fives

Industry can do it

FINANCIAL REPORT

2022 Financial year

KEY figures

More than **100** sites
in 25 different countries

An international company,
working hand-in-hand with industry

32 centers
of research and tests

Employees of
81 different
nationalities

2,027 M€
SALES

2,786 M€
ORDER INTAKE

2,346 M€
BACKLOG

367 M€
EQUITY

2,267
PATENTS IN 669 FAMILIES

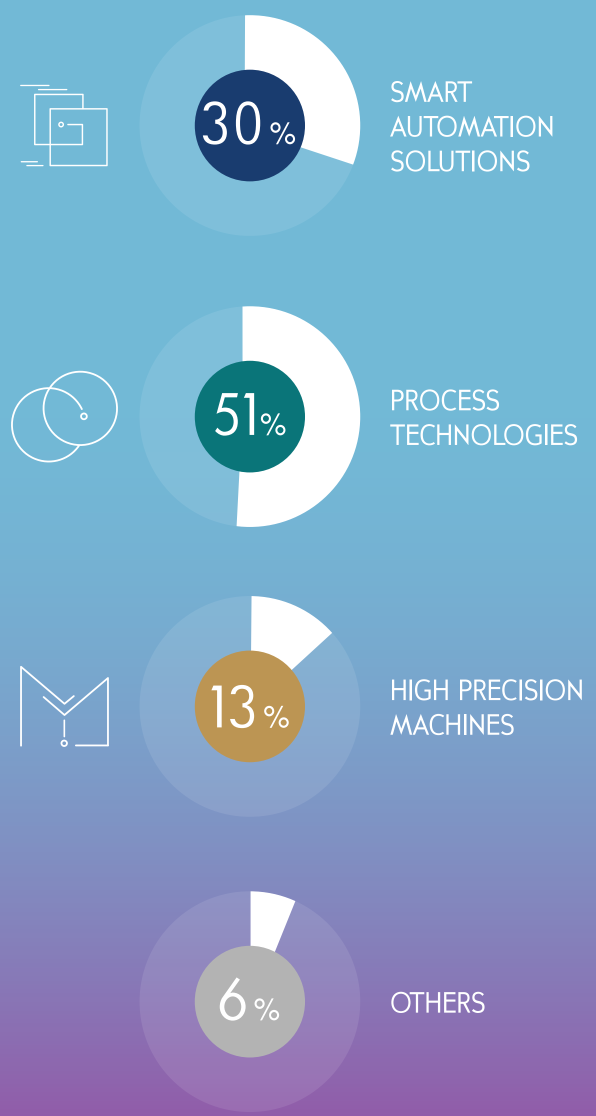
MORE THAN
8,500
EMPLOYEES

DESIGN
MANUFACTURE
INSTALLATION
SERVICE
MAINTENANCE

AN INDUSTRIAL ENGINEERING GROUP,

Fives designs and manufactures machines, process equipment and production lines for the world's biggest industrial groups.

ORDER INTAKE
by activity



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TO THE SOLE SHAREHOLDER DELIBERATING ON APRIL 5, 2023

1. FIVES GROUP ACTIVITY IN 2022

1.1. Economic and business environment

Building on its business performance in the second half of 2021, Fives achieved a record order intake in 2022. This figure was €2.786 billion, up €897 million (over 40% before the favorable foreign exchange effect of €123 million) compared to 2021 (€1.889 billion) and €669 million compared to the previous record from 2017 (€2.117 billion). This confirms the Group strategy's alignment with the market's current major trends: growth in e-commerce due to changes in consumer habits and the need for automation to deal with labor shortages for the Smart Automation Solutions division; awareness of climate issues and the need to work to reduce the industry's carbon emissions for the Process Technologies division; national sovereignty challenges in segments considered strategic for the High Precision Machines division. Changes to the geographic mix also reflects the excellent progress made in North America: on top of its historically strong position there in High Precision Machines activities, the Group has managed to gain market share in the Smart Automation Solutions and Process Technologies divisions.

This remarkable performance has been achieved despite major crises. These events triggered imbalances whose root causes emerged from summer 2021, significantly disrupting the macro-economic framework in place worldwide for many years.

