareholders	8,411,801	35.85%	8,503,598	25.60%	8,503,598	25.96%
Treasury shares	458,074	1.95%	458,074	1.38%	0	0.00%
Total	**23,461,313**	**100%**	**33,215,080**	**100%**	**32,757,006**	**100%**

[1] Information dated February 12, 2021. The Company has not received any additional information since that date.
[2] Information dated March 12, 2014. The Company has not received any additional information since that date.
[3] Information dated August 27, 2019. The Company has not received any additional information since that date.

At the date this universal registration document was filed and on the basis of legal threshold declarations received by the Company, the Company is not aware of any crossing of legal thresholds after the 2020 balance sheet date.

In accordance with Article L. 233-3 II of the French Commercial Code, Éric Jacquet and JSA are considered to have effective control over JACQUET METALS SA insofar as they hold over 40% of the voting rights, and no other shareholder holds a more significant interest either directly or indirectly.

Given the measures adopted within the governance structures, the Company considers that there is no risk of abusive control, namely:

- the Board of Directors comprised 10 members, 8 of whom are considered to be independent. All Appointment and Compensation Committee members and three-quarters of the Audit and Risk Committee members are also considered independent;
- The operation of the Board of Directors is governed by internal regulations that set down rules concerning disclosure in the event of a conflict of interest involving a director;
- The Board of Directors is consulted to give its prior consent to material investments and divestments;
- The Company is also represented by a Deputy Chief Executive Officer.

4.9 Dividends paid in respect of the last three financial years

€	2019	2018	2017
Net dividend per share	0.2	0.7	0.7
Distributed earnings eligible for the allowance (reduction provided for in Article 158-3 of the French Tax Code)	**0.2**	**0.7**	**0.7**

4.10 Share transactions by corporate officers

In accordance with Article L. 621-18-2 of the French Monetary and Financial Code and Article 223-23 of the AMF General Regulation, transactions involving the Company's financial instruments performed by each member of the Board of Directors and any "related parties" must be disclosed where the total amount of the transactions performed by each director exceeds €20,000 per calendar year.
The Company was not informed of any other transaction referred to in Article L. 621-18-2 of the French Monetary and Financial Code during the period.

4.11 Transactions performed in relation to stock options reserved for the Company's employees

None.

4.12 Intercompany loans

In addition to its main business activity, the Company did not grant any loans maturing within less than two years to micro-companies, SMEs or mid-tier companies with which it maintains business ties justifying such loans.

4.13 Staff information

JACQUET METALS SA's staff consisted of 12 people at December 31, 2020.

4.14 Gouvernance

The Board of Directors' operating procedures are described in the internal regulations adopted by the Board on July 20, 2010 and amended by the Board on January 22, 2014, June 30, 2016, March 7, 2018, March 13, 2019, and March 9, 2021.

In 2020, the Board of Directors comprised twelve members until the General Meeting of June 26, 2020, and ten members after:

- Éric Jacquet;
- Jean Jacquet;
- Gwendoline Arnaud;
- Jacques Leconte;
- Henri-Jacques Nougein;
- Séverine Besson-Thura;
- Alice Wengorz;
- JSA SA;
- Dominique Takizawa since June 26, 2020;
- Pierre Varnier since June 26, 2020;
- Françoise Papapietro until June 26, 2020;
- Wolfgang Hartmann until June 26, 2020.

At its meeting on March 9, 2021, the Board of Directors established the list of directors considered as independent as follows:

- Jean Jacquet (not related to Éric Jacquet);
- Gwendoline Arnaud;
- Jacques Leconte;
- Henri-Jacques Nougein;
- Séverine Besson-Thura;
- Alice Wengorz;
- Dominique Takizawa;
- Pierre Varnier.

The Board of Directors made the following appointments at its meeting on June 26, 2020:

- as Chairman of the Board of Directors and Chief Executive Officer: Éric Jacquet, for the term of his office as Director;
- as Vice-Chairman: Jean Jacquet, for the term of his office as director;
- as Deputy Chief Executive Officer: Philippe Goczol, for the period during which Éric Jacquet will perform his duties as Chief Executive Officer.

Appointment and Compensation Committee

Since June 26, 2020 the Appointment and Compensation Committee has comprised the following members:

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

Audit and Risk Committee

Since June 26, 2020 the Audit and Risk Committee has comprised the following members:

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

4.15 Appropriation of 2020 earnings

The General Meeting's decision was not known at the time this document was prepared.

4.16 Non-deductible expenses referred to in Articles 39-4 and 223 of the French General Tax Code

The amount of the expenses referred to in Articles 39-4 and 223 of the French Tax Code was €3,792 for 2020, and the corresponding tax was €1,062.

4.17 Material events occurring between the balance sheet date and the date when the report was prepared

None.

4.18 Research and development activities

None.

4.19 Key figures over the past five years

€k	2020	2019	2018	2017	2016
Share capital at year-end					
Share capital	35,767	36,631	36,631	36,631	36,631
Number of ordinary shares outstanding	23,461,313	24,028,438	24,028,438	24,028,438	24,028,438
Operations and results for the year					
Sales before tax	21,561	27,203	29,004	25,850	24,779
Profit before tax and calculated charges (depreciation, amortization and provisions)	7,456	11,735	17,855	13,620	13,835
Income tax	1,163	(1,744)	(1,149)	74	1,056
Employee profit-sharing	-	-	-	-	-
Profit after tax and calculated charges (depreciation, amortization and provisions)	2,753	12,453	18,122	12,092	11,700
Earnings distributed (year of payment)	4,615	16,562	16,584	11,847	9,461
Earnings per share (€)					
Profit after tax and before calculated charges (depreciation, amortization and provisions)	0,27	0,56	0,79	0,56	0,53
Profit after tax and calculated charges (depreciation, amortization, and provisions)	0,12	0,52	0,75	0,50	0,49
Dividend per share in circulation (year of payment)	0,20	0,69	0,69	0,49	0,39
Staff					
Average headcount during the year	12	12	12	13	15
Total payroll for the year	2,664	3,385	3,597	2,455	1,105
Total employee benefits paid during the year (social security, corporate welfare, etc.)	1,007	1,607	2,045	1,196	1,344

4.20 Information on subsidiaries and shareholdings

Information on subsidiaries and shareholdings is provided in §5.5.2 Financial Assets to the 2020 JACQUET METALS SA financial statements.

4.21 Internal control and risk management procedures relating to the preparation and processing of accounting and financial information

This information is provided in the Risk Management section of this Universal Registration Document.

4.22 Non-financial statement

The Non-financial statement is presented in a dedicated section within this Universal Registration Document.

Income statement

€k	Notes	2020	2019
Services	5.4.1	21,561	27,203
Sales	**5.4.1**	**21,561**	**27,203**
Reversal of depreciation and provisions		214	215
Other income	5.4.2	2,824	2,728
Transfer of charges	5.4.2	2,483	3,729
Total operating income		**27,082**	**33,875**
Purchases and external expenses		(23,811)	(31,082)
Miscellaneous taxes		(599)	(603)
Wages and salaries		(2,664)	(3,385)
Payroll tax		(1,007)	(1,607)
Depreciation, amortization and provisions		(2,006)	(1,672)
Other charges		(250)	(517)
Total operating expenses	**5.4.3**	**(30,337)**	**(38,866)**
Operating income / (loss)	**5.4.3**	**(3,255)**	**(4,991)**
Income from equity investments		8,639	7,855
Other interest and related income		5,495	5,362
Provision reversals and transfer of financial expenses		15	447
Foreign exchange gains		2,702	1,593
Net gains on sale of short-term investment securities		-	-
Financial income	**5.4.4**	**16,851**	**15,257**
Depreciation, amortization and provisions		(1,763)	(15)
Interest and related expenses		(6,581)	(3,896)
Foreign exchange losses		(1,207)	(1,671)
Financial expenses	**5.4.4**	**(9,551)**	**(5,582)**
Net financial income	**5.4.4**	**7,300**	**9,674**
Income before tax		**4,044**	**4,683**
Non-recurring income from operating transactions		-	7
Non-recurring income from capital transactions		92	24,584
Provision reversals and expense transfers		-	-
Non-recurring income	**5.4.5**	**92**	**24,591**
Non-recurring expenses related to operating transactions		-	(200)
Non-recurring expenses related to capital transactions		(220)	(18,366)
Depreciation, amortization and provisions		-	-
Non-recurring expenses	**5.4.5**	**(220)**	**(18,566)**
Net non-recurring income / (expense)		**(128)**	**6,026**
Employee profit-sharing		-	-
Corporate income tax	5.4.6, 5.4.7, 5.4.8	(1,163)	1,744
Net income		**2,753**	**12,453**

