2021

JACQUET METALS

Activity report

December 31, 2021

A leader in the distribution of specialty steels

Table of contents

PRESS RELEASE

2021 annual results

09.03.2022 - 6.00pm CET

Sales: €1,970m (+44% vs 2020)
EBITDA: €201m (10.2% of sales)
Net income (Group share): €121m

Solid performances

In 2021, the Group benefited from a favorable environment marked by a **well oriented demand** and the **increase in raw materials prices**.

Volumes sold rose +21% versus 2020 (+6% compared to 2019) and average sale prices were +24% higher. **Sales** increased by +44% to €1,970 million (+62% in the fourth quarter to €527 million) and the **gross margin** by +60% to €526 million, representing 26.7% of sales, compared to 24% a year earlier.

EBITDA amounted to €201 million, representing 10.2% of sales (10.5% in the fourth quarter at €55 million) compared to 4.6% in 2020.
Net income (Group share) amounted to €121 million (of which €38 million in the fourth quarter) compared to €11 million in 2020.

Operating working capital increased, representing 26% of sales at 2021 year-end compared to 24% a year earlier. During the year, the Group generated **operating cash flow** of €8 million and strengthened its financing structure with a **shareholders' equity** of €495 million. The net debt to equity ratio (gearing) amounted to 35% at 2021 year-end.

The Group pursued its **development** on key markets via a sustained capital expenditure policy (€32 million in 2021) and the launch of 3 new distribution centers in Hungary, France and Italy. New sites are being rolled-out, notably in North America.

In 2022, the Group will continue its capital expenditure policy and development. Market conditions at the beginning of the year remained in line with those of 2021 year-end.

The Group's exposure to the Russian, Belarusian and Ukrainian markets is low in terms of both supplies and sales. It is too early to estimate the other consequences of this conflict on the Group's business.

On March 9, 2022 the Board of Directors, chaired by Éric Jacquet, approved the consolidated financial statements for the year ended December 31, 2021, which have been audited by the Statutory Auditors. The certification report is currently in the process of being issued.

€m	Q4 2021	Q4 2020	2021	2020
Sales	**527**	**326**	**1,970**	**1,365**
Gross margin	**137**	**94**	**526**	**328**
% of sales	*26.0%*	*28.8%*	*26.7%*	*24.0%*
EBITDA [1]	**55**	**30**	**201**	**62**
% of sales	*10.5%*	*9.2%*	*10.2%*	*4.6%*
Adjusted operating income [1]	**58**	**27**	**175**	**24**
% of sales	*10.9%*	*8.4%*	*8.9%*	*1.8%*
Operating income	**48**	**35**	**163**	**28**
Net income (Group share)	**38**	**30**	**121**	**11**

[1] Adjusted for non-recurring items.

2021 results

Sales amounted to €1,970 million, up +44.3% compared to 2020 (Q4 +61.7%), including the following effects:

- volumes sold: +20.6% (Q4 +14.4%);
- prices: +23.7%. Sale prices gradually increased in 2021, up +47.3% between the beginning and end of 2021 (up +7.1% in the fourth quarter of 2021).

Gross margin amounted to €526 million, representing 26.7% of sales compared to €328 million in 2020 (24% of sales).

In this context of growth, **current operating expenses*** were kept under control and represented 16.5% of 2021 sales, compared to 19.5% in 2020. After taking into account €5 million of savings (as a result of measures taken in 2020), expenses amounted to €325 million compared to €266 million in 2020. This 22% variation is mainly due to the increase in variable expenses, in line with growth in volumes sold and profitability.

* excluding depreciation and amortization (€36) million and provisions (€2) million.

EBITDA amounted to €201 million and represented 10.2% of sales compared to €62 million in 2020 (4.6% of sales).

Adjusted operating income amounted to €175 million (8.9% of sales).

In this context, **Net income (Group share)** amounted to €121 million.

Financial structure as of December 31, 2021

In 2021, the Group generated positive **operating cash flow** of €8 million.

Operating working capital increased to €520 million (26.4% of sales), compared to €332 million at 2020 year-end (24.3% of sales), due to the inventory increase (€588 million compared to €368 million at 2020 year-end). This increase will continue over the coming months.

After taking into account **capital expenditures** (€32 million) and the **2020 dividend** (€9 million), Group net debt stood at €171 million, compared to €106 million at 2020 year-end. The net debt to equity ratio (gearing) amounted to 35% compared to 28% at 2020 year-end.

The group had €246 million in **cash** and €704 million in lines of credit (€287 million of which is unused).

2021 earnings by division

	JACQUET Stainless steel quarto plates		**STAPPERT** Stainless steel long products		**IMS group** Engineering steels	
€m	**Q4 2021**	**2021**	**Q4 2021**	**2021**	**Q4 2021**	**2021**
Sales	**119**	**429**	**152**	**611**	**261**	**945**
Change vs 2020	68.5%	40.8%	55.8%	43.2%	62.2%	46.6%
Price effect	48.1%	21.8%	45.4%	23.3%	47.8%	24.8%
Volume effect	20.4%	19.0%	10.4%	19.9%	14.4%	21.8%
EBITDA [1 2]	**23.4**	**66.2**	**9.4**	**41.5**	**15.9**	**67.6**
% of sales	*19.7%*	*15.4%*	*6.2%*	*6.8%*	*6.1%*	*7.2%*
Adjusted operating income [2]	**22.2**	**59.4**	**9.1**	**40.3**	**23.6**	**68.3**
% of sales	*18.7%*	*13.8%*	*6.0%*	*6.6%*	*9.0%*	*7.2%*

[1] Excluding IFRS 16 impacts. In 2021, non-division operations (mainly holdings and real-estate companies) and the application of *IFRS 16 - Leases* contributed €8.3 million and €17 million to EBITDA respectively.
[2] Adjusted for non-recurring items.

JACQUET

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

In 2021, the division continued its organic development notably with the launch of 2 new sites in Italy and Hungary. The division also made investments in North America to increase its distribution capacities: these investments will be operational by 2023.

Sales amounted to €429 million, up +40.8% from €305 million in 2020 (Q4 +68.5%):

- volumes: +19.0% (Q4 +20.4%). Volumes sold in 2021 were +11.2% higher than those in 2019;
- prices: +21.8% (Q4 +48.1% vs Q4.20 and +8.1% vs Q3.21).

Gross margin amounted to €155 million, representing 36.2% of sales, compared to €89 million in 2020 (29.1% of sales).

EBITDA amounted to €66 million, representing 15.4% of sales, compared to €13 million in 2020 (4.4% of sales).

STAPPERT

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

In 2021, the division strengthened its market position and improved its operational performance in Western Europe. It intends to continue its investments, notably in Germany, Poland and the UK.

Sales amounted to €611 million, up +43.2% from €427 million in 2020 (Q4 +55.8%):

- volumes: +19.9% (Q4 +10.4%) . Volumes sold in 2021 were +13.3% higher than those in 2019;
- prices: +23.3% (Q4 +45.4% vs Q4.20 and +6.5% vs Q3.21).

Gross margin amounted to €129 million, representing 21% of sales, compared to €88 million in 2020 (20.7% of sales).

EBITDA amounted to €42 million, representing 6.8% of sales, compared to €17 million in 2020 (4% of sales).

IMS group

The division specializes in the distribution of **engineering steels**, mostly in the form of long products. It generates **47% of its sales in Germany, the largest European market**.

In 2021, the division benefited from favorable market conditions, as well as measures taken in 2020 to reduce costs and revitalize business, notably in Germany. The division opened a new distribution center in France in 2021 and will continue to invest, notably in Germany, Italy, France and Poland.

Sales amounted to €945 million, up +46.6% from €645 million in 2020 (Q4 +62.2%):

- volumes: +21.8% (Q4 +14.4%). Volumes sold in 2021 were at the same level as 2019;
- prices: +24.8% (Q4 +47.8% vs Q4.20 and +6.9% vs Q3.21).

Gross margin amounted to €242 million, representing 25.6% of sales, compared to €151 million in 2020 (23.4% of sales).

EBITDA amounted to €68 million, representing 7.2% of sales, compared to €8 million in 2020 (1.2% of sales).

Key financial information

Income statement

€m	Q4 2021	Q4 2020	2021	2020
Sales	**527**	**326**	**1,970**	**1,365**
Gross margin	**137**	**94**	**526**	**328**
% of sales	*26.0%*	*28.8%*	*26.7%*	*24.0%*
EBITDA [1]	**55**	**30**	**201**	**62**
% of sales	*10.5%*	*9.2%*	*10.2%*	*4.6%*
Adjusted operating income [1]	**58**	**27**	**175**	**24**
% of sales	*10.9%*	*8.4%*	*8.9%*	*1.8%*
Operating income	**48**	**35**	**163**	**28**
Net financial expense	(3)	(2)	(12)	(11)
Corporate income tax	(5)	(2)	(23)	(4)
Minority interests	(2)	(1)	(7)	(2)
Net income (Group share)	**38**	**30**	**121**	**11**

[1] Adjusted for non-recurring items.