The execution environment was significantly impacted by the consequences of the war in Ukraine (accompanied by the loss of tens of millions of euros in additional order intake opportunities in Russia, where many of the Group's historic clients had announced substantial investments) and a particularly strict lockdown to tackle the COVID-19 pandemic in China. There was greater operational complexity caused by major supply chain disruption (linked to electronic component shortages, a reduced supply of manufactured sub-assemblies and increasingly complex logistics) and rising inflation (for industry, this led to a significant rise in the cost of raw materials and energy). Moreover, the tightening of monetary policies worldwide - raising the cost of finance - put expected returns on investment under pressure. In this context, the Group has generally managed to protect its margins, shifting the rise in costs and longer time frames onto its sales prices and execution schedules.

1.2. Commercial environment by market

Smart Automation Solutions

The Activity designs, manufactures and installs high-speed sorting systems and high added value handling and automation solutions for the e-commerce, consumer goods and distribution sectors. It also offers flow automation solutions for general industry.

In e-commerce, consumption was affected by inflation and supply chain disruption (production and transport), while the end of lockdown and travel restrictions was accompanied by a recovery of visitor numbers and purchases in store. 2022 saw the amount of transported goods shrink, after the exceptional growth posted in the two previous years impacted by the pandemic. This context put a stop to investments by various industry figures that became saturated, led by Amazon.

While this situation significantly affected several competitors, the Group continued to grow, bolstered by its diverse portfolio. Firstly, in terms of clients, as its exposure to courier and postal service operators (who continued to invest) allows it to be less dependent on e-commerce companies. Then, in terms of applications: less activity in the sorting center segment (after many regional hubs were opened in recent years) has been compensated by the development of agile automated platforms to more effectively provide last mile logistics and by the growth of services, whether maintenance contracts to secure availability of high-demand installations, or retrofitting to improve the performance of the oldest sites. Finally, in terms of location: operating across all continents, Fives has maintained its order levels in Europe and Japan (where it historically benefits from an excellent position), while gaining market share in North America, which is now its main area of activity.

In the consumer goods sector, food and beverage and retail companies are facing major changes that have ramped up since the pandemic. They have had to respond to changes in consumer shopping habits while dealing with labor shortages by investing in automated storage platforms and robot order picking and palletization solutions. While Group activity remained stable in this sector in 2022, still primarily focused on the French market, market trends are particularly buoyant in the medium term.

In the industry segment, the year was marked by the ramp-up of the electric vehicle strategy announced by most automotive manufacturers. This led to increased investment in vehicle (heavier vehicles), engine and battery assembly lines, as well as new filling systems. In the United States, this momentum was accompanied by various programs to modernize existing lines. Although these lines are designed to produce vehicles with traditional combustion engines, they must be able to meet new regulations to reduce greenhouse gas emissions.

Order intake for the division totaled €834 million, up €154 million (23%) compared to 2021 (€680 million), driven by progress in the e-commerce segment in North America and confirmation of the initial wave of investment in electric vehicles.

High Precision Machines

The Activity specializes in manufacturing high-precision machine-tools for the automotive, general industry and aerospace sectors.

In the automotive sector, business recovered in the United States and Mexico, where several programs to modernize existing installations began. In Europe, the shortage of electronic components and supply chain disruption required manufacturers to reduce their production volumes and keep strict control over their spending. Meanwhile, the underlying trend towards electric engines has resulted in an almost complete lack of investment in complex mechanical component grinding for combustion engines for two years, like in China.

In the aerospace sector, marked post-pandemic by the drop in air traffic and environmental concerns, manufacturers are focusing their investments on developing narrow-body aircraft with small carbon footprints. Demand was driven in Europe by ambitious ramp-up targets announced by Airbus for its A320 range, and in China by the C919 certification. In North America, activity remained stable, mainly in services, with Boeing still recovering and financially struggling.

In the general industry sector, the underlying trends remain unchanged in Europe, where industrial activity remains sluggish. In the United States, the effects of the infrastructure bill introduced in late 2021 are still yet to be seen. Growing geopolitical tensions worldwide (illustrated by Russia's war in Ukraine in 2022) have however brought sovereignty issues back to the forefront, and supported investments in the defense sector, particularly in North America.