Balance sheet at December 31

€k				31.12.20	31.12.19
Assets	**Notes**	**Gross**	**Dep. amort. prov.**	**Net**	**Net**
Intangible assets	5.5.1	15,124	14,413	711	1,096
Property, plant and equipment	5.5.1	10,339	5,582	4,757	4,194
Financial assets	5.5.1, 5.5.2	181,185	12,386	168,799	170,600
Non-current assets		**206,648**	**32,381**	**174,267**	**175,890**
Advances and deposits paid	5.5.3	-	-	-	1
Operating receivables	5.5.3	8,186	434	7,752	10,715
Miscellaneous receivables	5.5.3	223,906	-	223,906	209,477
Cash and cash equivalents	5.5.4	254,712	-	254,712	160,076
Current assets		**486,804**	**434**	**486,370**	**380,268**
Accrued income and prepaid expenses	5.5.5	3,553	-	3,553	1,981
Total assets		**697,006**	**32,816**	**664,190**	**558,140**
Equity and liabilities					
Shareholders' equity	**5.6.1, 5.6.3**			**201,332**	**208,334**
Provisions for contingencies and charges	**5.6.4**			**6,470**	**4,827**
Loans from credit institutions	5.6.5			364,013	269,734
Bank overdrafts	5.6.5			15,622	13,025
Other borrowings	5.6.5			52,427	37,821
Total borrowings				**432,062**	**320,581**
Trade payables and related accounts	5.6.5			8,509	9,551
Tax and social security liabilities	5.6.5			2,664	3,692
Operating liabilities				**11,173**	**13,244**
Liabilities relating to non-current assets and related accounts	5.6.5			146	6
Other payables	5.6.5			11,898	10,431
Miscellaneous payables				**12,044**	**10,437**
Total liabilities				**455,279**	**344,262**
Accrued income and prepaid expenses	5.6.6			1,108	716
Total equity and liabilities				**664,190**	**558,140**

The notes to the financial statements form an integral part of the financial statements.

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Notes to the financial statements of JACQUET METALS SA (the Company)

5.1 Headlines

The Company's name was changed to JACQUET METALS SA at the General Meeting of June 26, 2020.

During the year 2020, the Company purchased 686,952 JACQUET METALS shares at an average price of €9.22316 per share, i.e. 2.86% of the share capital at December 31, 2019. The Board of Directors meeting of May 13, 2020 canceled 567,125 shares.

Following this operation, the Company's share capital comprises 23,461,313 shares.

5.2 Accounting rules and policies

General principles applied

The Company's summary financial statements were prepared in accordance with the standards, principles and policies set out in ANC Regulation No. 2014-03 relating to the French General Accounting Charter, as amended by ANC Regulation 2020-09.

The basic method used to value items recorded in the accounts is the historical cost method.

The notes and tables provided in addition to the income statement and statement of financial position comprise the notes to the parent company financial statements and therefore form an integral part of those statements.

The financial year ended December 31, 2020 covered a period of 12 months.

Estimates

The preparation of financial statements requires management to take into account assumptions and estimates that have an impact on the amounts of the assets and liabilities shown in the statement of financial position, as well as on the amounts shown as income and expenses for the financial year. Management reviews its estimates and assessments on a regular basis. Actual results may differ significantly from these estimates.

The main estimates made by management when preparing the financial statements primarily involve:

- the impairment tests on equity investments;
- liabilities relating to employee benefit obligations;
- provisions for contingencies and charges.

Intangible assets and property, plant & equipment

Intangible assets and property, plant and equipment are valued at their historical purchase cost, which consists of:

- the purchase price, including customs duties and other non-recoverable levies;
- any directly related expenses incurred to put the asset in working order for the purpose of its planned use;
- any trade rebates and discounts deducted when calculating the purchase cost.

Depreciation is calculated according to the straight-line method, based on the likely useful life. The main depreciation methods and periods are as follows:

- software: Straight-line, 1 to 10 years;
- fixtures and fittings: Straight-line, 3 to 10 years;
- vehicles, office and IT equipment, and furniture: Straight-line, 1 to 10 years.

Furthermore, the Company has chosen to use an accelerated depreciation method where possible. This tax arrangement, which is reserved for certain categories of assets, enables a significant increase in the amount of tax deductions made during the initial years of an asset's use. From an accounting standpoint, the portion of the depreciation charges that exceeds the straight-line depreciation charge is recorded in an accelerated depreciation provision account in shareholders' equity under "regulated provisions".

Impairment testing on depreciable/amortizable assets

Where events or new circumstances indicate that the book value of specific property, plant and equipment or intangible assets is not likely to be recoverable, this value is compared to the estimated recoverable value based on the value-in-use. If the recoverable value of these assets is lower than their net book value, that value is written down to the recoverable value.

Financial assets

The gross value of equity investments corresponds to the historical purchase cost of the securities plus purchase expenses, i.e. all the costs that are directly attributable to the purchase of the securities except for borrowing costs.

At the balance sheet date, the value of the securities is compared to their carrying amount, which corresponds to their value-in-use for the company. A provision for impairment is recognized, if necessary. Value-in-use is primarily determined on the basis of the share in the subsidiary's shareholders' equity and of the value determined on the basis of discounted future cash flows.

Future cash flows are determined on the basis of forecasts drawn up by management, based on an assessment of all the economic conditions that will apply during the assets' useful life. The methodology is based on five-year business plans.

Other financial assets

Other financial assets primarily correspond to unallocated treasury shares and guarantee deposits paid. A provision is recorded for these deposits if the debtor's financial position indicates that their repayment is highly unlikely.

Treasury shares are recognized at their purchase cost. An impairment charge is recorded when the inventory value, as determined by the average stock market price during the last month before the balance sheet date, is lower than the book value. Disposals are valued at the weighted average unit cost.

Receivables and payables

Trade receivables are valued at their nominal value. Trade receivables may be impaired, where applicable. An impairment charge is recognized as soon as there is a risk of non-recovery. The book value of each receivable is assessed in accordance with this risk.

Marketable investment securities

Marketable investment securities are recognized at their purchase cost, and a provision for impairment is recorded if their market value is lower than their book value.

Foreign currency transactions

Foreign currency transactions during the financial year are recorded at their equivalent value in euros at the transaction date. Foreign currency payables, receivables, and cash and cash equivalents outside the euro zone are translated on the balance sheet at the closing exchange rate. Differences arising from the adjustment of payables and receivables outside the euro zone in accordance with the closing rate are shown under "translation differences".

A provision for contingencies is charged on the full amount of unrealized foreign exchange losses.

Provisions for employee benefit obligations

The Company records a provision for end-of-career benefits, employees' supplemental pensions and long-service awards. Provision charges and reversals are recognized in operating income.
Retirement benefit entitlements are defined by the collective bargaining agreement applicable to the French metal industry.
The provision is assessed by independent actuaries.