Cash flow

€m	2021	2020
Operating cash flow before change in working capital	183	52
Change in working capital	(175)	88
Cash flow from operating activities	**8**	**140**
Capital expenditure	(32)	(27)
Asset disposals	2	1
Dividends paid to shareholders of JACQUET METALS SA	(9)	(5)
Interest paid	(12)	(13)
Other movements	(22)	(27)
Change in net debt	**(65)**	**69**
Net debt brought forward	**106**	**175**
Net debt carried forward	**171**	**106**

Balance sheet

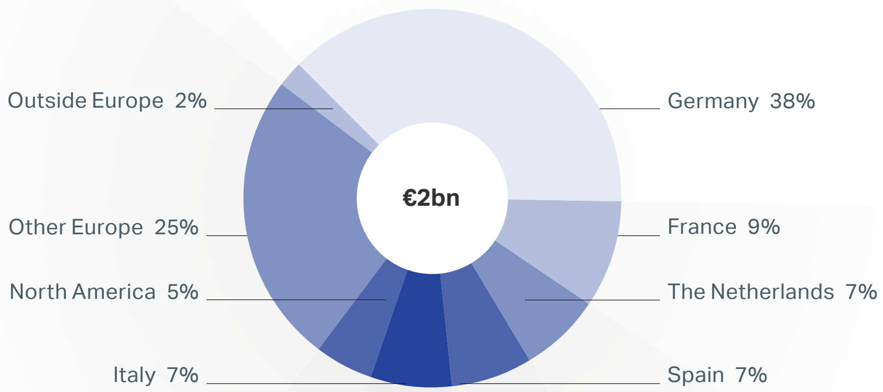
€m	31.12.21	31.12.20
Goodwill	66	66
Net non-current assets	168	154
Right-of-use assets	63	70
Net inventory	588	368
Net trade receivables	209	135
Other assets	121	91
Cash & cash equivalents	246	333
Total assets	**1,460**	**1,217**
Shareholders' equity	495	373
Provisions (including provisions for employee benefit obligations)	101	96
Trade payables	277	171
Borrowings	417	439
Other liabilities	104	64
Lease liabilities	67	73
Total equity and liabilities	**1,460**	**1,217**

The Group

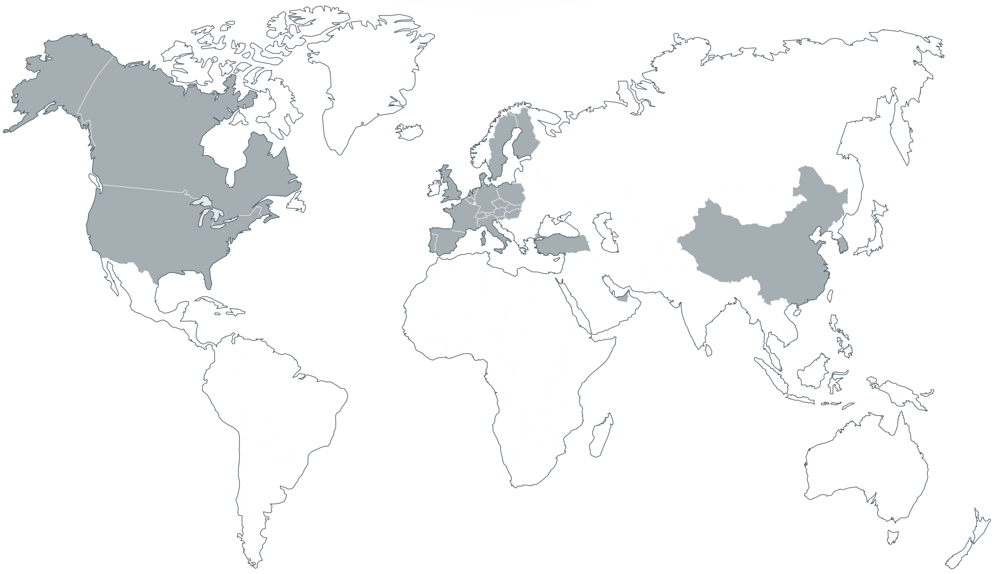
1 A leading distributor of specialty steels

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



105 distribution centers located in 24 countries • Staff : 2,951

2 History

JACQUET METALS

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

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

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

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

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

2006 JACQUET Industries becomes JACQUET METALS.

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

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

IMS

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

1983 Usinor acquires full control of IMS.

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

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

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

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

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

2007 Acquisition of the Cotubel group.

2008 Sale of the Astralloy subsidiary in the USA.

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

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

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

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

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

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

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

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

2020 Jacquet Metal Service becomes JACQUET METALS.

3 Governance

3.1 General principles

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

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

As such, the Board of Directors comprises:

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

The Board of Directors pays special attention to ensuring balanced membership of the Board and its committees. It ensures:

- a diverse range of experiences, backgrounds and ages amongst its members;
- at least a third of its members are independent, in accordance with the provisions of the Reference Code;
- 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, 2021, the Board of Directors comprised 10 members:

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

	Age	Gender	Nationality	Independance	Appointment and Compensation Committee	Audit and Risk Committee
Éric Jacquet Chairman of the Board of Directors	63	M	French	-	-	-
Jean Jacquet Vice-Chairman of the Board of Directors	89	M	French	√	-	-
Gwendoline Arnaud Director	49	F	French	√	Member	-
Séverine Besson Director	47	F	French	√	-	-
Jacques Leconte Director	77	M	French	√	-	Member
Henri-Jacques Nougein Director	74	M	French	√	Chairman	-
Dominique Takizawa Director	65	F	French	√	-	Chairwoman
Pierre Varnier Director	73	M	French	√	-	Member
Alice Wengorz Director	55	F	German	√	Member	-
JSA represented by Ernest Jacquet Director	24	M	French	-	-	Member

On the proposal of the Appointment and Compensation Committee, the Board of Directors votes 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 (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.

3.2 The Board of Directors

3.2.1 Board membership

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

Éric Jacquet • a French national, 63, 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, 89, served as Chairman of Faïence et Cristal de France until 2012, Chairman and Chief Executive Officer of SOMERGIE (the Metz urban public-private waste management company) until 2011 and Chairman and Chief Executive Officer of TCRM (Metz area public transport system) until 2010. Jean Jacquet 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, 49, has been a lawyer since 1998. In 2003 she set up her own firm specializing in business and family 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 • (deemed independent), a French national, 47, 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 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, 77, 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 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, 74, 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, 65, formerly General Secretary of Institut Mérieux (2001-2020). She joined the Mérieux group in 2001, where she was involved in its strategic development, in particular M&A and shareholder and investor relations. In particular, she helped coordinate the bioMérieux initial public offering. She was previously Chief Financial Officer at various companies: Pasteur-Mérieux Connaught (now Sanofi Pasteur), Aventis Crop Sciences (now Bayer) and Rhône Mérieux / Mérial.
Dominique Takizawa is a graduate of HEC Management School and holds a DECF diploma in accounting and finance.
She was first appointed to the Board of Directors on June 26, 2020.

Pierre Varnier • (deemed independent), a French national, 73, 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, 55, is a corporate management consultant at her own firm. She specializes in corporate strategy, organization and processes, and human resources. She has previously 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 liability company governed by Belgian law, controlled by Éric Jacquet and represented by his son, Ernest Jacquet. Ernest Jacquet, a French national, 24, performs sales functions at JACQUET Lyon, a company specializing in the distribution of stainless steel plates. He holds a Master's degree of Science in Global Innovation & Entrepreneurship from emlyon business school.
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 and the Reference Code, the Board of Directors ensures that at least one third of its members are independent.
The independence of members of the Board of Directors is tested against the following criteria:

- they must not be or have been within the previous five years:
  - an employee or executive officer of the Company,
  - an employee, executive officer or director of a company consolidated by the Company,
  - an employee, executive officer or director of the Company's parent company or of a company consolidated by this parent company;
- they must not be an executive officer of a company in which the Company directly or indirectly holds a directorship or in which an employee appointed as such or an executive officer of the Company (currently or having held such office within the last five years) holds a directorship;
- they must not be a customer, supplier, corporate banker, investment banker or adviser:
  - which is significant to the Company or Group,
  - or for which the Company or Group represents a significant portion of its business;
- they must have no close family ties with a corporate officer;
- they must not have been a statutory auditor of the Company over the past five years;
- they must not have been a director of the Company for more than 12 years. The status of independent director lapses after 12 years;
- as a non-executive officer, they must not receive variable compensation, whether in cash or shares, or any other compensation indexed to the Company's or Group's performance;
- a director who represents a major shareholder must not be involved in the control of the Company or its parent company.

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	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 receiving variable compensation	√	√	√	√	√	√	√	√	√	√
8 Major shareholder	×	√	√	√	√	√	√	√	√	×

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

Changes in Board of Directors and committee membership during the 2021 financial year

There were no changes in the membership of the Board of Directors or the Committees in 2021.

3.2.2 Board of Directors' 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 Internal Regulations include and detail the operational and organizational rules applicable to it as well as the operational rules of the standing Commitees (Audit and Risks Committee & Appointement and Compensation Committee).

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 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 important 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 provisions.

The Chairman of the Board of Directors 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.

The Chairman of the Board of Directors is the only person who can speak on behalf of this entity.

Activity of the Board of Directors

In 2021, 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, prior to the meeting.

In particular, the Board of Directors:

- reviewed the 2021 budget;
- authorized the Chairman to grant guarantees on behalf of the Company;
- allocated the attendance fees for 2020;
- carried out the annual review of its operations;
- reviewed and approved the quarterly, half-year and annual consolidated and statutory financial statements of the Company 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 25, 2021 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 standing Committees;
- 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 and the Group.

The Board of Directors meetings generaly last between one and a half and two hours. The average attendance rate was 100%.

The statutory auditors were invited to all Board meetings.

Assessment of the Board of Directors' 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 in 2021

	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	100%	n.a.	n.a.
Gwendoline Arnaud Director, Member of Appointment and Compensation Committee	100%	100%	n.a.
Séverine Besson Director	100%	n.a.	n.a.
Jacques Leconte Director, Member of the Audit and Risk Committee	100%	n.a.	100%
Henri-Jacques Nougein Director, Chairman of the Appointment and Compensation Committee	100%	100%	n.a.
Dominique Takizawa Director, Chariwoman of the Audit and Risk Committee	100%	n.a.	100%
Pierre Varnier Director, Member of the Audit and Risk Committee	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	100%	n.a.	100%

n.a. : Not applicable.

3.3 Board committees

Each standing committee comprises no more than four members.

3.3.1 Appointment and Compensation Committee

Membership of the Appointment and Compensation Committee

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

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

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 2021 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 2021, the committee assessed its operating procedures. This assessment is based on a questionnaire given to all members primarily covering committee membership, frequency and length of meetings, the quality of the discussions, the work of the committee, communication of information to committee members, committee members' compensation and access to Group management.

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

3.3.2 Audit and Risk Committee

Membership of the Audit and Risk Committee

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

- Dominique Takizawa (Chairwoman), deemed independent;
- Jacques Leconte, deemed independent;
- Pierre Varnier, deemed independent;
- 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 annual statutory and consolidated financial statements of the Company;
- 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 Management. It also conducts interviews with the statutory auditors, in order to obtain assurance that the auditors have had access to all the informations 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 annual statutory and consolidated financial statements of the Company including related audit reports;
- review of the budget.

The Audit and Risk Committee also monitors potential risks incurred by the Group.

Activity of the Audit and Risk Committee

The Audit and Risk Committee met three times in 2021 and had an attendance rate of 100%. On average, its meetings lasted over 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 as well as 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 2021 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.

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.