In total, order intake for High Precision Machines Activity totaled €367 million, up €68 million (+23%) compared to 2021 (€299 million), mainly in the automotive sector in North America and aerospace in France and China.

ORDER INTAKE BY GEOGRAPHICAL AREA

Millions of euros	2019	2020	2021	2022
Americas	476.4	560.7	695.6	1,117.7
Asia and Oceania	382.7	320.1	394.1	528.1
Europe	836.2	622.3	715.0	741.1
The Middle East & Africa	145.4	109.3	84.2	398.6
Total	**1,840.7**	**1,612.4**	**1,888.9**	**2,785.5**
Contribution from mature economies	67%	75%	73%	67%
Contribution from emerging countries	33%	25%	27%	33%
Of which China	*11%*	*9%*	*10%*	*9%*
Of which Others	*22%*	*16%*	*17%*	*24%*

ORDER INTAKE BY ACTIVITY

Millions of euros	2019	2020	2021	2022
Smart Automation Solutions	581.3	672.5	679.8	834.2
High Precision Machines	352.0	274.9	298.7	366.6
Process Technologies	761.4	490.0	702.1	1,415.0
Transversal activities and other activities	146.0	175.0	208.3	169.7
Total	**1,840.7**	**1,612.4**	**1,888.9**	**2,785.5**

Process Technologies

Specializing in the development of industrial processes, the Activity designs, manufactures and installs equipment and complete production lines for the aluminum, cement, steel, glass and energy sectors.

In process technologies, 2022 saw the return of major projects, after five years of uncertainties and a lack of visibility regarding medium-term prospects hindered investment decisions.

The Group recorded several significant orders, specifically: two new steel production lines for Nucor in the United States, in response to growing demand in the automotive and construction markets, in a political context that prefers local investment; a complete cement plant for the Vicat group in Senegal, driven by the area's infrastructure requirements, and designed to reduce the use of fossil fuels and energy consumption; and the supply of automated electrolysis bridge cranes for the Emirates Global Aluminium group to replace old installations, in a context where high aluminium prices favor modernization investments. In total, these orders account for around half a billion euros.

The year was marked by sanctions against Russia, making it impossible to record orders with the Group's major historic clients. Yet these clients had announced ambitious investment programs, particularly in aluminium (where Rusal, the world's leading producer had set a target to replace part of its existing installations with more efficient technologies in terms of energy consumption and CO_2 emissions) and steel. The long-term absence of these clients represents a non-negligible loss of future earnings for the Group.

Yet the business environment of the Process Technologies division has changed substantially in two years. Historically, the activity was marked by capacity investment cycles, mostly in emerging countries. Now, it is driven by climate issues worlwide, a core strategy of the division's main clients - whether in their production processes (they are responsible for around 25% of the world's industrial CO_2 emissions) or in the development of applications for market segments encouraging the reduction of carbon emissions.

Clients' focus on reducing their energy consumption and CO_2 emissions was reflected in projects to modernize steel reheating furnaces, as well as programs to electrify glass melting furnaces where Fives has formed strategic partnerships with two companies that it supports, the Verallia and Pochet groups. In cement, several projects emerged aiming to use calcined clay instead of clinker. Finally, in aluminium, high costs and the favorable position of producers in the Middle East and Canada - who can access cheap, low-carbon energy - supported investment to modernize installations and services.

Commercial activity also benefited from strong growth in certain end markets contributing to the low-carbon transition, such as electric vehicles, which encourages capacity development in silicon steel (particularly in China and South Korea, where Fives recorded orders for Baosteel and Posco) or photovoltaic glass in China and now in Europe. Finally, the Group recorded a significant increase in its cryogenics orders: in Europe, where the increase in the cost of energy and the need to find an alternative to Russian gas supported investments in the liquefied natural gas (LNG) segment; in China, where sustained demand for pure nitrogen for the electronics market and oxygen for steel production and coal conversion units drives activity in the air gas separation segment; and in the United States, where the Group recorded its first hydrogen cold box orders as part of a partnership signed at the start of the year with Plug Power, and finalized its first hydrogen pump dedicated to supplying fuel cells.

In total, order intake for Process Technologies Activity stood at €1.415 billion, double the 2021 figure (€702 million). In addition to the return of major projects for around half a billion euros, it rose by 30%, particularly driven by carbon emissions reduction objectives for the industry.