Employee benefit obligations are valued on an annual basis using specific Company and external trend indicators, as shown in the following table:

	2020	2019
Demographic assumptions		
Life expectancy table	INSEE 2012-2016	INSEE TV / TD 2007-2009
Minimum age at beginning of career	22 for executives and 20 for non-executives	22 for executives and 20 for non-executives
Retirement age	62	62
Conditions of departure	Voluntary departure at the employee's initiative	Voluntary departure at the employee's initiative
Financial assumptions		
Discount rate		
"Umbrella" retirement packages	0.60%	0.75%
Other schemes	0.60%	0.75%
Inflation rate	1.70%	1.70%
Wage inflation rates	From 0.39% to 4.69% depending on SPC, pay schemes and age	From 0.39% to 4.69% depending on SPC, pay schemes and age
Payroll tax rates	49%	50%
Rate of return on financial assets	0.75%	1.75%

Other provisions for contingencies and charges

Provisions for contingencies and charges are assessed so as to reflect the best estimate of the risks.

Derivatives

The Company manages certain financial risks via the use of derivative hedging instruments. The Company primarily uses caps and swaps to manage interest rate risk relating to its financial position. The nominal amounts of the financial derivatives are not recognized, in accordance with French accounting principles.

The impact of financial hedging instruments is assessed in a symmetrical manner through profit or loss compared to the cash flows of the underlying asset hedged.

5.3 Post balance sheet events

None.

5.4 Notes to the Income Statement

5.4.1 Sales

€k	2020		2019	
France	2,704	13%	3,527	13 %
Other countries	18,857	87%	23,675	87 %
Total	**21,561**	**100%**	**27,203**	**100 %**

Sales correspond to services invoiced to the subsidiaries, which are mainly management and IT services. Changes in sales are partly linked to Group's operations and development.

5.4.2 Other income

€k	2020	2019
Other income	2,824	2,728
Transfer of charges	2,483	3,729
Total	**5,307**	**6,458**

These items primarily correspond to the re-invoicing of expenses paid by the Company on behalf of subsidiaries, specifically rent on buildings leased.

5.4.3 Operating expenses

Operating expenses amounted to €30.3 million compared to €38.9 million in 2019. This decrease is mainly due to lower development project costs, the discontinuation of the IT maintenance of an old integrated management tool (ERP) as well as savings generated by the decline in business due to the health crisis.

Operating losses amounted to €3.3 million compared to a €5 million loss in 2019.

5.4.4 Net financial items

Net financial income amounted to €7.3 million, compared to €9.7 million in 2019. This variation is mainly due to the increase in financial interest on new loans.

€k	2020	2019
Dividends received from subsidiaries	8,639	7,855
Investment income	4,945	4,869
Income from loans [1]	4,945	4,869
Provision reversals	15	447
Reversals of provisions for impairment of equity investments	-	-
Reversals of provisions for financial contingencies and charges	4	240
Reversals of provisions for impairment of treasury shares	11	206
Other	3,252	2,087
Other financial income	550	493
Foreign exchange gains	2,702	1,593
Financial income	**16,851**	**15,257**
Interest and related expenses	(6,581)	(3,896)
Foreign exchange losses	(1,207)	(1,671)
Additions to provisions for financial contingencies and charges	(1,763)	(15)
Additions to provisions for impairment of treasury shares	(87)	(11)
Additions to provisions for financial contingencies and charges	(1,676)	(4)
Financial expenses	**(9,551)**	**(5,582)**
Net Financing income	**7,300**	**9,674**

[1] Loans to subsidiaries and cash pooling interest.

5.4.5 Net non-recurring income / (expense)

€k	2020	2019
Disposals of non-current assets	-	-
Disposals of securities	-	24,576
Other non-recurring income	92	16
Non-recurring income	**92**	**24,591**
Net book value of assets sold	-	-
Net book value of securities sold	(56)	(18,233)
Other non-recurring expenses	(165)	(333)
Non-recurring expenses	**(220)**	**(18,566)**
Net non-recurring income / (expense)	**(128)**	**6 026**

Other non-recurring expenses mainly comprised losses recorded under the liquidity agreement (ODDO BHF).

5.4.6 Corporate income tax

The Company has opted for a corporate tax consolidation regime. This consolidation scope included all of the Group's eligible French companies at December 31, 2020. The tax consolidation regime was extended for a period of five years as from the 2015 financial year.

The Company is the only company liable for the corporate income tax payable by all the French companies to the French tax authorities. The main provisions set out below have been adopted for the accounting treatment of taxes that fall under this specific regime:

- even though it is not required to pay tax to the French Treasury, every consolidated subsidiary nonetheless recognizes the tax that it would owe under the statutory tax regime as an expense, and pays the amount to JACQUET METALS SA;
- any tax credits recorded at the level of the Group tax return, and resulting from deducting the losses of a loss-making subsidiary, represent a profit that belongs to the subsidiary to which the amount accrues;
- any tax savings made by the Group that do not relate to losses (corrections and tax assets of loss-making companies) are retained by the parent company and recorded under income or expenses.

In the event that a consolidated subsidiary is deconsolidated from the tax group, the Company may be required to pay the subsidiary compensation for the loss of certain tax benefits conferred by its membership of the tax consolidation group, after taking into account the subsidiary's tax position, potential changes to that position and the nature of the event that triggered its deconsolidation.

Tax loss carryforwards remain accrued to the Company, which may compensate the subsidiary that is being deconsolidated, where applicable.

Breakdown of corporate income tax

€k				2020	2019
Type of income	**Income before tax**	**Corporate income tax before tax consolidation**	**Net gain/ (loss) from tax consolidation**	**Income after tax**	**Income after tax**
Net income from ordinary activities	4,044	1,212	-	5,256	4,861
Net non-recurring income / (expense)	(128)	20	-	(108)	6,814
3% tax on distributions	-	-	-	-	-
Tax carryback	-	(1,232)	-	(1,232)	(966)
Tax credits	-	-	-	-	-
Impact of corporate income tax on subsidiaries	-	-	(1,163)	(1,163)	1,744
Total	**3,916**	**-**	**(1,163)**	**2,753**	**12,453**

5.4.7 Deferred or unrealized tax position

	Base amount	Amount of future tax receivable	
€k	**2020**	**2020**	**2019**
Accruals of deferred taxes (liability)			
Timing differences with tax liability at the statutory rate	-	-	-
Accelerated depreciation	32	8	9
Deferred tax liability (future liability)	**32**	**8**	**9**
Deferred tax relief (asset)			
Timing differences with tax liability at the statutory rate	5,369	1,423	1,074
Tax loss carryforwards [1]	14,738	3,905	2,048
Deferred tax asset (future receivable)	**20,106**	**5,328**	**3,122**
Net balance of future tax relief / (accruals)	**20,074**	**5,320**	**3,114**

[1] In 2020, tax loss carryforwards increased by €8,287,000.

Unrealized tax accruals and relief have been calculated at a tax rate of 26.5%. These deferred taxes were not recognized in the parent company financial statements.

5.4.8 Impact of accelerated tax assessments

€k	2020	2019
Net income for the year	2,753	12,453
Corporate income tax	(1,163)	1,744
Income before tax	3,916	10,709
Change in accelerated depreciation	-	-
Pre-tax profit excluding accelerated tax assessments	**3,916**	**10,709**

5.5 Notes to the Balance Sheet - Assets

5.5.1 Change in non-current assets

€k	31.12.19	Increase	Decrease	31.12.20
Gross value				
Intangible assets	**15,098**	**84**	**(58)**	**15,124**
Property, plant and equipment	**9,395**	**1,140**	**(196)**	**10,339**
Equity investments	151,849	-	-	151,849
Loans and advances to subsidiaries	24,556	12,088	(14,643)	22,002
Treasury shares	5,247	8,184	(7,462)	5,969
Loans and other financial assets	1,258	108	(1)	1,365
Financial assets	**182,910**	**20,379**	**(22,106)**	**181,185**
Total gross value	**207,404**	**21,604**	**(22,360)**	**206,648**
Amortization				
Intangible assets	**14,001**	**469**	**(58)**	**14,413**
Property, plant and equipment	**5,201**	**574**	**(192)**	**5,582**
Equity investments	12,300	-	-	12,300
Loans and advances to subsidiaries	-	-	-	-
Treasury shares	11	87	(11)	86
Loans and other financial assets	-	-	-	-
Financial assets	**12,311**	**87**	**(11)**	**12,386**
Total depreciation, amortization and provisions	**31,513**	**1,129**	**(261)**	**32,381**
Net value of non-current assets	**175,890**			**174,267**