3.4 The Chief Executive Officer and the Deputy Chief Executive Officer

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

- Éric Jacquet: Information regarding him is presented in §3.2.1;
- Philippe Goczol, a Belgian national, 56, he holds a degree from Mons University (Belgium). He began his career in 1988 at steel manufacturer Industeel (formerly Fafer, ARCELOR MITTAL group), where he held positions as Commercial Engineer (1988-1992), Proxy (1992-2000), and Sales Director (1999-2000). In 2001, he joined JACQUET METALS as Chief Development Officer before being appointed Deputy CEO in 2004.

Limitation of the powers of the Deputy Chief Executive Officer

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

3.5 Senior management

- **Éric Jacquet** - Chairman & Chief Executive Officer
- **Philippe Goczol** - Deputy Chief Executive Officer
- **Thierry Philippe** - Chief Financial Officer
- **Sarah Vaison de Fontaube** -Financial Officer
- [redacted] - General Counsel
- **Alexandre Iacovella** - Chief Operating Officer
- **Hans-Josef Hoss** - Chief Executive Officer, IMS group
- **Jens Münchow** - Chief Executive Officer, STAPPERT
- **Arnaud Giuliani** - Chief Information Officer

3.6 Shareholder participation in the General Meeting

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

Under the emergency health measures implemented in response to the COVID-19 pandemic, and pursuant to Article 4 of French Order no. 2020-321 of March 25, 2020 as extended and amended by Decree N° 2021-255 of March 9, 2021 and in an effort to protect the health and safety of all Company employees and associates, the Company Annual General Meeting of June 25, 2021 was held in camera.

4 Information on the Group's business

The market

In 2021, the global steel market amounted to around 1.95 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 →

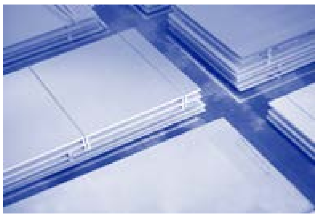
- 20 suppliers:
  50% of purchases
- Delivery time:
  2 to 12 months

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



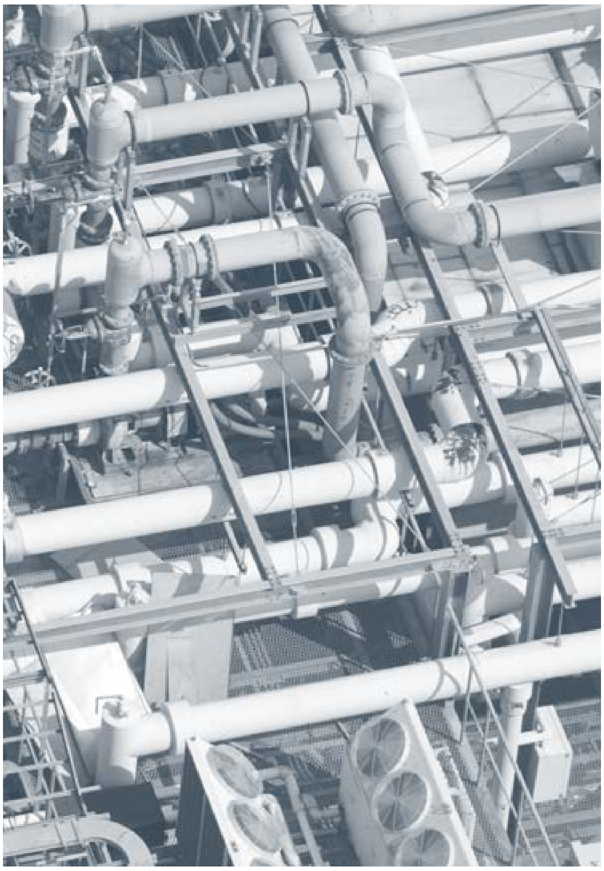
Purchases

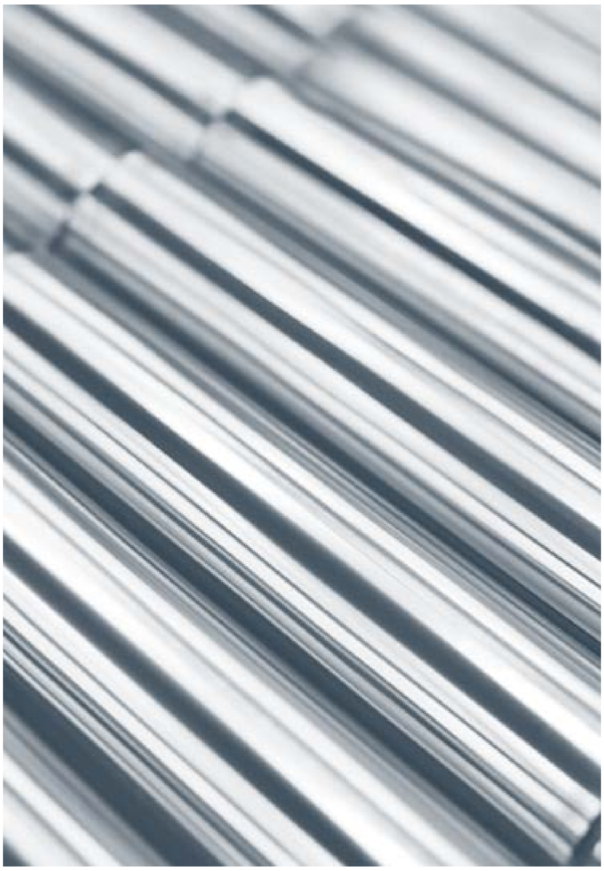
Purchasing terms and conditions are negotiated between the main specialty steel producers' management teams and the JACQUET METALS SA managers, working together with the division managers.

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, 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, Asia and North America, 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 1.5 million tons, i.e. around 3% of the global stainless steel market. As such, it is a classic niche market. This market is usually equally divided between projects (direct supply from the producer to the end-customer) and distribution. JACQUET is the leading global distributor of stainless steel quarto plates.

The competition

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

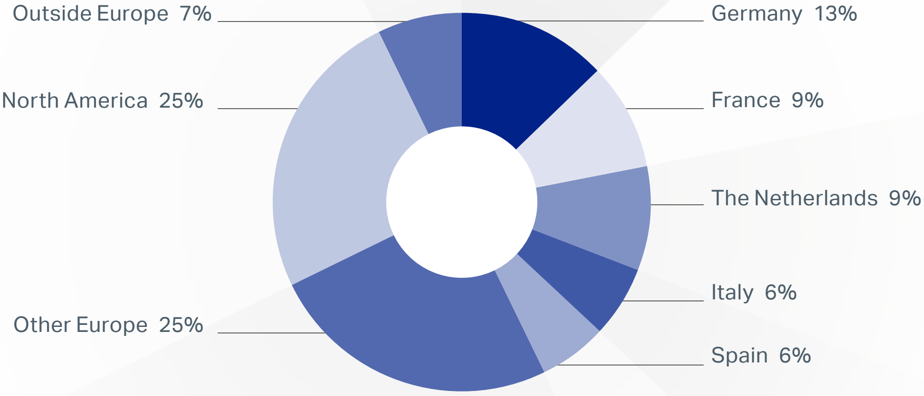
- in-house departments of large European steel groups (e.g. Outokumpu), which operate in several countries;
- family type businesses operating in a single country.

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

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

Geographical breakdown of sales

JACQUET operates in Europe, North America and Asia.



The stainless steel market

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

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

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

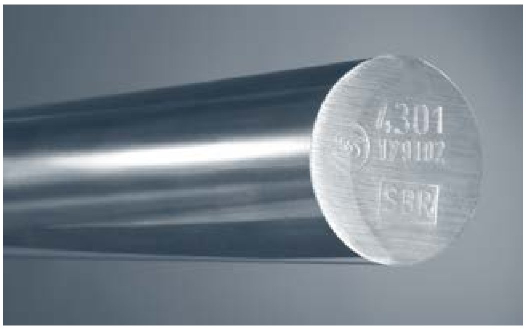
The stainless steel long products market

The annual global stainless steel long products market amounts to around 6.4 million tons. The global stainless steel rod market, which comprises most of STAPPERT's business activity, represents around 4.2 million tons, ⅓ of which is the European market. Distribution accounts for around 50% of the long stainless steel product market in Europe. STAPPERT is one of the leading European operators on the distribution market.

The competition

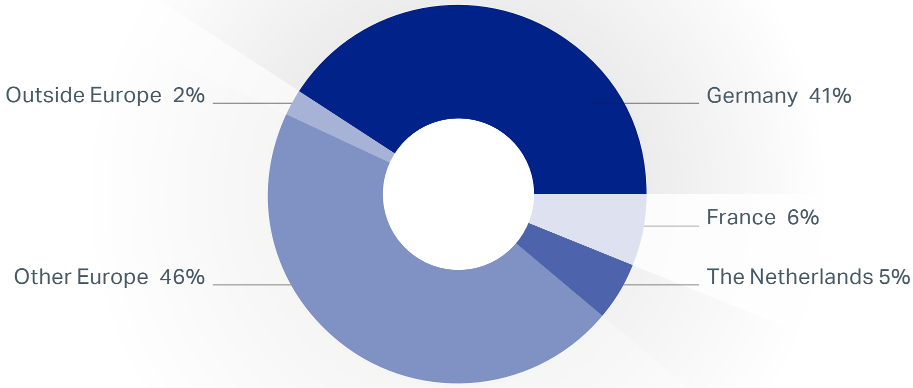
STAPPERT's competition breaks down between the following types of operator:

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



Geographical breakdown of sales

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



The market

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

They are used in many industrial sectors, including:

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

The engineering steels market includes many forms and categories of products. The annual European engineering steel alloy market is estimated at around 7.9 million tons. The two largest geographical markets are Germany and Italy, which together account for 60% of the market, followed by France and Spain, which account for 20% of the European market. The distribution sector's share of the engineering steel rod market is estimated at 50%. IMS group is a leading European distributor of engineering steels.