Transversal activities and other activities

This heading mainly covers Fives' activities in industrial maintenance and nuclear pipes in France.

In the nuclear field, the Group benefits from growth in maintenance activities, with aging facilities requiring an increasing amount of ad hoc maintenance (repair of networks affected by stress corrosion problems) or scheduled maintenance for major refitting or "grand carénage" (in order to extend the service life of existing units).
New EPR projects announced by the French government to increase the production of low-carbon energy - which offers excellent business prospects for Fives - will only result in new orders from the end of 2023.

In industrial maintenance, order intake returned to normal levels, after benefiting from the successful renewal of several significant multi-year contracts with major companies in transport, logistics and defense in 2021.

In this context, order intake in 2022 was €170 million. The drop of €38 million compared to 2021 can be broken down into a rise of €29 million (+29%) in nuclear, and a drop of €67 million in industrial maintenance.

2. FINANCIAL PERFORMANCE

2.1. Accounting principles and comparability elements

The Group's consolidated financial statements were prepared in accordance with the IFRS standards.

The scope of consolidation is comparable to the previous fiscal year.
The foreign exchange effect was favorable for order intake (€123 million), sales (€84 million), EBITDA (€6 million), mainly due to the dollar's appreciation against the euro during the year.

2.2. Group Results in 2022

Sales

Sales for 2022 amounted to €2.027 billion, up €303 million on 2021 (€1.724 billion), including a favorable foreign exchange effect of €84 million. This increase (+13% at a constant exchange rate), notably coming from the higher opening order book (+15%), is mainly linked to the Process Technologies division. Progress on projects in the High Precision Machines division and Smart Automation Solutions division in particular was slowed down due to shortages of electronic components.

Compared to the pre-Covid period (€1.999 billion in 2019), sales fell slightly at a constant exchange rate, with the increase of €28 million including a favorable foreign exchange effect of €45 million. Progress by the Smart Automation Solutions division offsets the decline by the High Precision Machines division.

Gross margin

The 2022 gross margin rate was 19.1%, down 0.2 points compared to 2021 and 2019 (19.3%). This was due to production inefficiencies caused by supply chain disruption (whose impact is estimated at 0.3 margin points).

In general terms, the Group managed to pass on the rise in costs of raw materials, energy and logistics to its clients, while controlling the effects of longer delivery times on execution schedules.

General expenses

General expenses were €306 million in 2022, up €36 million compared to 2021, including a foreign exchange effect of €11 million. At a constant exchange rate, the increase of €25 million includes:

- +€10 million in payroll, i.e. +5% compared to 2021, of which around 4% in pay raises (globally);
- +€5 million in travel costs (which are well below pre-Covid years);
- +€10 million on other expenses, i.e. +14% compared to 2021, reflecting the upward pressure on operating costs (part of which is correlated with sales).

Compared to the pre-Covid period (€302 million in 2019), general expenses rose by €4 million, but fell €2 million at a constant exchange rate. This drop included:

- -€8 million in travel costs, which were kept well below pre-Covid levels (-37%), thanks to digitalization and new remote working methods;
- +€3 million in payroll and +€3 million in other expenses; structural savings made in 2020 and 2021 help absorb some of the 2022 rises.

Other operating income and expenses

Other operating income and expenses, including employee profit-sharing and incentive schemes, amounted to -€2 million in 2022, in line with 2021 (- €3 million).

Compared to 2019 (-€12 million), the rise of €10 million is due to a downward revision of the impacts linked to the share-based compensation plan recorded in 2019, various lower expenses in 2022 (employee profit-sharing and incentive schemes, retirement, individual departure costs) and various revenue posted in 2022.

EBITDA

Group EBITDA was €125 million in 2022, up €21 million (+21%) compared to 2021 (€104 million), including a favorable foreign exchange effect of €6 million. Compared to the pre-Covid period (€120 million in 2019), it increased by €5 million, including a favorable exchange effect of €3 million.

EBITDA was 6.2% of sales, 0.2 points above 2021 and 2019 (6.0%), despite a much more complex execution environment, marked by significant inflation and major supply chain disruption.