5.5.2 Financial assets

Equity investments

The gross value of equity investments totaled €152 million.
Information on the main directly-held equity investments is set out below:

€k	Country	Share capital	Shareholders' equity excl. share capital	% of share capital held	NBV of securities held by the Company	Loans & advances granted by the Company	NBV of shareholder loans to subsidiaries [1]	Guarantees & endorsements granted	Dividends paid to the company during the financial year	Sales excl. VAT for the last financial year	Profit or loss for the last financial year
JACQUET Holding SARL	France	14,337	29,326	100 %	19,695	22,002	84,453	-	-	-	801
STAPPERT Deutschland	Germany	8,871	71,437	100 %	6,517	-	-	-	8,322	228,964	8,045
IMS group Holding SAS	France	10,854	80,980	100 %	108,581	-	86,996	-	-	-	(252)

[1] debtors (+) / creditors (-) including cash pooling

The shareholders' equity and results presented in this table are taken from the company financial statements and do not include accounting restatements performed at Group level for the purpose of the consolidated financial statements.

Loans and advances to subsidiaries

Loans and advances to subsidiaries amounted to €22 million and corresponded to advances granted to direct or indirect subsidiaries of the Company.

Treasury shares

The year-on-year change in treasury shares is presented under §5.6.2 Transactions in the Company's securities.

5.5.3 Receivables payment schedule

			Maturity		
€k	**Gross amount at 31.12.20**	**Net amount at 31.12.20**	**<1 year**	**1-5 years**	**>5 years**
Non-current assets					
Loans and advances to subsidiaries	22,002	22,002	22,002	-	-
Loans	1	1	-	1	-
Other financial assets	1,365	1,365	-	600	765
Current assets					
Advances and deposits paid	-	-	-	-	-
Operating receivables	8,186	7,752	7,752	-	-
Miscellaneous receivables	223,906	223,906	136,904	86,996	6
Prepaid expenses	1,368	1,368	1,368	-	-
Total	**256,828**	**256,394**	**168,026**	**87,597**	**771**

Loans and advances to subsidiaries mainly include advances to subsidiaries. Miscellaneous receivables primarily include the cash pooling accounts, which amounted to €218 million, including €87 million with a maturity of over one year.

5.5.4 Cash and cash equivalents

Cash pooling agreements have been implemented between the Company and certain subsidiaries. The (debtor and creditor) balancing process takes place in pivot accounts held by the Company, and enables Group cash management to be optimized accordingly.

Cash and cash equivalents broke down as follows at December 31, 2020:

€k	Gross value at 31.12.20	Net value at 31.12.20	Net value at 31.12.19
Treasury shares allocated to free share awards	178	178	-
Cash	254,534	254,534	160,076
Cash and cash equivalents	**254,712**	**254,712**	**160,076**

5.5.5 Accrued income and prepaid expenses

€k	31.12.20	31.12.19
Prepaid expenses	1,368	865
Deferred charges	509	1,112
Unrealized foreign currency losses	1,676	4
Accrued income and prepaid expenses	**3,553**	**1,981**

5.6 Notes to the Balance Sheet - Liabilities

5.6.1 Information on shareholders' equity

Share capital

As of December 31, 2020, the share capital comprised 23,461,313 shares with a par value of €1.52, representing a total of €35,766,549.47.

Detailed information on changes in share capital is presented under §5.6.2 Transactions in the Company's securities.

Change in shareholders' equity

€k	Number of shares outstanding	Share capital	Additional paid-in capital	Statutory reserve	Other reserves and retained earnings	Net income	Regulated provisions	Share-holders' equity
31.12.19	**24,028,438**	**36,631**	**58,142**	**3,663**	**97,413**	**12,453**	**32**	**208,334**
Appropriation of earnings	-	-	-	-	12,453	(12,453)	-	-
Distributions	-	-	-	-	(4,615)	-	-	(4,615)
Capital reduction (Cancellation of shares)	(567,125)	(865)	-	-	(4,275)	-	-	(5,140)
2020 net income	-	-	-	-	-	2,753	-	2,753
31.12.20	**23,461,313**	**35,767**	**58,142**	**3,663**	**100,975**	**2,753**	**32**	**201,332**

Other reserves and retained earnings

The "Other reserves and retained earnings" item includes €6.2 million in undistributable reserves allocated in consideration for treasury shares and a €0.9 million deduction relating to the application of ANC Recommendation 2013-R02 on employee benefit obligations in 2014.

Regulated provisions

Regulated provisions are recorded in accordance with the legislation in effect and include accelerated depreciation. The movements over the period are set out in §5.6.3.

5.6.2 Transactions in the Company's securities

Liquidity agreement

In accordance with AMF Decision No. 2018-01 of July 2, 2018 concerning the maximum resources that may be allocated to liquidity contracts, in April 2020 the Company reduced the amount of its 2019 contract with ODDO BHF SCA. As such, 25,160 JACQUET METALS shares were reallocated to the share cancellation plan. Following this reduction, the resources allocated to the dedicated liquidity account for the implementation of this contract included 35,417 shares and €200,000.

As of December 31, 2020, the liquidity contract comprised 0.3 million euros of liquidity and 27,500 shares with a market value of 0.3 million euros.

Share buyback program

In their twelfth and twenty-eighth resolutions respectively, the General Meetings of June 28, 2019 and June 26, 2020 authorized the Board of Directors to implement a share buyback program (the "Buyback Program").
In 2020, the Company implemented the Buyback Program. As part of the program, a purchase mandate was signed on February 26, 2020 with ODDO BHF SCA under which ODDO BHF SCA undertook to acquire shares in the Company on behalf of the Company with a view to their cancellation. The purchase mandate is in compliance with the requirements of market practices accepted by the AMF.

In 2020, the Company bought back 686,952 JACQUET METALS shares (including 25,160 shares transferred following the liquidity contract reduction), representing 2.86% of the share capital as of December 31, 2019:

- 567,125 shares were canceled following the Board of Directors' meeting of May 13, 2020 pursuant to the Buyback Program authorized by the General Meeting of June 28, 2019;
- 119,827 shares are held for cancellation under the Buyback Program.

Following this operation, the Company's share capital comprises 23,461,313 shares.

At December 31, 2020, the Group held 478,574 treasury shares representing 2.04% of the share capital with a net book value of €6.1 million:

- 318,747 shares allocated for exchange or payment as part of potential external growth transactions;
- 119,827 held for cancellation;

These 438,574 shares were recognized under "Financial assets" at a net book value of €5.5 million;

- 12,500 treasury shares are held for the purpose of allocating them to corporate officers or employees and were recognized under "Cash" at a net book value of €0.2 million;
- 27,500 shares are held as treasury shares as part of the liquidity agreement, and were recognized under "Financial assets" at a net book value of €0.3 million.

	Number of shares				€k		
	31.12.19	**Augmen-tation**	**Decrease / Attribution**	**31.12.20**	**Purchase cost**	**Provision at 31.12.20**	**Net value at 31.12.20**
Shares allocated to the buyback program	333,747	686,952	582,125	438,574	5,623	87	5,536
Shares allocated to free share plans	-	15,000	2,500	12,500	178	-	178
Allocated shares	**333,747**	**701,952**	**584,625**	**451,074**	**5,801**	**87**	**5,714**
Shares intended for the liquidity agreement	40,080	186,565	199,145	27,500	344	-	344
Non-allocated shares	**40,080**	**186,565**	**199,145**	**27,500**	**344**	**-**	**344**
Total	**373,827**	**888,517**	**783,770**	**478,574**	**6,145**	**87**	**6,059**

Authorized capital securities granting access to the share capital

The Company has not granted any stock options.