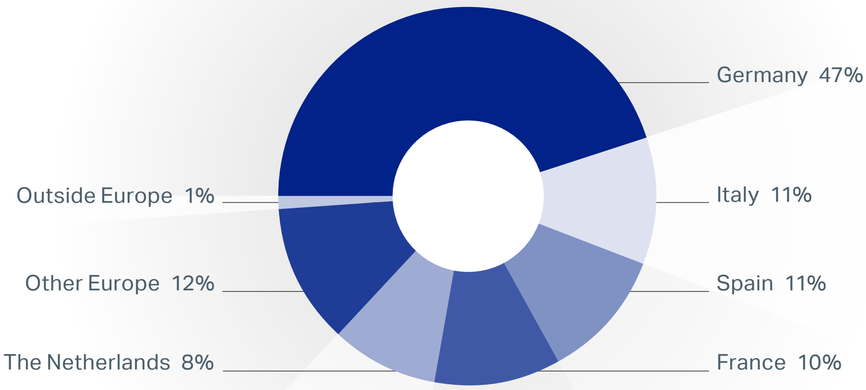
The competition

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

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

Geographical breakdown of sales

IMS group operates throughout Europe. It generates 47% of its sales in Germany, the largest European market.



5 Non-Financial Statement ("NFS")

The JACQUET METALS Group (the "Group") places a great deal of importance on CSR (Corporate Social Responsibility). The Group is committed to managing its affairs in a responsible manner, taking into consideration:

- 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). The information included in the NFS is set out in a cross-reference table presented in §5.5.

To date, the Group has not been impacted by any natural events (potentially caused by climate change) having materially affected its business.

5.1 Environmental challenges

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

- monitoring greenhouse gas (GHG) emissions;
- promoting renewable energy;
- systematic recovery and recycling of scrap metal and consumables;
- high standards in terms of supplies and quality.

5.1.1 Carbon footprint and energy consumption

Carbon footprint

In 2021, the Group performed a carbon footprint to estimate its greenhouse gas (GHG) emissions:

- scopes 1 & 2: emissions relating to energy consumed by the Group's distribution centers (gas, fuel oil, electricity);
- scope 3: other emissions generated upstream and downstream of the Group's activity (steel production by plants and carriers).

In 2021, the total estimated greenhouse gas emissions (scopes 1, 2 and 3) represents around 2 million tons of CO_2 equivalent. Emissions (scopes 1 & 2) relating to energy consumed by the Group's distribution centers account for 0.8% of the total emissions:

Energy consumption (scopes 1 & 2)

Energy consumed by the Group's distribution centers mainly relates to the use of finishing equipment, heating and lighting.

In 2021, the Group set up a reporting system to monitor its energy consumption:

Energy	2021 Consumption of the Group (MWh)*
Electricity	38,651
Gaz	19,131
Fuel oil	1,060
Total energy	58,842

* Estimation based on subsidiaries' consumption which represent 86% of Group sales.

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

Furthermore, the Group encourages videoconferencing to reduce GHG emissions generated by staff travel.

5.1.2 Promotion of renewable energy

The Group regularly invests in energy transition programs including the installation of solar panels and/or LED lighting at its distribution centers.

For example:

- between 2018 and 2021, 6,000 sqm of solar panels were installed;
- in 2022, the installation of more than 3,000 sqm of solar panels is planned in Italy, Poland and Hungary.

↑ Drachten, Netherlands

5.1.3 Application of the European Taxonomy to the Group's activity

The Taxonomy Regulation (EU Regulation 2020/852) establishes a common classification system in the European Union. Pursuant to this regulation, companies are required to publish:

- the proportion of their sales (I)
- the capital expenditure (Capex) (II)
- the operating expenses (Opex) (III)

associated with eligible economic activities for the European Taxonomy.

An economic activity is considered eligible if it is included in the list of activities set out in the delegated acts of the Taxonomy Regulation, which is constantly being updated.

The information presented below relates to the scope of Group's consolidated financial statements.

(I) **Sales**

The list of eligible activities for the European Taxonomy does not include the distribution of steels.

As such, Group sales are not currently eligible under the Taxonomy Regulation. Depending on future changes to the list of eligible activities, the Group may need to review the classification of its sales.

(II) Capital expenditure

Total eligible capital expenditure in 2021 amounted to €15.6 million out of a total of €34 million, mainly relating to property investments:

Economic activities	Annex 1 reference	Capex amount (€k)	Total proportion of capex
Ⓐ Activities eligible for the Taxonomy		**15,594**	**46%**
Acquisitions, new builds and building renovation	§7.1, §7.2, §7.7	12,283	36%
Vehicle transport	§6.5	3,016	9%
Electricity generation through solar panels	§4.1	295	1%
Ⓑ Activities not eligible for the Taxonomy		**18,185**	**54%**
Total capex Ⓐ+Ⓑ		**33,779**	**100%**

(III) Operating expenses

The eligible operating expenses as defined by the Taxonomy Regulation are not significant (<5% of total operating expenses).

5.1.4 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 ¾ 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 subsidiary concerned monitors the volume of scrap materials generated on a monthly basis. During 2021, management has also implemented a monitoring of the volume of scrap generated for the Group. For 2021, scrap metal amounted to around 27,000 tons. The quantity generated depends on the activity as well as the complexity of the finishing 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

5.1.5 A demanding supply chain

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 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.

To date, the Group has assessed producers representing half of the consolidated 2021 supplies; 92% have adhered to the Group's Supplier Policy:

Adherence to the JACQUET METALS Supplier Policy	92%

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, pre-defined standards. Each supplier must ensure that the material delivered corresponds to the product certificate (including the heat number showing the origin of the products).

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

↑ Marking on a plate

5.2 Social challenges

5.2.1 Human resource management

Given its operations in 24 countries and an average headcount of around 40 employees at each subsidiary, 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 agreements signed with staff representative bodies in each subsidiary at the Company level. 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 results-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 the Company's corporate officers is based on a number of criteria including Group earnings (ratio of net income (Group share) to sales).

Shareholder structure

The Group is developing its divisional operations via a model that is unusual in the metals distribution sector. Subsidiaries are regularly set up with a local partner, who is usually the manager of the subsidiary. This partner invests and receives an equity interest ranging from 10% to 49% (see §6.3 Developments). At December 31, 2021, the managers of 12 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 through a variety of formats (via external training entities, in-house training, e-learning, etc.).

In 2021, 26% of employees received training over a total of 12,910 training hours:

Training	2021
Number of employees trained	778
Number of training hours	12,910

The Group also promotes internships and work-study programs. At the end of 2021, 121 interns were working in subsidiaries in Germany and France (that account for around half of the Group's workforce).

5.2.2 Health and safety 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 by corrective measures to improve procedures and additional training where required;
- upgrading workstations;
- the appointment of a "safety manager" at each subsidiary.

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

Accident frequency and severity ratios are presented below:

	2021
Frequency [1]	20.15
Severity ratio [2]	0.39

[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.

	2021
Short-term absenteeism rate[1]	0.58%

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

During 2021, due to the health context (Covid-19), teleworking arrangements were set up and on-site work procedures were adapted in order to reduce the risk of infection while ensuring continuity of operations.

5.2.3 Headcount

By function

Group headcount at December 31, 2021 amounted to 2,951 full-time equivalent (FTE) employees including 2,669 under permanent contracts, as well as 149 temporary workers.

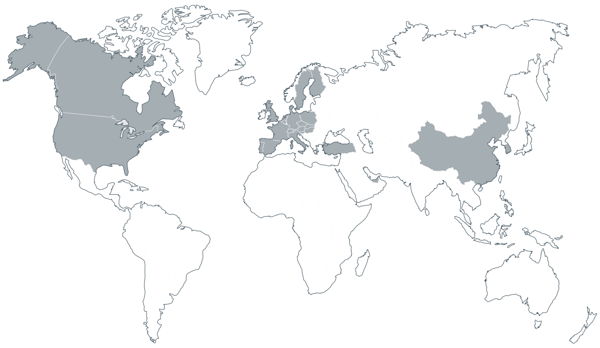
During 2021, 531 people joined the Group and 438 left.

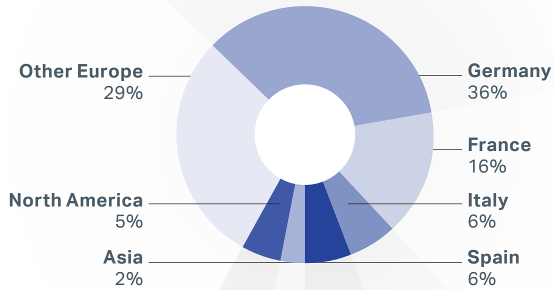
The change in FTE (full-time equivalent) headcount by function is as follows:

	2021	2020
Year-end	2,951	2,857
Support (IT, administration)	447 15%	445 16%
Sales, Procurement	1,119 38%	1,083 38%
Warehousing and logistics	1,385 47%	1,329 46%

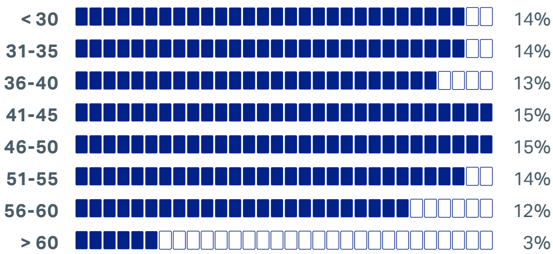
By region

The Group operates in 24 countries through 105 distribution centers. The headcount breakdown by region at December 31, 2021 was as follows:





By age



In 2021, 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 (58% men and 42% women). Women are under-represented at warehouses (5% of headcount). Total headcount comprises 26% women and 74% men.

	Male	Female
Support (IT, administration)	47%	53%
Sales, Procurement	58%	42%
Warehousing and logistics	95%	5%
Total	**74%**	**26%**

5.3 Respect for human rights

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

With regard to supplies, the Group now periodically assesses its main steel suppliers in order to measure their exposure to the risk of non-compliance with human rights within their organization (see §5.1.5 relating to adherence to the Group's supplier code of conduct).

To date, 92% of suppliers to whom the code has been presented have adhered to it.

For suppliers that have not yet adhered, additional measures are implemented (request for information, on-site inspections, etc.).

5.4 Prevention of corruption and tax evasion

The Group used the tightening of French anti-corruption regulations as an opportunity to strengthen its own anti-corruption policy.

These values are set out in an Anti-Corruption Policy (set up in 2019) that defines the behavior to be adopted by each Group subsidiary 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 ;
- adherence to the Anti-Corruption Policy by the selected suppliers. Supplier adherence is renewed every three years.