Profit from recurring operations (EBIT)

The Group's profit from recurring operations was €69 million in 2022, up €21 million on 2021 (€48 million).

Compared to 2019 (€56 million), it increased by €13 million, with a lower amortization expense (mainly amortization of intangibles related to acquisitions).

SUMMARY OF CONSOLIDATED FIGURES

Millions of euros	2019	2020	2021	2022
Sales	**1,998.9**	**1,610.2**	**1,723.9**	**2,027.0**
Gross margin	386.3	300.0	332.7	387.0
General expenses (including R&D)	(302.3)	(258.6)	(270.4)	(306.4)
Other operating income and expenses (including employee profit-sharing and bonus schemes)	(12.0)	(5.2)	(2.8)	(1.7)
Amortization of intangibles related to acquisitions	(16.1)	(13.6)	(11.0)	(10.3)
Profit from recurring operations (EBIT)	**56.0**	**22.6**	**48.4**	**68.5**
EBITDA	**120.3**	**81.5**	**104.0**	**125.5**
Operating profit	**38.0**	**14.7**	**75.7**	**75.0**
Net financial result	(11.0)	(38.3)	(6.8)	(15.3)
Profit before tax	**27.0**	**(23.6)**	**68.9**	**59.6**
Income tax expense	(26.0)	(24.3)	(30.0)	(29.1)
Share of profit (loss) of associates	(23.6)	(26.9)	(21.5)	(20.7)
Net consolidated profit (loss)	**(22.6)**	**(74.8)**	**17.5**	**9.8**
Net profit (loss), Group share	(22.8)	(75.1)	17.3	9.4

SALES BY ACTIVITY

Millions of euros	2019	2020	2021	2022
Smart Automation Solutions	582.7	542.1	688.5	714.8
High Precision Machines	414.1	288.2	249.5	308.8
Process Technologies	859.5	636.5	623.3	820.5
Transversal activities and other activities	142.6	143.4	162.6	182.9
Total	**1,998.9**	**1,610.2**	**1,723.9**	**2,027.0**

SALES BY GEOGRAPHICAL AREA

Millions of euros	2019	2020	2021	2022
Americas	585.9	450.1	585.1	795.2
Asia and Oceania	447.8	390.9	360.1	385.1
Europe	797.4	643.9	689.2	682.9
The Middle East & Africa	167.8	125.3	89.5	163.8
Total	**1,998.9**	**1,610.2**	**1,723.9**	**2,027.0**
Contribution from mature economies	64%	70%	72%	71%
Contribution from emerging countries	36%	30%	28%	29%
Of which China	*9%*	*11%*	*10%*	*9%*
Of which Others	*27%*	*19%*	*18%*	*20%*

Operating profit

The Group's operating profit was €75 million in 2022. This is in line with 2021 (€76 million), but notably includes the following variations:

- Increase in profit from recurring operations (+€21 million);
- Reduction in restructuring costs (-€4 million). The 2022 restructuring expense (€2.5 million) mainly affects the High Precision Machines division, and corresponds to the completion of cost cutting plans initiated in previous years. As a reminder, a restructuring expense of €18 million was posted in 2019;
- These effects were offset by the capital gain recognized in 2021 from the operation to contribute the metal 3D activities of the High Precision Machines division to the joint venture AddUp (€25 million).

Net financial result

Net financial result includes the cost of net financial debt, foreign exchange gains or losses (including forward points on foreign exchange derivative hedging and changes in fair value of derivative instruments not eligible for hedge accounting), financial expenses relating to defined-benefit pension plans (interest cost of the obligation net of expected return on fund assets) and French long-service awards ("IDR"), as well as operations linked to associates.

It was at a loss of €15 million in 2022, compared to a loss of €7 million in 2021.

	2019	2020	2021	2022
Cost of net financial debt	(11.0)	(16.0)	(19.7)	(19.3)
Other financial items	0	(22.3)	12.9	4.0
- of which foreign exchange gains or losses	*6.4*	*(20.3)*	*14.8*	*16.0*
- of which forward points and foreign exchange derivatives	*(4.7)*	*(0.9)*	*(0.8)*	*(5.9)*
- of which Others	*(1.7)*	*(1.1)*	*(1.1)*	*(6.1)*
Net financial result	**(11.0)**	**(38.3)**	**(6.8)**	**(15.3)**

The cost of net financial debt totaled €19 million and was stable compared to 2021. The effect of the rise in interest rates was not substantial as it was only felt from the fourth quarter, and part of the debt is fixed rate. Moreover, average debt was lower in 2022 than in 2021.