5.6.3 Regulated provisions

€k	31.12.19	Charges	Reversal	31.12.20
Accelerated depreciation	-	-	-	-
Amortization of share acquisition expenses	32	-	-	32
Total	**32**	**-**	**-**	**32**

5.6.4 Provisions for contingencies and charges

€k	31.12.19	Charges	Provision reversals (used)	Provision reversals (unused)	31.12.20
Provision for foreign exchange losses	4	1,676	4	-	1,676
Provisions for contingencies	**4**	**1,676**	**4**	**-**	**1,676**
Provisions for litigation	-	-	-	-	-
Provisions for pensions and similar commitments[1]	3,771	70	214	-	3,627
Other provisions for charges	1,052	115	-	-	1,167
Provisions for charges	**4,823**	**185**	**214**	**-**	**4,794**
Total	**4,827**	**1,861**	**218**	**-**	**6,470**
Of which operating provisions	-	185	214	-	-
Of which financial provisions	-	1,676	4	-	-
Of which non-recurring provisions	-	-	-	-	-

[1] At December 31, 2020, provisions for employee benefit obligations amounted to €3,627,000, including €3,344,000 relating to supplementary pensions, €273,000 relating to retirement benefits, and €9,000 relating to long-service awards.

5.6.5 Debt payment schedule

		Maturity		
€k	Amount at 31.12.20	<1 year	1-5 years	>5 years
Loans from credit institutions	364,013	31,030	329,019	3,964
Bank overdrafts	15,622	15,622	-	-
Other borrowings	52,427	52,041	-	386
Trade payables and related accounts	8,509	8,509	-	-
Tax and social security liabilities	2,664	2,646	18	-
Liabilities relating to non-current assets and related accounts	146	146	-	-
Other payables	11,898	11,898	-	-
Total	**455,279**	**121,892**	**329,037**	**4,350**

5.6.6 Accrued expenses and deferred income

€k	31.12.20	31.12.19
Deferred income	522	251
Unrealized foreign currency gains	586	465
Accrued expenses and deferred income	**1,108**	**716**

5.7 Other information

5.7.1 Year-end headcount

€k	31.12.20	31.12.19
Executive staff	12	12
Technical staff	-	-
Clerical staff	-	-
Total	**12**	**12**

5.7.2 Compensation paid to corporate officers

The Company has two executive officers, to whom the compensation and direct and indirect benefits of all kinds paid in 2020 amounted to €1,041,000, compared to €1,645,000 in 2019.

Net compensation paid to non-executive directors of JACQUET METALS SA amounted to €98,000 in 2020 compared to €102,000 in 2019.

Transactions between JACQUET METALS SA and its executive officers

€k	Sites	2020 rent (excl. VAT)	2019 rent (excl. VAT)
JERIC SARL	Saint Priest - France	645	633
	Villepinte - France	208	205
SCI Cité 44	Lyon - France	586	509
SCI de Migennes	Migennes - France	222	221

Loans and guarantees granted to executive officers

None.

5.7.3 Information regarding affiliates

€k	31.12.20
Equity investments	151,849
Loans and advances to subsidiaries	22,002
Total non-current assets	**173,851**
Operating receivables	7,697
Miscellaneous receivables	221,328
Total receivables	**229,024**
Other loans and borrowings	52,339
Trade payables	5,530
Miscellaneous payables	523
Total payables	**58,393**
Net financial income	**13,752**
Income from equity investments	8,639
Other interest and related income	5,223
Provision for share impairment	-
Interest and related expenses	(111)

5.7.4 Financial commitments

The commitments set out below are presented on the basis of the principal amount outstanding on the liabilities to which they are attached.

€k	2020	2019
Guarantees given to banks, sureties and comfort letters	69,288	81,736
Total commitments given	**69,288**	**81,736**

Financial commitments given and received in relation to financing transactions

	2020			2019		
€k	Amount granted	Amount used	Amount available	Amount granted	Amount used	Amount available
Schuldscheindarlehen	220,000	220,000	-	186 000	186,000	-
Syndicated revolving loan	125,000	20,000	105,000	125,000	-	125,000
Other loans	198,377	138,737	59,640	181,328	96,147	85,181
Accrued interest	898	898	-	610	610	-
Total commitments received	**544,276**	**379,635**	**164,640**	**492,938**	**282,757**	**210,181**

Commitments given in relation to the subsidiaries' procurement process

€k	2020	2019
Stand-alone guarantees	11,211	10,317
Total commitments given	**11,211**	**10,317**
Maturing in less than 1 year	11,211	10,317
Maturing within 1 to 5 years	-	-
Maturing in over 5 years	-	-

Commitments entered into to hedge currency risk

The Company is primarily exposed to currency risk when it grants cash advances in local currencies to subsidiaries outside the euro zone.

Commitments received in relation to interest rate hedging transactions

In 2020, the Company did not enter into any new interest rate hedging contracts. At December 31, 2020 floating rate borrowings were hedged by:

- swaps amounting to €155 million with a five-year term (Eur3M floored at 0% against a fixed rate of 0.253% on average and expiring between 2021 and 2024);
- caps covering €40 million (Eur3M capped at 0% against payment of a 0.15% premium, expiring in 2024).

5.7.5 Main bank covenants

All financing covenants were in compliance at December 31, 2020.

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

- date of signature: June 2019
- maturity: June 2023
- amount: €125 million (of which €20 million have been 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:
  - net 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: February 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: net 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: net debt to equity ratio (gearing) less than 100%.

Statutory auditors' report on the financial statements

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JACQUET METALS (formerly Jacquet Metal Service) • Year ended December 31, 2020

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English speaking users.
This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of JACQUET METALS,

Opinion

In compliance with the engagement entrusted to us by your annual general meetings, we have audited the accompanying financial statements of Jacquet Metals for the year ended December 31, 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for statutory auditors for the period from January 1, 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

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

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of equity holdings

Risk identified

As at 31 December 2020, the net value of equity holdings amounts to M€ 139.5 and represents 21% of the Company’s total balance sheet.

As stated in the “Financial Assets” section of the note 5.2 to the financial statements, impairment testing consists in comparing the value of the equity holdings with the value in use which is determined by reference to the subsidiary’s share of shareholders’ equity or on the basis of discounted future cash flows. The future cash flows are determined based on Management’s forecasts, taking into account an assessment of the overall economic conditions expected to prevail over the useful life of the assets. The methodology relies on five-year business plans.

We considered the valuation of the equity holdings to be a key audit matter given their materiality in the company’s accounts and the judgment required to assess their value in use.

Our response

As part of our audit of the financial statements, our work notably consisted in:

- examining the methods of implementation of the impairment tests;
- corroborating, in particular through interviews with Management, the main data and assumptions on which the estimates used are based, in particular the future cash-flows, long-term growth rates and discount rates;
- analyzing the consistency of cash-flow projections with the business plan prepared by Management, with historical performance, and in light of the overall economic environment in which the Group is operating;
- analyzing, with the support of our valuation specialists, the consistency of the valuation model, the indefinite growth rates and the discount rates in comparison with market standards.

In addition, we assessed the appropriateness of the information disclosed in note 5.2 “Financial Assets” to the financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code (Code de commerce).

Report on Corporate Governance

We attest that the Board of Directors' Report on Corporate Governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code (Code de commerce) .

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (Code de commerce) relating to remunerations and benefits received by, or allocated to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Format of presentation of the financial statements intended to be included in the annual financial report

In accordance with Article 222-3, III of the General Regulation of the AMF (Autorité des Marchés Financiers), your Company's Management informed us of its decision to postpone the application of the European single electronic format as defined in Commission Delegated Regulation (EU) No 2019/815 of December 17, 2018 to years beginning on or after January 1, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (Code monétaire et financier).

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Jacquet Metals by your annual general meeting held on June 26, 2014 for GRANT THORNTON and June 30, 2011 for ERNST & YOUNG et Autres.