The percentage of selected suppliers (representing half of the Group's supplies) adhering to the Anti-Corruption Policy in 2021 is presented below:

Adherence to Anti-Corruption Policy*	92%

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

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

5.5 NFS cross-reference table

5.5.1 Business model

1	**Description of the Group's business**	
	Description of business activity and divisions	The Group - §4 Information on the Group's business
	Key figures	2021 annual results
	Organization chart of main entities	The Group - §7 Main companies
	Product descriptions	The Group - §4 Information on the Group's business
2	**Description of the business model**	
	Market positioning	The Group - §4 Information on the Group's business
	Key resources / production factors used	The Group - §4 Information on the Group's business
	Value contributed to the various customer segments and other stakeholders	The Group - §4 Information on the Group's business
	Profit analysis	The Group - §4 Information on the Group's business

5.5.2 Description of non-financial risks and impacts

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

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 (prevention of food waste and food insecurity, defense of animal well-being and a responsible, fair and sustainable food system) do not constitute major CSR risks and do not require explanation in this report.

6 Other information

6.1 IT systems

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

* Enterprise Resource Planning

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

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

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

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

6.2 Digital transformation

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

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

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

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

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

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

6.3 Developments

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

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

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

6.4 Capital expenditure policy

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

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

6.5 Infrastructure

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

The Group operates buildings with a total surface area of 665,897 sqm, of which 48% are fully owned.

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	1,209	3,900	1	7,974	18,708	3	-	-	-
China	5,439	20,118	1	5,315	-	2	-	-	-
Czech Republic	7,545	29,202	1	485	-	1	-	-	-
Danemark	-	-	-	60	-	-	-	-	-
Germany	101,970	147,863	16	117,093	26,218	7	8,808	21,110	1
Finland	2,333	23,064	1	39	-	-	-	-	-
France	70,552	299,028	7	42,184	77,415	9	-	-	-
Hungary	7,259	22,602	2	89	-	-	-	-	-
Italy	30,314	74,307	4	41,202	21,788	6	-	-	-
Korea	-	-	-	2,005	2,388	1	-	-	-
The Netherlands	32,550	44,137	4	4,163	2,910	1	-	-	-
Poland	11,152	66,203	2	12,865	18,882	2	-	-	-
Portugal	1,700	4,960	1	7,084	13,625	2	-	-	-
Slovakia	3,828	20,974	1	-	-	-	-	-	-
Slovenia	4,747	7,402	1	840	-	1	-	-	-
Spain	2,259	20,354	1	59,430	38,954	10	-	-	-
Sweden	4,169	27,927	2	683	-	-	-	-	-
Switzerland	1,395	1,500	1	-	-	-	-	-	-
Turkey	-	-	-	3,400	6,514	1	-	-	-
United-Kingdom	2,900	17,000	1	45	-	-	-	-	-
United-States	9,772	36,381	1	13,270	11,200	4	-	-	-
Total	**320,402**	**930,405**	**51**	**331,687**	**248,302**	**52**	**13,808**	**38,310**	**2**

Number of warehouses	31.12.21
Wholly-owned sites	51
Rented sites	52
Sites under finance lease	2
Total	**105**

As of today, there are no environmental regulation that could impact the Group's use of its property, plant and equipment.

6.6 Risks assessment

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.

6.7 Main risk factors

The presentation of the risk factors hereafter is based on the Group's risk mapping at the date of this document. In accordance with the guidelines of the European Securities and Markets Authority (ESMA) and the Autorité des marchés financiers (AMF, French financial market regulator) on risk factors in the context of the EU Prospectus Regulation, only the risks that are specific to the Group and that are the most significant are evoked.

— Summary table of the main risks

Categories	Risk factors		Net Impact	Occurence
Operating risks	Change in metal prices		•••	•••
	Economic environment and reduction in volumes sold		•••	•••
	IT systems and cybersecurity		•••	••
	Market development and digitization		••	•••
	Human resources	NFS	••	••
	Acquisitions and integration		••	••
	Environmental responsibility	NFS	••	••
	Procurement and supplier dependency		••	•
	Safety of people	NFS	•	••
Financial risks	Liquidity		•••	•
	Interest rates		••	••
	Counterparty		•	••
	Currency		•	••
Legal and regulatory risks	Compliance	NFS	••	••

Net impact and occurrence scale: ••• High | •• Medium | • Low

The above table reflects the exposure of the Company to the listed risks, after taking into account the mitigation measures implemented to reduce their impact and occurrence.

The Company's non-financial risks are identified by the "NFS" pictogram and are also developed in the Non-Financial Statement ("NFS") section (p. 29).

6.7.1 Operating risks

6.7.1.1 Change in metal prices

Overview

The Group's business consists of:

- buying and trading in different categories of specialty steels (stainless steels and engineering steels) for which production times can be long (up to 12 months);
- storing these steels (105 warehouses in 24 countries);
- selling these steels to a large customer base of industrial players within short timeframes.

The purchase price of steel usually consists of two separate components:

- the base price, which is the outcome of negotiations at the time when the order is placed with each producer;
- a variable portion which depends on the trend in commodity prices, e.g. the scrap metal 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).

Production lead times (which may be seldom observed) are an important factor in determining purchase prices. For example, some agreements may provide for an adjustment of the purchase price according to the change in raw material prices between the order date and the delivery date (actual or theoretical).
Lastly, annual price reductions may be provided for in accordance with volumes purchased and the producer's overall performance.

The sale price: Group policy and industry practice tend to pass on any purchase price increases 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.

Potential impacts

The Group's ability to pass on changes in purchase prices to sales prices and optimize inventory turnover has an impact on:

- the gross margin rate (%); and
- inventory valuation.

Risk management

Centralized negotiation of purchasing terms and conditions, an IT system common to most subsidiaries providing an instant overview of purchase orders and inventories, and the definition of procurement and commercial policies for each warehouse depending on the local customer base and economic environment, are all factors that contribute to improving gross margin and inventory turnover.

Moreover, the Group does not use any financial instruments to hedge fluctuations in the price of the raw materials used as components in the steels it markets. In the case of some of the metals used, 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. This choice means that the Group is exposed to fluctuations in the price of the raw materials.

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 purchase and sale prices.

6.7.1.2 Economic environment and reduction in volumes sold

Overview

The Group stores steels close to its customers, with more than one hundred distribution centers in 24 countries. The demand for specialty steels is generally linked to the economic environment and trends in industrial production.

Local conditions may be affected by major events, such as the introduction of customs tariffs, restrictions related to health constraints, geopolitical events, etc.

Potential impacts

A deteriorating economic environment can lead to reductions in demand and volumes sold, with the resulting impact:

- a deterioration in financial performance (decrease in sales, gross margin and the gross margin rate, lower absorption of fixed costs);
- a temporary decline in inventory turnover;
- increased competitive pressure leading to additional pressure on gross margin.

Risk management

The Group's presence in 24 countries, the positioning of its activities in distinct markets (stainless steels and engineering steels), the diversity of product categories distributed and its large customer base of over 60,000 active customers operating in a wide range of industrial sectors all help to mitigate fluctuations in the economic environment.

6.7.1.3 IT systems and cybersecurity

Overview

Most Group companies use an ERP (Enterprise Resource Planning) program developed by the Company. This program includes a business application and an accounting solution. IT systems play an essential role in the management, control and development of JACQUET METALS business activities in an international, decentralized environment.

The main risks relating to IT systems are related to potential system failure (infrastructure and/or software) and cybercrime.

Potential impacts

Any failure or malfunction of hardware or IT applications or a successful cybercriminal attack could:

- result in business interruptions and operating losses;
- result in loss or theft of data;
- damage the Group's image and reputation.

Risk management

Assisted by experts, the Group's various IT teams (in particular the Infrastructure and Cyber teams) draw up and monitor action plans aimed at strengthening:

- IT governance;
- threat detection systems;
- backup processes;
- continuity and remediation processes.

In addition, the Group has special ERP maintenance and development teams.

6.7.1.4 Market development and digitization

Overview

The growth of the digitalization of commercial flows in all business sectors is leading to changes in market practices and customer expectations.

Potential impacts

Paperless communication and digitization are still underdeveloped in the specialty steels distribution sector, but the ramp-up of digitization in supply and marketing techniques must be anticipated in order to:

- meet supplier and customer expectations;
- preserve / increase market share and competitive advantages;
- maintain / increase margins.

Risk management

In anticipation of the growing digitization of commercial flows, the Group is pursuing digital transformation while remaining as close as possible to its customers. For this purpose, it has hired special teams to develop and deploy digital systems among all the subsidiaries.

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

- EDI (Electronic Data Interchange): for several years now the Group has been using EDI protocols with customers generating large and recurring business volumes. EDI will ultimately be used for steel supplies;
- customer accounts: in addition to the sales process, customers can now set up an account that contains all of their purchase documentation (product certification, delivery note, invoice, order history and tracking, etc.).
- e-commerce: an online sales platform was designed in 2020 and is gradually deployed across the Group from 2021 onwards;

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

6.7.1.5 Human resources

Overview

The Group hires around 500 employees each year, mainly as part of:

- its organic growth policy (opening of new sites, commercial development, etc.);
- strengthening support functions (IT, digital, procurement, cyber, etc.);
- etc.

Hiring talent is therefore a key issue.

Potential impacts

The shortage of certain skills (especially when the job market is tight) and increased competition between companies are likely to cause delays in the completion and roll-out of certain projects.
This phenomenon may be more or less accentuated depending on the region or area of expertise.

Risk management

Given its 105 locations in 24 countries, 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. Aware of the challenges of recruiting and retaining talent, the management supervises all subsidiary managers and support functions (IT, digital, finance, etc.) to help them meet their staffing and employee development needs.

The Group's human resources policy includes promoting internal mobility, training and variable compensation systems indexed to performance.

The management policy for this risk is presented in the Non-Financial Statement.

6.7.1.6 Acquisitions and integration

Overview

As part of its development, the Group may carry out acquisitions, including foreign companies.
Key markets where the Group has considerable scope for development in the short / medium term include Germany, Italy, the United Kingdom and North America.

Prior to its implementation, each operation requires:

- identification of the specific characteristics of the target company (commercial, legal, organizational, corporate culture, strengths and weaknesses, etc.);
- preparation of an integration and communication plan for the workforce.

Potential impacts

The Group's ability to identify the specific characteristics of the companies and to prepare effective integration plans will determine the success of the operation, particularly:

- commitment of the workforce to the strategy proposed by the Group;
- implementation of measures identified within a short timeframe;
- the expected financial performance of the acquisition.