Other financial items totaled a gain of €4 million, down €9 million compared to 2021 (€13 million). They include:

- a net foreign exchange gain of €16 million (compared to a gain of €15 million in 2021), mainly from reimbursement or capitalization operations at more favorable euro/dollar rates than the opening rates, on dollar loans granted by Fives to its American subsidiaries;
- an expense of €12 million (compared to an expense of €2 million in 2021), due to forward points on foreign exchange derivative hedging and various provisions.

Compared to the pre-Covid period (expense of €11 million in 2019), the financial expense rose by €4 million. The rise in net financial debt (-€8 million) following the introduction of new debt (notably state-backed loans) was partially offset by other financial elements (+€4 million).

Income tax

The income tax expense for the 2022 fiscal year totaled €29 million, down €1 million on 2021 (€30 million), despite a higher profit from recurring operations. This decline is explained by the geographic mix: the results mainly improved in the United States, where the Group has loss carry-forwards, while they declined in countries where it pays tax (notably Japan).

Share of profit (loss) of associates

This line mainly corresponds to the share of the net result of the AddUp sub-group (joint venture jointly controlled by Fives and Michelin), consolidated based on the equity method, which develops and sells industrial machines and workshops, and also designs and manufactures high added value parts, using additive metal manufacturing technology (more commonly known as 3D metal printing).

This promising breakthrough technology is being adopted gradually, as it significantly disrupts established production methods. In this context, and with continued development efforts (notably in the United States, the leading global market for this type of technology), AddUp's contribution to the Group's net result was a loss of €21 million, like in 2021.

Net profit (loss)

The net consolidated result was a profit of €10 million in 2022, compared to a profit of €17 million in 2021. Although profit from recurring operations increased by €21 million in 2022, 2021 benefited from non-recurring revenue in non-recurring operating profit and net financial result.

Compared to 2019 (loss of €23 million), the net consolidated result increased by €32 million, thanks to the higher profit from recurring operations (+€13 million) and a much lower restructuring cost (+€16 million) compared to 2019, which was marked by significant cost cutting actions.

3. FIVES GROUP PROSPECTS

The closing order book in 2022 was €2.346 billion, up nearly 50% compared to 2021 (€1.582 billion), which was already a record high for the Group.

This order book offers all divisions excellent insight into their activity levels and workloads for the next two years. In the longer term, the Group's business prospects have never been so good - driven by fundamental trends around automation, digitalization, reducing carbon emissions and sovereignty.

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ORDER BOOK BY ACTIVITY

Millions of euros	31.12.19	31.12.20	31.12.21	31.12.22
Order book at Dec. 31	1 402.1	1 372.2	1 582.4	2 346.3
Smart Automation Solutions	504.7	624.5	642.6	767.9
High Precision Machines	190.3	166.7	216.8	279.9
Process Technologies	611.9	454.4	550.2	1 139.0
Transversal activities and other activities	95.2	126.6	172.8	159.5
Total	**1,402.1**	**1,372.2**	**1,582.4**	**2,346.3**

ORDER BOOK BY GEOGRAPHICAL AREA

Millions of euros	31.12.19	31.12.20	31.12.21	31.12.22
Americas	275.7	365.1	505.0	848.5
Asia and Oceania	387.3	310.4	354.3	467.2
Europe	618.4	596.1	627.1	689.6
The Middle East & Africa	120.7	100.6	96.0	341.0
Total	**1,402.1**	**1,372.2**	**1,582.4**	**2,346.3**
Contribution from mature economies	62%	67%	68%	65%
Contribution from emerging countries	38%	33%	32%	35%
Of which China	*13%*	*12%*	*12%*	*10%*
Of which Others	*25%*	*21%*	*20%*	*25%*

NON-FINANCIAL INDICATORS

As a designer of machines, process equipment and production lines for the world's largest industrial groups, Fives is at the core of many of the sustainable development issues faced by industry. To meet these sustainability and industrial performance challenges, Fives designs innovative products that combine energy efficiency, emissions reduction and machine safety.