As at December 31, 2020 GRANT THORNTON and ERNST & YOUNG were in the seventh year and tenth year of total uninterrupted engagement respectively.

Previously, ERNST & YOUNG Audit had been statutory auditor since 2005.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company. As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the financial statements;
- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.
Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (Code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Lyon, March 26, 2021

The Statutory Auditors
French original signed by:

GRANT THORNTON
French Member of Grant Thornton International
Robert Dambo

ERNST & YOUNG et Autres
Lionel Denjean

Statutory auditors' report on regulated agreements

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S.A.S. à capital variable
438 476 913 R.C.S. Nanterre
Statutory Auditor
Member of Compagnie Régionale
de Versailles et du Centre

JACQUET METALS (Formerly Jacquet Metal Service)
Annual General Meeting held to approve the financial statements for the year ended December 31, 2020

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English speaking users.
This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General meeting of JACQUET METALS,

In our capacity as statutory auditors of your Company, we hereby present to you our report on related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (Code de commerce), to assess the relevance of these agreements prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R.225-31 of the French Commercial Code (Code de commerce) of the continuation of the implementation, during the year ended of the agreements previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

Agreements submitted for approval to the Annual General Meeting

We hereby inform you that we have not been notified of any agreements authorized during the year ended to be submitted to the Annual General Meeting for approval in accordance with Article L. 225-38 of the French Commercial Code (Code de commerce).

Agreements previously approved by the Annual General Meeting

In accordance with Article R. 225-30 of the French Commercial Code (Code de commerce), we have been notified that the implementation of the following agreements, which were approved by the Annual General Meeting in prior years, continued during the year ended.

1 • Letter of comfort to BNP Paribas Fortis for a bank loan granted by JACQUET Deutschland

Nature, purpose and conditions

On September 3, 2014, the Board of Directors authorized the Company to issue a letter of comfort amounting to € 1,500,000 in principal, plus interest, costs and related expenses, as security for the repayment of the bank loan contracted by its subsidiary JACQUET Deutschland with BNP Paribas Fortis.

Person Concerned

M. Éric Jacquet, Chief Executive Officer of your Company and manager of JACQUET Deutschland.

2 • Letter of comfort to Banque Européenne du Crédit Mutuel (BECM) for a bank loan granted to JACQUET Deutschland

Nature, purpose and conditions

On May 3, 2016, the Board of Directors authorized the Company to issue a letter of comfort amounting to € 4,500,000 in principal, plus interest, costs and related expenses, as security for the repayment of two bank loans, respectively € 3,000,000 and € 1,500,000, contracted by your subsidiary Jacquet Deutschland with BECM.

Person Concerned

M. Éric Jacquet, Chief Executive Officer of your Company and manager of JACQUET Deutschland.

3 • Commercial leases with S.C.I. Cité 44, Jeric and S.C.I. de Migennes

Nature, purpose and conditions

Lessor	Tenants	Effective date	Premises	Rent and rental charges (€)	Real estate tax (€)
Jeric	JACQUET METALS SA	March 5, 2015	Real estate property with offices and industrial warehouses located 7 rue Michel Jacquet in Saint-Priest (69)	631,823	44,656
Jeric	JACQUET METALS SA	March 5, 2015	Industrial property located in Villepintes (93)	208,480	24,460
S.C.I. de Migennes	JACQUET METALS SA	January 1, 2003	Industrial property located in Migennes (89)	222,364	37,155
Jeric (bail 8)	JACQUET METALS SA	January 1, 2004	Appartment named "Flexovit" located rue du Mâconnais in Saint-Priest (69)	6,183	0
Jeric (bail 9)	JACQUET METALS SA	January 1, 2004	Archive premise of 95 sqm located rue du Mâconnais à Saint-Piest (69)	872	0
Jeric (bail 11)	JACQUET METALS SA	March 23, 2004	House named "Torres" located rue du Lyonnais	6,111	0
S.C.I. Cité 44	JACQUET METALS SA	July 22, 2016	Office space	585,627	46,831
Total				**1,661,460**	**153,102**

Person Concerned

M. Éric Jacquet, Chief Executive Officer of your Company, Chairman of Jeric, manager of S.C.I. Cité 44 and S.C.I. Migennes.

Lyon, March 26, 2021

The Statutory Auditors
French original signed by:

GRANT THORNTON
French member of Grant Thornton International
Robert Dambo

ERNST & YOUNG et Autres
Lionel Denjean

Other information

1 Statement by the person responsible for the universal registration document and annual financial report

I hereby certify that the information contained in this universal registration document, to the best of my knowledge, truly reflects the existing situation and contains no omissions which could impair its full meaning.

I hereby certify that, to my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair picture of the assets and liabilities, financial position and earnings of the Company and all of the companies included in the consolidation scope, and that the management report included in the universal registration document and which is referenced in the cross reference table on page 176 gives a fair view of the course of business, performance and financial position of the Company and all of the companies included in the consolidation scope and includes a description of the main risks and uncertainties with which they are faced.

Saint-Priest, April 19, 2021

Éric Jacquet • Chairman & Chief Executive Officer

2 Information about the issuer

Company name Article 3 of the Company's bylaws

The name of the Company is JACQUET METALS. No trade name has been filed.

Registered office Article 4 of the Company's bylaws

The Company's registered office is located at 7 rue Michel Jacquet, Saint-Priest (69800). T +33 4 72 23 23 50

Website of the group is available at the following URL: www.jacquetmetals.com. Specified that, unless otherwise stated, the information on this website is not part of this Universal Registration Document.

Date and term of incorporation Article 5 of the Company's bylaws

The Company was incorporated on September 23, 1977.

The term of the Company is 99 years except in the event of early dissolution or extension as decided by the Extraordinary General Meeting. The term of the Company is due to expire on December 31, 2075.

Registration

The Company is registered in the Lyon Trade and Companies Register under number 311 361 489. The Company's APE code is 7010Z. The Company's LEI no. is 969500V8OL3NGL0GKZ37.

Legal form and governing law

JACQUET METALS is a French corporation ("société anonyme") with a Board of Directors subject to all the legislation and regulations governing trading companies in France, in particular Articles L. 224-1 et seq. of the French Commercial Code.

Corporate purpose Article 2 of the Company's bylaws

The purpose of the Company is, in any country:

- the acquisition and sale of all metallurgical products, all industrial products and goods and all other substitute products;
- the representation, brokerage and distribution of these products, for its own account or for the account of others;
- all operations for the completion and presentation of these products;
- obtaining, acquiring, selling, exploiting all processes and industrial property rights and know-how, and obtaining or granting all licenses;
- the listing of products and/or services, for its own account or for the account of others;
- the acquisition, sale or management of any goods and/or rights necessary or useful for the operation of activities or assets of the company or companies belonging to its group;
- the acquisition of shares or interests in any company, the administration, management and disposal of such shares or interests;
- the participation in transactions relating to the financing of companies in which the Company directly or indirectly holds a participation or interest, by granting any assistance, loans, advances, guarantees or securities;
- the animation, coordination, control and development of the companies of its group;
- all services related to the organization and the development of industrial activities as well as the assistance and support, notably in the administrative, financial, commercial, IT and /or technical fields, for the account of companies belonging to its group;
- the exercise and the assumption of any corporate offices in any company and/or legal entity.

And, in general, undertake all commercial, industrial, financial, movable or real estate transactions that may be directly or indirectly related to its corporate purpose or that may facilitate the achievement and development thereof, both for its own account or for the account of others.

Financial year Article 32 of the Company's bylaws

Each financial year begins on January 1 and ends on December 31.

General Meetings Articles 23 à 30 of the Company's bylaws

Notice Article 24 of the Company's bylaws
General Meetings of shareholders are convened and deliberate in accordance with the conditions provided for by law.

Meetings are held either at the registered office or at another location, as specified in the notice.

If specified in the notice of the General Meeting, any shareholder may participate in this meeting by means of videoconference, electronic telecommunication or data transmission technology, subject to applicable statutory or regulatory conditions. Shareholders participating in meetings by such means shall be deemed present for the purpose of calculating quorum and majority.