Risk management

Management places great importance on the selection of acquisitions and pays particular attention to ensuring that the target company's activity corresponds to that of the Group and its divisions, so as to improve the Group's purchasing conditions and / or geographical positioning.

In addition to the operational and financial due diligence phases, considerable attention is paid to preparing the integration plan (communication to staff, measures to be implemented, integration of IT and financial systems, centralization of purchasing conditions, etc.).

6.7.1.7 Environmental responsibility

Overview

The Group's main business activity is the storage and distribution of specialty steels, either unprocessed or cut to size.
As a distributor, most CO_2 emissions are indirect (scope 3): initial analyses show that more than 90% of the CO_2 emissions of the products distributed are generated during the production phase, i.e. by producers.

The Group's CO_2 emissions are essentially generated by electricity consumption in warehouses (lighting and consumption by finishing machines) and transport.

Scrap steel is systematically recovered and resold to recycling companies, which re-inject it into the steel production cycle. The Group estimates that more than $^3/_4$ of its steel supplies come from the circular economy, i.e. from recycling.

Furthermore, environmental issues have led to a strengthening of regulations related to low-carbon emissions (e.g. Taxonomy Regulation (EU) 2020/852).

Potential impacts

The consideration of environmental issues requires a policy of regular investment, particularly in the promotion of renewable energies.

In addition, changing environmental standards and regulations are likely to impact the following policies:

- supplies;
- investment;
- financing.

Risk management

Group policy includes:

- promoting renewable energy and monitoring energy consumption. Every year, the Group invests in promoting renewable energies (solar panels, LED lighting). As such, the Group installed 6,000 sqm of solar panels from 2018 to 2021 and plans to install more than 3,000 sqm in 2022;
- recycling and the circular economy;
- periodic assessment of the main suppliers and quality of supplies.

Lastly, the Group is developing its indicators and communications in response to regulatory changes and stakeholder demand.

The management policy for this risk is presented in the Non-Financial Statement.

6.7.1.8 Procurement and supplier dependency

Overview

The Group is a leader in the distribution of specialty steels.
This strong positioning allows it to source directly from a diversified producer base in terms of both product and location.
In a given product category (stainless steels or engineering steels), each producer is generally able to supply only a limited number of items.

Potential impacts

The Group's sources of supply may change depending on multiple factors:

- the commercial policy of a particular producer compared to its competitors;
- the logistical constraints encountered by producers (extended production times, production incidents, etc.) or supply chain players (extended delivery times, etc.);
- customs constraints;
- etc.

Risk management

The policy of centralized negotiation by the Company and the Group's strong positioning in its markets enable it to obtain supplies directly from a wide range of producers and to avoid dependency on any one producer.

6.7.1.9 Safety of people

Overview

The Group employs around 3,000 people in 24 countries in the following departments:

- Warehousing and logistics (47%);
- Sales, Procurement (38%);
- IT and Administration (15%).

Potential impacts

The risk of industrial accidents concerns all categories of employees, especially those working in the warehouses where steels are processed.

Risk management

The Group applies a training and prevention policy aimed at reducing the number and severity of industrial accidents. This policy includes:

- periodic communication of safety rules and instructions;
- regular training;
- regulatory external auditing of machinery and equipment;
- identification and analysis of industrial accidents followed by corrective measures where necessary;
- upgrading workstations;
- the appointment of a "safety manager" at each subsidiary.

The management policy for this risk is presented in the Non-Financial Statement.

6.7.2 Financial risks

6.7.2.1 Liquidity

Overview

The Group's financing structure is comprised of:

- €220 million Schuldscheindarlehen (SSD) maturing in December 2024, January 2025, and July 2026;
- a €125 million syndicated loan maturing in June 2024;
- multiple lines of credit (term and revolving loans, etc.) for a total of €359 million, 11% of which mature in over two years.

The main obligations (covenants) are:

- change of control clauses: JSA must hold at least 37% of JACQUET METALS SA's share capital and voting rights;
- compliance with one of the following two criteria:
  - net debt to equity ratio (gearing) less than 100%, or
  - leverage less than 2.

Potential impacts

The Group periodically refinances its financial debts. The offer and financial conditions (in particular margins and commissions) vary according to banking market conditions and the Group's performance.

Risk management

The Group ensures that it maintains a solid financial position in order to respond to market developments, in particular by:

- periodically refinancing its financing arrangements in order to extend maturities;
- maintaining a strong cash position (€246 million as of December 31, 2021);
- holding unused confirmed lines of credits (€287 million as of December 31, 2021).

6.7.2.2 Interest rates

Overview

The financing contracted by the Group consists of fixed and floating rate borrowings, broken down as follows as of December 31, 2021:

- fixed rate borrowings: €80 million;
- floating rate borrowings: €337 million. 91% of Group borrowings are contracted in euros.

Potential impacts

Rising interest rates could increase Group financial expenses.
After accounting for hedging instruments, a 1 percentage point change in the EURIBOR 3 month rate would have an impact of €0.8 million.

Risk management

The Group ensures that it maintains an appropriate mix of fixed and floating rate debt.
In addition, in order to limit the impact of interest rate fluctuations on floating rate debt, the Group regularly enters into hedging instruments (swaps or caps). As of December 31, 2021, 43% of floating rate debt was hedged.

6.7.2.3 Counterparty

Overview

The Group has a large customer base spanning 60 countries (60,000 active customers with an average invoice of €3,000).

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

Potential impacts

Failure to collect trade receivables results in operating and cash losses.

Risk management

Counterparty risk is limited by the fragmented structure of the Group's customer base with no dependency on a given customer or industry sector.

Furthermore, thanks to the Group's credit insurance policy, risk exposure is limited to uninsured trade receivables. As of December 31, 2021, 94% of balance sheet trade receivables were insured.

6.7.2.4 Currency

Overview

Cash flows are mainly generated through:

- steel purchases (most purchases are made in the currency of the buying company). 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;
- steel sales (most sales are made in the country where the subsidiary is located);
- cash advances granted by the Company to its subsidiaries, usually in the subsidiary's currency (the currency risk being managed by the Company).

Potential impacts

An unfavorable change in the exchange rate may have an adverse effect on the Group's financial performance.

Risk management

The Group's currency risk policy requires the finance department to assess currency positions every month, per currency and per subsidiary, and then arrange the hedges required. The most frequently used hedging instruments are forward currency purchases or sales.

When the Company makes cash advances to its subsidiaries, it generally borrows from a bank in the subsidiary's currency to hedge its exposure.

6.7.3 Compliance

Overview

The Group's presence in 24 countries increases the risk of:

- non-compliance with national or international regulations or the Group's internal rules;
- fraud (internal or external) or corruption.

Potential impacts

Failure to comply with a law or regulation may expose the Group to legal action resulting in financial losses and affecting its image and reputation.

Moreover, any case of fraud, whether theft or cybercrime, may result in financial losses for the Group.

Risk management

With assistance from specialized law firms, the Group regularly monitors changes in legislation in order to ensure compliance with laws and regulations.

The Group has also established a process for reporting information to management in order to identify fraud attempts as early as possible.

The Group has also strengthened its policy of preventing and combating corruption, in particular through the deployment of an "anti-corruption" e-learning program and an internal whistleblowing system which makes it possible to report the existence of situations or behavior that contravene the Anti-Corruption Policy.

The management policy related to the risk of corruption is presented in the Non-Financial Statement.

6.8 Insurance and risk coverage

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

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

The Company considers that its insurance coverage 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 2021 financial statements had been identified at December 31, 2021.

7 Main companies

as of 31.12.21

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 Italtaglio Srl • IT
- JACQUET Nova Srl • IT
- Quarto International Srl • IT
- JACQUET Korea CO. LTD. • KR
- 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
- 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
- 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
- Aciers Fourvière SARL • FR
- IMS France SAS • FR
- IMS SpA • IT
- IMS Nederland BV • NL
- IMS Polska Sp. z o.o. • PL
- IMS Portugal SA • PT
- IMS Özel çelik Ltd Şi. • TR

8 Stock market information and shareholder structure

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

		2021	2020	2019	2018	2017
Number of shares at end of period	numbers of shares	23,022,739	23,461,313	24,028,438	24,028,438	24,028,438
Market capitalization at end of period	**€k**	**483,478**	**326,112**	**370,519**	**372,921**	**660,782**
High	€	25.30	15.86	18.46	32.90	29.61
Low	€	13.44	7.60	13.76	13.56	19.45
Price at end of period	**€**	**21.00**	**13.90**	**15.42**	**15.52**	**27.50**
Average daily traded volume	numbers of shares	23,249	20,891	34,833	27,351	24,330
Average daily traded capital	€	472,972	233,870	562,702	634,980	596,557

Pursuant to the delegation granted to the Board of Directors by the General Meeting of June 25, 2021, the Board of Directors resolved to cancel 438,574 shares at its meeting held on June 25, 2021. Following this cancellation, the share capital of the Company comprised 23,022,739 shares and 32,781,874 attached voting rights (as of December 31, 2021).

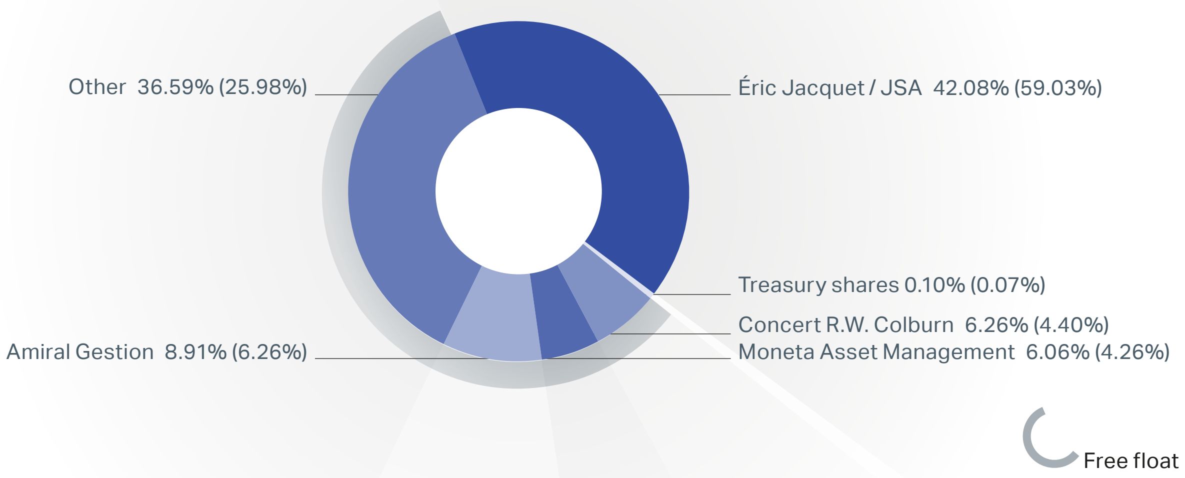
As of December 31, 2021 the JACQUET METALS ("JCQ") share price was €21.00 up from the December 31, 2020 closing price. The share price was €18.92 on March 8, 2022.