To better address the demands of our clients and, more widely, of all our stakeholders in these areas, indicators have been developed to steer and monitor the Group's performance levels against social, environmental and innovation criteria. Our reporting system is designed so that we can measure the progress of the Group's initiatives, and regularly report on changes.

The HR (social indicators) and Innovation reports are scoped in line with the financial consolidation process. Health, Safety and Environmental data, on the other hand, is based on workforce and activity criteria, which may lead to differences in scope.

SOCIAL INDICATORS

	2020	2021	2022	Americas	France	Europe excl. France	Asia and Africa*
Employees	8,047	**8,175**	**8,562**	1,853	4,178	1,351	1,180
Workforce at year-end from acquisitions completed/inputs in the year	0	**153**	**0**	0	0	0	0
Workforce at year-end of companies entering the consolidated scope	0	**10**	**0**	0	0	0	0
Number of new hires (open-ended contracts)	877	**1,099**	**1,477**	521	638	157	161
Workforce by gender							
Percentage of men	84%	**84%**	**83%**	84%	83,70%	83%	79%
Percentage of women	16%	**16%**	**17%**	16%	16,30%	17%	21%
Share of women in management - total	17%	**18%**	**17%**	19%	20%	12%	14%
Share of women among CEOs	3%	**5%**	**7%**	6%	13%	0%	7%
Share of women on Management Committees	20%	**18%**	**20%**	22%	24%	15%	16%
Share of women managers who report directly to a Management Committee member	18%	**21%**	**17%**	18%	18%	11%	13%
Number of nationalities	79	**69**	**81**				
Employees by age range							
Under 20	0%	**0%**	**0%**	0,71%	0,13%	0,07%	0,09%
20 to 29	13%	**12%**	**13%**	14%	13%	14%	11%
30 to 39	28%	**27%**	**26%**	22%	26%	22%	38%
40 to 49	26%	**27%**	**27%**	22%	28%	26%	31%
50 to 59	25%	**25%**	**25%**	26%	27%	29%	16%
60 and over	7%	**9%**	**9%**	16%	6%	9%	4%
Employees by length of service							
Under 5 years	43%	**46%**	**47%**	51%	45%	44%	48%
5 to 10 years	16%	**22%**	**20%**	17%	20%	21%	24%
11 to 15 years	14%	**11%**	**11%**	6%	13%	9%	15%
16 to 20 years	8%	**6%**	**6%**	4%	7%	6%	5%
21 to 25 years	5%	**6%**	**5%**	3%	6%	8%	2%
26 to 30 years	5%	**3%**	**4%**	6%	3%	5%	3%
31 to 35 years	4%	**4%**	**4%**	4%	4%	5%	1%
36 to 40 years	3%	**2%**	**2%**	4%	1%	2%	1%
41 years or more	2%	**2%**	**1%**	4%	0%	1%	0%

(*) Including the Middle East and Australia

	2020	2021	2022
Employees by region			
Americas	19%	20%	**22%**
France	51%	50%	**49%**
Europe (excluding France)	16%	16%	**16%**
Asia and Africa (including the Middle East and Australia)	14%	13%	**14%**
Employees by Activity			
Smart Automation Solutions	20%	24%	**24%**
High Precision Machines	22%	17%	**17%**
Process Technologies	40%	37%	**38%**
Head office	2%	2%	**2%**
Other	17%	19%	**18%**
Skills and mobility management			
% of employees reviewed by the CEDRE[1] career management committee	55%	68%	**59%**
% of employees receiving a regular appraisal interview	71%	74%	**72%**
% of employees having attended at least one training course	63%	72%	**76%**
Number of employees shared between companies[2]	228	155	**49**
Number of people who received a Starter interview[3]	468	610	**526**

[1] CEDRE: career management committee (Human Resources Evaluation and Development Committee)

[2] Only French perimeter

[3] Starter interviews: onboarding reports completed 6 to 18 months after new hires arrive

2022 was marked by a significant increase in the number of new hires. As a result, we implemented a system in France (where requirements were higher) to offer support to subsidiaries, by coordinating the same types of new hire and optimizing the use of in-house recruitment. Several referral campaigns were also carried out internally.