Admission Article 26 of the Company's bylaws
All shareholders, subject to statutory and regulatory conditions, are entitled to attend General Meetings and take part in the discussions in person or by proxy, irrespective of the number of shares they hold.

All shareholders may procure representation subject to the conditions provided for by law.

All shareholders may vote remotely by means of a form drawn up and sent to the Company in accordance with statutory and regulatory conditions.

Location where documents and information concerning the Company may be consulted

The bylaws, financial statements, reports and minutes of General Meetings made available to shareholders and the general public pursuant to the legislation regarding trading companies may be consulted at the Company's registered office and, where applicable, on its website.

Service agreements providing for the award of benefits on expiry

Apart from the compensation and provisions set out in §2.5 of the Corporate Governance Report, there are no service agreements between corporate officers and the issuer or any of the subsidiaries that provide for the award of benefits on expiry of the agreement.

Determination and appropriation of earnings Article 34 of the Company's bylaws

The income statement that presents the income and expenses for the financial year indicates, as a separate item, the profit for the year after deduction of depreciation, amortization and provisions.

A deduction of at least 5% is made from the profit for the year, less any retained losses brought forward, in order to establish the statutory reserve. This deduction shall no longer be mandatory when the amount of the reserve equals at least one tenth of the share capital.

Distributable profit equals the profit for the year plus retained earnings brought forward, less retained losses brought forward and amounts transferred to reserves, in application of the law and the Company's bylaws.

This profit is distributed to the shareholders in proportion to the number of shares held by each one. The General Meeting may decide to distribute amounts deducted from available reserves, provided that it expressly specifies the reserves from which such amounts are taken.

However, as a matter of priority, dividends are deducted from the profit for the year. Except in the case of a capital reduction, no distribution may be made to the shareholders where the amount of shareholders' equity is, or would be following such distribution, less than the amount of share capital plus reserves which the law or the Company's bylaws prohibit from being distributed. Distribution of the revaluation surplus is prohibited. All or part of the revaluation surplus may be incorporated into the share capital.

However, after deducting the amounts transferred to reserves, in accordance with the law, the General Meeting may then deduct any amounts it considers appropriate and allocate them to any optional, ordinary or extraordinary reserves or to retained earnings carried forward.

Payment of final and interim dividends Article 35 of the Company's bylaws

1. the General Meeting may grant shareholders the option of receiving all or part of the dividend distributed either in the form of shares, subject to statutory conditions, or in cash;
2. the terms and conditions regarding the payment of dividends in cash are defined by the General Meeting, or otherwise by the Board of Directors.

Cash dividends shall be paid out within a maximum period of nine months following the balance sheet date, unless this period is extended by court authorization.

Notwithstanding, if financial statements drawn up during the course of or at the end of a financial year and certified by a statutory auditor indicate that, after allocating the required amounts to depreciation, amortization and provisions and after deducting any retained losses brought forward and any amounts to be transferred to reserves in accordance with the law or the Company bylaws, and plus any retained earnings brought forward, the Company has made a profit since the end of the previous financial year, interim dividends may be distributed before the full-year financial statements have been approved. The amount of such interim dividends shall not exceed the amount of the profit as defined above.

No reimbursement of dividends may be required of the shareholders, unless the distribution was made in breach of statutory provisions and the Company is able to prove that the beneficiaries were aware or, given the circumstances, could not be unaware of the unlawfulness of the distribution at the time it was made. Any claim for reimbursement of dividends shall be barred by the statute of limitations three years after the payment of the dividends in question.

Dividends not claimed within five years of their payment date shall lapse.

Rights and obligations attached to shares Article 11 of the Company's bylaws

Each share carries entitlement, in proportion to the percentage of the share capital that it represents, to a share of the profits distributed and a share in the ownership of the corporate assets or liquidation surplus.

Each share carries entitlement to be represented and to vote in General Meetings, without restriction, subject to statutory and regulatory conditions.

Pursuant to Article L. 225-123 of the French Commercial Code, a double voting right, compared to the voting right conferred on other shares in light of the proportion of the share capital they represent, is assigned to all fully paid up shares held in registered form by the same shareholder and registered with the issuer or its representative for at least two years.

In the event of a capital increase by capitalization of reserves, profits or issue premiums, the double voting right may be conferred, as of issuance, on registered free shares allocated to a shareholder by virtue of their existing double voting shares.

If the Company undergoes a merger or demerger, this shall not affect double voting rights, which may be exercised within the beneficiary company if permitted by such company's bylaws.

Double voting rights shall automatically lapse in the event of conversion to bearer form or transfer of ownership.

Nevertheless, the period defined above shall not be suspended and the acquired right shall be preserved in the event of a transfer resulting from a succession, the sharing out of matrimonial property or an inter vivos gift to a spouse or a relative close enough to inherit an estate. The same shall apply in the event of a transfer following the merger or demerger of a shareholder company.

All shareholders are entitled to be informed of the Company's affairs and receive specific corporate documents at the time and under the conditions provided for by law and the Articles of Association.

Shareholders' liability for the Company's debts is limited to the par value of the shares they hold.

The right and obligations attached to a share shall be transferred upon transfer of ownership.

Ownership of a share automatically entails adherence to the Company's bylaws and the resolutions of the General Meeting.

The heirs, creditors, assigns, trustees or other representatives of a shareholder may under no circumstances cause the Company's assets and securities to be placed under seal, request the distribution or sale by auction thereof or interfere in any way whatsoever in the Company's administration; in order to exercise their rights, they shall rely on the Company's balance sheet and on the decisions of the General Meeting.

Whenever ownership of a specific number of shares is required in order to exercise a right, it is up to the shareholders who do not meet this requirement to arrange for the grouping of the required number of shares.

Share transfer and transmission Article 10 of the Company's bylaws

In addition to the mandatory disclosures required by the applicable statutory and regulatory provisions, all individuals or legal entities, acting alone or in concert, whose shareholding exceeds or falls below 1% of the share capital or voting rights, or any multiple of this percentage up to one third of the share capital, are required to notify the Company thereof, within five (5) trading days following the crossing of the shareholding threshold, by registered letter with acknowledgment of receipt sent to the Company's registered office, specifying the number of shares and voting rights held.

If a shareholder fails to disclose the crossing of a threshold under the aforementioned conditions, the shares exceeding the fraction that should have been disclosed shall be stripped of voting rights, subject to statutory conditions, for all shareholders' meetings until the expiry of a period of two (2) years following the rectification of the situation. Except in the case of the thresholds provided for by Article L. 233-7 of the French Commercial Code, shares will be stripped of their voting rights only following a request to that effect, recorded in the minutes of the General Meeting, on the part of one or more shareholders holding 2.5% of the Company's share capital or voting rights.

3 Parent company / Subsidiary relations

JACQUET METALS SA and its subsidiaries maintain contractual relations in respect of the Group's organization and functioning.

JACQUET METALS SA mainly supplies services to its subsidiaries with a view to minimizing costs by providing them with economic advantages. Thus JACQUET METALS SA's sales consist primarily of management fees and fees for IT services invoiced directly or indirectly to all Group subsidiaries according to the same criteria.

The JACQUET METALS Group comprises a large number of subsidiaries, all majority-owned, located in 25 countries. The percentages of interest and control held by JACQUET METALS in each subsidiary and their country of location are listed in §2.1.1 Consolidation scope in the notes to the consolidated financial statements. The results of these subsidiaries and important notes on their business activity are set out in §1.2 of the Management Report - Information on the Group. The senior managers of JACQUET METALS SA, the parent company, are also directors and officers of the Group's main subsidiaries.

Shareholder agreements have been signed between some of JACQUET METALS' subsidiaries and the minority shareholders of these subsidiaries.

These agreements in no way affect the terms and conditions governing the sale or purchase of JACQUET METALS SA shares.

They are designed solely to arbitrate between the parties' interests in the event of conflict or a planned divestment.