JACQUET METALS' shares are followed by:

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

Shareholder structure at December 31, 2021

% capital (% voting rights)



As of December 31, 2021, Éric Jacquet and JSA (which is controlled by Éric Jacquet) held 42.08% of the share capital and 59.03% of the voting rights in the Company.

9 Financial communication schedule

Q1 2022 results	May 11, 2022
General meeting	June 24, 2022
H1 2022 results	September 7, 2022
Q3 2022 results	November 9, 2022
2022 full year results	March 2023

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

Activity report 2021

1 Group's sales and earnings

Results for the year ended December 31, 2021 are compared to the results for 2020, which may be consulted in the 2020 Universal Registration Document filed with the Autorité des Marchés Financiers (AMF, French financial market regulator) on April 19, 2021 (filing No. D.21-0326), and in the December 31, 2020 activity report.

Solid performances

In 2021, the Group benefited from a favorable environment marked by a well oriented demand and the increase in raw materials prices.

Volumes sold rose +21% versus 2020 (+6% compared to 2019) and average sale prices were +24% higher.
Sales increased by +44% to €1,970 million (+62% in the fourth quarter to €527 million) and the gross margin by +60% to €526 million, representing 26.7% of sales, compared to 24% a year earlier.

EBITDA amounted to €201 million, representing 10.2% of sales (10.5% in the fourth quarter at €55 million) compared to 4.6% in 2020.
Net income (Group share) amounted to €121 million (of which €38 million in the fourth quarter) compared to €11 million in 2020.

Operating working capital increased, representing 26% of sales at 2021 year-end compared to 24% a year earlier.
During the year, the Group generated operating cash flow of €8 million and strengthened its financing structure with a shareholders' equity of €495 million. The net debt to equity ratio (gearing) amounted to 35% at 2021 year-end.

The Group pursued its development on key markets via a sustained capital expenditure policy (€32 million in 2021) and the launch of 3 new distribution centers in Hungary, France and Italy. New sites are being rolled-out, notably in North America.

In 2022, the Group will continue its capital expenditure policy and development. Market conditions at the beginning of the year remained in line with those of 2021 year-end.

The Group’s exposure to the Russian, Belarusian and Ukrainian markets is low in terms of both supplies and sales.
It is too early to estimate the other consequences of this conflict on the Group’s business.

€k	Q4 2021	Q4 2020	2021	2020
Sales	**526,756**	**325,797**	**1,969,739**	**1,364,685**
Gross margin	**137,028**	**93,688**	**525,692**	**328,206**
% of sales	*26.0%*	*28.8%*	*26.7%*	*24.0%*
Operating expenses	(81,855)	(64,052)	(325,031)	(266,442)
Net depreciation and amortization	(8,981)	(8,403)	(36,145)	(35,032)
Net provisions	1,615	14,111	(1,885)	1,098
Gains on disposals of non-current assets	(33)	76	265	360
Operating income	**47,774**	**35,420**	**162,896**	**28,190**
Net financial expense	(2,863)	(2,194)	(12,476)	(11,281)
Income before tax	**44,911**	**33,226**	**150,420**	**16,909**
Corporate income tax	(4,530)	(2,375)	(22,942)	(3,665)
Consolidated net income	**40,381**	**30,851**	**127,478**	**13,244**
Net income (Group share)	**38,399**	**30,162**	**120,846**	**11,198**
Earnings per share in circulation (€)	**1.67**	**1.29**	**5.25**	**0.48**
Operating income	**47,774**	**35,420**	**162,896**	**28,190**
Non-recurring items and gains / losses on disposals	9,788	(8,210)	11,883	(3,894)
Adjusted operating income	**57,562**	**27,210**	**174,779**	**24,296**
% of sales	*10.9%*	*8.4%*	*8.9%*	*1.8%*
Net depreciation and amortization	8,981	8,403	36,145	35,032
Net provisions	(1,615)	(14,111)	1,885	(1,098)
Non-recurring items	(9,755)	8,591	(12,148)	3,991
EBITDA	**55,173**	**30,093**	**200,661**	**62,221**
% of sales	*10.5%*	*9.2%*	*10.2%*	*4.6%*

Sales

Sales amounted to €1,970 million, up +44.3% compared to 2020 (Q4 +61.7%), including the following effects:

- volumes sold: +20.6% (Q4 +14.4%);
- prices: +23.7%. Sale prices gradually increased in 2021, up +47.3% between the beginning and end of 2021 (up +7.1% during the fourth quarter of 2021).

€m	Q4 2021	Q4 2020	2021	2020
Sales	**527**	**326**	**1,970**	**1,365**
Change vs 2020	**+61.7%**		**+44.3%**	
Price effect	+47.3%		+23.7%	
Volume effect	+14.4%		+20.6%	

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 2021;
- 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 €526 million, representing 26.7% of sales compared to €328 million in 2020 (24% of sales).

€m	Q4 2021	Q4 2020	2021	2020
Sales	**527**	**326**	**1,970**	**1,365**
Cost of goods sold	**(390)**	**(232)**	**(1,444)**	**(1,036)**
Incl. purchases consumed	(364)	(248)	(1,390)	(1,051)
Incl. inventory impairment	(26)	16	(54)	14
Gross margin	**137**	**94**	**526**	**328**
% of sales	*26.0%*	*28.8%*	*26.7%*	*24.0%*

Operating income

In this context of growth, current operating expenses* were kept under control and represented 16.5% of 2021 sales, compared to 19.5% in 2020. After taking into account €5 million of savings (as a result of measures taken in 2020), expenses amounted to €325 million, compared to €266 million in 2020. This 22% variation is mainly due to the increase in variable expenses, in line with growth in volumes sold and profitability.

* excluding depreciation and amortization (€36) million and provisions (€2) million.

In 2021, current operating expenses (€325 million) consist of:

- personnel expenses (€183 million);
- other expenses (€143 million) including notably freight costs, consumables, energy, maintenance, fees and insurances, etc.

EBITDA amounted to €201 million and represented 10.2% of sales compared to €62 million in 2020 (4.6% of sales).

Adjusted operating income amounted to €175 million (8.9% of sales).

Operating income includes a €0.3 million income on disposal of non-current assets and €12.1 million non-recurring charges (provisions mainly including a risk of retroactive taxation on certain imports) and amounted to €163 million.

Net financial expense

Net financial expense amounted to €12.5 million compared to €11.3 million in 2020. The average gross debt rate was 2%, stable compared to 2020.

€m	Q4 2021	Q4 2020	2021	2020
Net cost of debt	**(2.1)**	**(2.8)**	**(9.8)**	**(10.8)**
Other financial items	(0.7)	0.6	(2.7)	(0.5)
Net financial expense	**(2.9)**	**(2.2)**	**(12.5)**	**(11.3)**

Net income

Net income (Group share) amounted to €121 million compared to €11 million in 2020.

The Group average tax rate is around 25%. In 2021 it amounted to 15.3%, as some subsidiaries benefited from tax loss carryforwards not recognized at the end of 2020.

€m	Q4 2021	Q4 2020	2021	2020
Income before taxes	**44.9**	**33.2**	**150.4**	**16.9**
Corporate income tax	(4.5)	(2.4)	(22.9)	(3.7)
Income tax rate	-10.1%	-7.1%	-15.3%	-21.7%
Consolidated net income	**40.4**	**30.9**	**127.5**	**13.2**
Minority interests	(2.0)	(0.7)	(6.6)	(2.0)
Net income (Groupe share)	**38.4**	**30.2**	**120.8**	**11.2**
% of sales	*7.3%*	*9.3%*	*6.1%*	*0.8%*

2 Sales and earnings by division

	JACQUET Stainless steel quarto plates		**STAPPERT** Stainless steel long products		**IMS group** Engineering steels	
€m	**Q4 2021**	**2021**	**Q4 2021**	**2021**	**Q4 2021**	**2021**
Sales	**119**	**429**	**152**	**611**	**261**	**945**
Change vs 2020	68.5%	40.8%	55.8%	43.2%	62.2%	46.6%
Price effect	48.1%	21.8%	45.4%	23.3%	47.8%	24.8%
Volume effect	20.4%	19.0%	10.4%	19.9%	14.4%	21.8%
EBITDA [1 2]	**23.4**	**66.2**	**9.4**	**41.5**	**15.9**	**67.6**
% of sales	*19.7%*	*15.4%*	*6.2%*	*6.8%*	*6.1%*	*7.2%*
Adjusted operating income [2]	**22.2**	**59.4**	**9.1**	**40.3**	**23.6**	**68.3**
% of sales	*18.7%*	*13.8%*	*6.0%*	*6.6%*	*9.0%*	*7.2%*

[1] Excluding IFRS 16 impacts. In 2021, non-division operations (mainly holdings and real-estate companies) and the application of *IFRS 16 - Leases* contributed €8.3 million and €17 million to EBITDA respectively.
[2] Adjusted for non-recurring items.

JACQUET

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

In 2021, the division continued its organic development notably with the launch of 2 new sites in Italy and Hungary. The division also made investments in North America to increase its distribution capacities: these investments will be operational by 2023.

Sales amounted to €429 million, up +40.8% from €305 million in 2020 (Q4 +68.5%):

- volumes: +19.0% (Q4 +20.4%). Volumes sold in 2021 were +11.2% higher than those in 2019;
- prices: +21.8% (Q4 +48.1% vs Q4.20 and +8.1% vs Q3.21).

Gross margin amounted to €155 million, representing 36.2% of sales, compared to €89 million in 2020 (29.1% of sales).

EBITDA amounted to €66 million, representing 15.4% of sales, compared to €13 million in 2020 (4.4% of sales).

€m	Q4 2021	Q4 2020	2021	2020
Sales	**118.5**	**70.3**	**429.5**	**305.1**
Change vs 2020	+68.5%		+40.8%	
Price effect	+48.1%		+21.8%	
Volume effect	+20.4%		+19.0%	
Gross margin	**47.0**	**24.4**	**155.3**	**88.6**
% of sales	*39.6%*	*34.7%*	*36.2%*	*29.1%*
EBITDA	**23.4**	**5.8**	**66.2**	**13.4**
% of sales	*19.7%*	*8.2%*	*15.4%*	*4.4%*
Adjusted operating income	**22.2**	**4.5**	**59.4**	**5.4**
% of sales	*18.7%*	*6.4%*	*13.8%*	*1.8%*

STAPPERT

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

In 2021, the division strengthened its market position and improved its operational performance in Western Europe. It intends to continue its investments, notably in Germany, Poland and the UK.

Sales amounted to €611 million, up +43.2% from €427 million in 2020 (Q4 +55.8%):

- volumes: +19.9% (Q4 +10.4%). Volumes sold in 2021 were +13.3% higher than those in 2019;
- prices: +23.3% (Q4 +45.4% vs Q4.20 and +6.5% vs Q3.21).

Gross margin amounted to €129 million, representing 21% of sales, compared to €88 million in 2020 (20.7% of sales).

EBITDA amounted to €42 million, representing 6.8% of sales, compared to €17 million in 2020 (4% of sales).

€m	Q4 2021	Q4 2020	2021	2020
Sales	**151.6**	**97.3**	**611.1**	**426.8**
Change vs 2020	+55.8%		+43.2%	
Price effect	+45.4%		+23.3%	
Volume effect	+10.4%		+19.9%	
Gross margin	**30.5**	**22.6**	**128.6**	**88.4**
% of sales	*20.1%*	*23.2%*	*21.0%*	*20.7%*
EBITDA	**9.4**	**4.9**	**41.5**	**17.2**
% of sales	*6.2%*	*5.1%*	*6.8%*	*4.0%*
Adjusted operating income	**9.1**	**5.3**	**40.3**	**15.0**
% of sales	*6.0%*	*5.5%*	*6.6%*	*3.5%*

IMS group

The division specializes in the distribution of engineering steels, mostly in the form of long products. It generates 47% of its sales in Germany, the largest European market.

In 2021, the division benefited from favorable market conditions, as well as measures taken in 2020 to reduce costs and revitalize business, particularly in Germany. The division opened a new distribution center in France in 2021 and will continue to invest, mainly in Germany, Italy, France and Poland.

Sales amounted to €945 million, up +46.6% from €645 million in 2020 (Q4 +62.2%):

- volumes: +21.8% (Q4 +14.4%). Volumes sold in 2021 were at the same level as 2019;
- prices: +24.8% (Q4 +47.8% vs Q4.20 and +6.9% vs Q3.21).

Gross margin amounted to €242 million, representing 25.6% of sales, compared to €151 million in 2020 (23.4% of sales).

EBITDA amounted to €68 million, representing 7.2% of sales, compared to €8 million in 2020 (1.2% of sales).

€m	Q4 2021	Q4 2020	2021	2020
Sales	**260.7**	**160.7**	**944.9**	**644.5**
Change vs 2020	+62.2%		+46.6%	
Price effect	+47.8%		+24.8%	
Volume effect	+14.4%		+21.8%	
Gross margin	**59.6**	**46.0**	**241.8**	**150.5**
% of sales	*22.8%*	*28.6%*	*25.6%*	*23.4%*
EBITDA	**15.9**	**12.6**	**67.6**	**7.9**
% of sales	*6.1%*	*7.8%*	*7.2%*	*1.2%*
Adjusted operating income	**23.6**	**13.8**	**68.3**	**1.3**
% of sales	*9.0%*	*8.6%*	*7.2%*	*0.2%*

3 Consolidated financial position

Summary balance sheet

The summary balance sheet below sets out JACQUET METALS' consolidated financial position at December 31, 2021 and December 31, 2020.

€m	31.12.21	31.12.20
Goodwill	66	66
Net non-current assets	168	154
Right-of-use assets	63	70
Net inventory	588	368
Net trade receivables	209	135
Other assets	121	91
Cash & cash equivalents	246	333
Total assets	**1,460**	**1,217**
Shareholders' equity	495	373
Provisions (including provisions for employee benefit obligations)	101	96
Trade payables	277	171
Borrowings	417	439
Other liabilities	104	64
Lease liabilities	67	73
Total equity and liabilities	**1,460**	**1,217**

Working capital

Operating working capital increased to €520 million (26.4% of sales), compared to €332 million at 2020 year-end (24.3% of sales), due to the inventory increase (€588 million compared to €368 million at 2020 year-end). This increase will continue over the coming months.

€m	31.12.21	31.12.20	Change
Net inventory	588	368	+220
Days sales inventory [1]	*185*	*156*	
Net trade receivables	209	135	+73
Days sales outstanding	*42*	*44*	
Trade payables	(277)	(171)	-106
Days payables outstanding	*46*	*65*	
Net Operating working capital	**520**	**332**	**+188**
% of sales [1]	*26.4%*	*24.3%*	
Other receivables or payabes excluding taxes and financial items	(37)	(30)	
Working capital excluding taxes and financial items	**483**	**302**	**+181**
Consolidation and other changes		5	
Working capital before taxes and financial items and adjusted for other changes	**483**	**307**	**+175**
% of sales [1]	*24.5%*	*22.5%*	

[1] rolling 12 months

The increase in storage time (+29 days) is mainly due to the need to meet strong customer demand in the context of extended production and material reception times (particularly due to disruptions in global logistics chains).

The reduction in supplier payment terms (-19 days) is partly due to the implementation of accelerated payments in return for discounts in Germany (skonto).

Provisions for contingencies and charges and employee benefit obligations

Provisions for contingencies and charges and employee benefit obligations amounted to €101 million at December 31, 2021, compared to €96 million at 2020 year-end. These provisions consist of:

- provisions for employee benefit obligations (€55 million at 2021 year-end compared to €60 million at 2020 year-end) mainly related to pension obligations;
- current and non-current provisions (€46 million at 2021 year-end compared to €36 million at 2020 year-end), mainly relating to reorganization costs, a risk of retroactive taxation on certain imports and contractual commitments (site remediation, etc).

Net debt

As of December 31, 2021, Group net debt stood at €171 million, with a shareholders' equity of €495 million resulting in a net debt to equity ratio (gearing) of 35% (28% as of December 31, 2020).

€m	31.12.21	31.12.20
Borrowings	416.8	438.9
Cash and cash equivalents	245.7	333.1
Net debt	**171.1**	**105.8**
Net debt to equity ratio (gearing)	*34.6%*	*28.3%*

Borrowings

The Group had €704 million in lines of credit at December 31, 2021, 59% of which had been used:

€m				Maturity			
	Authorized at 31.12.21	Used at 31.12.21	% used	2022	2023-2024	2025-2026	2027 and beyond
Syndicated revolving loan 2024	125	-	0%	-	-	-	-
Schuldsheindarlehen 2024-2025	70	70	100%	-	36	34	-
Schuldsheindarlehen 2026	150	150	100%	-	-	150	-
Term loans	83	83	100%	23	49	7	3
Other lines of credit	94	22	24%	15	7	-	-
JACQUET METALS SA borrowings	**523**	**325**	**62%**	**38**	**92**	**191**	**3**
Operational lines of credit (letter of credit, etc.)	126	64	51%	64	-	-	-
Factoring	31	3	9%	3	-	-	-
Assets financing (term loans, etc.)	25	25	100%	5	12	5	3
Subsidiaries borrowings	**181**	**91**	**50%**	**71**	**12**	**5**	**3**
Total	**704**	**417**	**59%**	**110**	**104**	**197**	**6**

In addition to the financing shown in the above table, the Group also had €75.8 million in non-recourse receivable assignment facilities, €47.3 million of which had been used at December 31, 2021.

Borrowings by rate:

€m	31.12.21	31.12.20
Fixed rate	79.9	83.3
Floating rate	336.9	355.6
Total borrowings	**416.8**	**438.9**

43% of floating rate debt totaling €145 million is hedged against changes in interest rates as follows:

- swaps covering €105 million with 5-year terms expiring between 2022 and 2024;
- caps covering €40 million expiring in 2024.

Financing covenants mainly apply to the syndicated revolving loan and the German private placements (Schuldscheindarlehen or SSD) contracted by JACQUET METALS SA. These covenants mainly correspond to commitments that must be complied with at Group level.

As of December 31, 2021, all financing covenants were in compliance.

	Syndicated revolving loan 2024	**Schuldscheindarlehen 2024-2025**	**Schuldscheindarlehen 2026**
Date of signature	June 2019	December 2019	July 2021
Maturity	June 2024	December 2024 (tranche 1: €36 million) and January 2025 (tranche 2: €34 million)	July 2026
Amount	€125 million (unused as of December 31, 2021)	€70 million (fully used)	€150 million (fully used)
Amortization	n.a.	*in fine*	
Guarantee	None	None	
Change of control clause	JSA must hold at least 40% of JACQUET METALS SA's share capital and voting rights	JSA must hold at least 37% 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	Net debt to equity ratio (gearing) less than 100%	

Cash flow

€m	**2021**	**2020**
Operating cash flow before change in working capital	183	52
Change in working capital	(175)	88
Cash flow from operating activities	**8**	**140**
Capital expenditure	(32)	(27)
Asset disposals	2	1
Dividends paid to shareholders of JACQUET METALS SA	(9)	(5)
Interest paid	(12)	(13)
Other movements	(22)	(27)
Change in net debt	**(65)**	**69**
Net debt brought forward	**106**	**175**
Net debt carried forward	**171**	**106**

In 2021, the Group generated positive operating cash flow of €8 million.

Capital expenditure amounted to €32 million.

"Other movements" mainly consist of rent expenses (€19 million) pursuant to the application of *IFRS 16 - Leases*.

After taking into account the capital expenditures (€32 million) and the 2020 dividend (€9 million), Group net debt stood at €171 million compared to €106 million at 2020 year-end.

Post balance sheet events

The Group's exposure to the Russian, Belarusian and Ukrainian markets is low in terms of both supplies and sales. It is too early to estimate the other consequences of this conflict on the Group's business.

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 2,951 employees, JACQUET METALS has a network of
105 distribution centers in 24 countries in Europe, Asia and North America.

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