4 Special report on the award of free shares during the 2020 financial year

prepared pursuant to Article L. 225-197-4 of the French Commercial Code

In accordance with the provisions of Article L. 225-197-4 of the French Commercial Code, the purpose of this report is to inform you about the award of existing or future free shares to staff members of the Company or of its affiliated companies or groups during the 2020 financial year, in accordance with the conditions provided for in Article L. 225-197-2 of the French Commercial Code, and to the corporate officers referred to in Article L. 225-197-1 II of said Code.

I. Allotment of free Company shares decided during the year ended

During the 2020 financial year, 10,000 free Company shares were awarded in application of a free share allotment plan dated March 11, 2020 ("2020 Plan").

The 2020 Plan is in keeping with the Group compensation policy aimed at fostering loyalty and motivation among certain executives and employees.

The 34th Resolution of the June 29, 2018 Extraordinary General Meeting authorized the Board of Directors to award existing or future free shares to such beneficiaries as it shall determine among the salaried employees and executive officers of the Company or related entities within the meaning of Article L. 225-197-2 of the French Commercial Code, subject to a cap of 3% of the Company's share capital as of the date of the Board's decision to award the free shares, on the understanding that the cap on the shares awarded to Company executive officers is equal to 1% of the Company's share capital.

The term of the authorization was set at thirty-eight months as from June 29, 2018.

Pursuant to this authorization granted under the 34th Resolution of the Extraordinary General Meeting on June 29, 2018, on March 11, 2020 the Board of Directors (I) set up a free share allotment plan and (II) decided to award a total of 10,000 free Company shares under the 2020 Plan, subject to employment conditions.

No executive officer was a beneficiary of this plan.

Description of the 2020 Plan adopted by the Board of Directors on March 11, 2020

The free share allotment plan adopted by the Board of Directors on March 11, 2020 is subject to employment conditions and involves 10,000 existing or future ordinary Company shares.
The value of the free shares allotted by the Board of Directors on March 11, 2020 under the 2020 Plan is €10.80 (share price at date of award).

The vesting dates for the free shares allotted by the Board of Directors on March 11, 2020 have been set by the Board of Directors at (I) March 31, 2022 for 2,500 shares, (II) December 31, 2022 for 2,500 shares, (III) March 31, 2023 for 2,500 shares, and (IV) December 31, 2023 for 2,500 shares, subject to the condition of uninterrupted employment at the Company or one of its related entities, within the meaning of Article L. 225-197-2 of the French Commercial Code, until the end of the vesting period in question.

The plan also includes the usual exceptions to the condition of uninterrupted employment (death in accordance with the provisions of Article L. 225-197-3 of the French Commercial Code) and an adjustment principle in the event of transactions affecting the Company's share capital, as provided by law.

As from the vesting date, and subject to the fulfillment of the aforementioned conditions, the shares will be vested via the transfer of existing or future shares on the first business day following the end of the vesting period.

In view of the length of the fixed vesting period, the vesting of the shares will not be subject to any lock-up provisions.

II. Allotment of free shares during the financial year ended December 31, 2020

Free shares allotted to the Company's executive officers in 2020

	Number of free shares allotted	Value of the shares	Date of Board meeting
Free shares allotted during the year by the Company to executive officers of JACQUET METALS in respect of offices and positions they hold at the Company	n.a.	n.a.	n.a.
Free shares allotted during the year by companies controlled within the meaning of Article L. 233-16 of the French Commercial Code to executive officers of JACQUET METALS in respect of offices and positions they hold at the Company	n.a.	n.a.	n.a.

n.a. : Not applicable.

Free shares allotted in 2020 to the 10 beneficiaries who are not corporate officers of the Company and received the highest number of shares

	Number of free shares allotted	Value of the shares	Date of Board meeting
Free shares allotted during the financial year by the Company and by its affiliated companies to the 10 beneficiaries who are not corporate officers and received the highest number of shares	10,000	€10.80 (share price at date of award)	March 11, 2020

5 Annual disclosure document

5.1 Publication in the French BALO journal of mandatory legal notices

Information published in the Bulletin des Annonces Légales Obligatoires (BALO) and available for consultation on the Official Journal website www.journal-officiel.gouv.fr

Invitation notice
June 26, 2020 Ordinary and Extraordinary General Meeting • Ref. No. 2002275 08.06.20

Meeting notice
June 26, 2020 Ordinary and Extraordinary General Meeting • Ref. No. 2001899 22.05.20

5.2 Notices published at the Commercial Court Registry

Filing nos. B2020 / 025510 • Filing of parent company financial statements. 06.08.20
Filing nos. B2020 / 026351 • Filing of consolidated financial statements. 11.08.20

5.3 AMF publications

2019 Registration Document • D.20-0242 03.04.20

5.4 Financial reporting

Results

Results for the nine months ended September 30, 2020	18.11.20
Results for the six months ended June 30, 2020	09.09.20
Results for the three months ended March 31, 2020	13.05.20
2019 Results	11.03.20

Reports

Results for the nine months ended September 30, 2020	18.11.20
Results for the six months ended June 30, 2020	09.09.20
Results for the three months ended March 31, 2020	13.05.20
Universal registration document 2019	03.04.20

Pursuant to regulation (UE) 2017 / 1129, the following information is included herein by reference:

- The Management Report, the consolidated and parent company financial statements, the statutory auditors' reports on the consolidated and parent company financial statements for the year ended December 31, 2019 and the special report on regulated agreements pertaining to the same year, included in the Registration Document filed with the AMF on April 03, 2020 under number D.20-0242.
- The Management Report, the consolidated and parent company financial statements, the statutory auditors' reports on the consolidated and parent company financial statements for the year ended December 31, 2018 and the special report on regulated agreements pertaining to the same year, included in the Registration Document filed with the AMF on April 11, 2019 under number D.19-0307.

Monthly declaration of voting rights

Monthly declaration as of December 31, 2020	25.01.21
Monthly declaration as of November 30, 2020	16.12.20
Monthly declaration as of October 31, 2020	17.11.20
Monthly declaration as of September 30, 2020	16.11.20
Monthly declaration as of August 31, 2020	08.09.20
Monthly declaration as of July 31, 2020	25.08.20
Monthly declaration as of June 30, 2020	24.07.20
Monthly declaration as of May 31, 2020	12.06.20
Monthly declaration as of April 30, 2020	07.05.20
Monthly declaration as of March 31, 2020	03.04.20
Monthly declaration as of February 29, 2020	13.03.20
Monthly declaration as of January 31, 2020	28.02.20

Half-yearly liquidity contract reports

Half-yearly liquidity contract report as of December 31, 2020	25.01.21
Half-yearly liquidity contract report as of June 30, 2020	24.07.20

Liquidity contract

Liquidity contract	24.04.20

6 2020 Universal Registration Document cross-reference table

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n.a. : Not applicable.

n.a. : Not applicable.

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n.a. : Not applicable.

7 2020 Annual financial report cross-reference table

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8 Management report cross-reference table

including the governance report and the non-financial statement

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n.a.: Not applicable.

n.a.: Not applicable.

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6.2	Injunctions or financial penalties in respect of anti-competitive practices	n.a.

n.a.: Not applicable.

The information on the websites mentioned by the hypertext links www.jacquetmetals.com and https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/ pages 24 , 86 and 166 of this Universal Registration Document do not form part of this Universal Registration Document. As such, this information has not been reviewed or approved by the AMF.

This universal registration document was filed with the Autorité des Marchés Financiers (AMF - French market regulator) on April 19, 2021, pursuant to the regulation (UE) 2017 / 1129, without prior approval in accordance with Article 9 of said regulation.

The universal registration document may be used for an offer of securities to the public or the admission of securities for trading on a regulated exchange if it is supplemented by an operation memorandum and, where appropriate, a summary note and all amendments of the universal registration document. All these documents are then approved by the Autorité des Marchés Financiers pursuant to regulation (EU) 2017 / 1129.

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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