In terms of diversity, 2022 data shows a slight increase in the proportion of women in our workforce. Analysis of gender representation in various roles demonstrates the success of our female employee advocacy initiatives: we now have 20% women in Management Committees vs. 18% in 2021, and the share of women CEOs has reached 7%, compared to 5% and 3% in previous years.

IINNOVATION INDICATORS

	2020	2021	2022
R&D expenditure in millions of euros	28.8	28.3	**28.8**
Breakdown of R&D expenditure			
Costs of patents and trademarks	9%	6%	**9%**
Standards and formalization of know-how	8%	6%	**6%**
Continuous improvement of products	28%	27%	**32%**
Development of new products and processes	40%	42%	**36%**
Research and radical innovation activities	16%	19%	**16%**
Patents and trademarks			
Number of current patents held	2,016	2,116	**2,267**
Number of current patent families	612	627	**669**
Number of patents registered for the first time (new inventions patented)	50	46	**63**
Number of first-time patents registered relating to equipment energy and environmental performance	11	12	**11**
% of these first-time patents that relate to equipment energy and environmental performance	22%	26%	**17%**
Number of "product" trademarks registered or being registered	139	141	**138**
Number of R&D and test centers			
Number of R&D and test centers[1] *France: 14, Americas: 8, Europe (excl. France): 7, Asia: 3*	31	31	**32**

[1] Including all subsidiaries conducting their own R&D product testing in dedicated locations

The Group's Research & Development efforts remain focused on the market's main expectations:
– reducing the carbon emissions of industrial processes;
– increasing the use of low-carbon energies;
– developing the circular economy;
– digitalization and cybersecurity;
– urban logistics.

The balance between research activities, the development of new products and the improvement of the existing range is essentially unchanged in relation to previous years, reflecting good control of the project portfolio.

INTRODUCTION TO DATA BY SITE AND STATISTICS ON THE ENVIRONMENT / HEALTH & SAFETY / ETHICS

Corporate Social Responsibility (CSR) reporting covered all sites with an average workforce of 10 or more in 2022, as well as all sites with an industrial activity.

CSR CROSS-SECTIONAL INDICATORS

	2020	2021	2022	Americas	France	Europe excl. France	Asia and Africa*
Number of subsidiaries included in the scope of the CSR report	74	73	**73**	20	19	14	20
Subsidiaries acquired in n-1 that entered the CSR scope in n	0	0	**1**	0	0	0	0
Subsidiaries integrated into the CSR scope	0	0	**1**	0	1	0	0
Total number of sites	108	104	**101**	22	36	19	24
Industrial sites	44	44	**41**	12	15	7	7
Offices	31	29	**29**	5	10	6	8
Combined sites, test centers and regional facilities	33	31	**32**	5	11	6	9
Quality management system							
Number of sites with ISO 9001 certification	77	71	**67**	11	27	14	15
Number of sites with ISO 9001 certification in progress	1	3	**4**	3	0	0	1

* Including the Middle East and Australia

HEALTH & SAFETY INDICATORS

	2019	2020	2021	2022
Number of industrial sites	43	44	44	**41**
Number of sites with safety certification*	28	33	32	**30**
Number of sites with safety certification in progress	2	2	3	**6**
Percentage of industrial sites with safety certification	32%	39%	39%	**39%**
Percentage of subsidiaries with a written and distributed Health & Safety Policy	88%	88%	82%	**84%**
Number of Health and Safety FTEs[1] in the Group	71	69	67	**72**
Number of severe accidents**	3	3	2	**1**
Number of which were fatal	1	0(2[2])	0	**0**
Number of lost-time accidents ≥ 1 day	54	37	41	**44**
Lost-time accident frequency rate (Number of lost-time accidents (≥ 1 day) x 1,000,000 / Number of hours worked)	3.39	2.65	2.92	**2.83**
Severity rate (Number of lost days following an accident (≥ 1 day) x 1,000 / Number of hours worked)	0.20	0.10	0.10	**0.11**

[1] FTE: Full-Time Equivalent
[2] Subcontractors – 2 deaths on a work site in Mexico in 2020
* OHSAS 18001 or French MASE ("Manuel d'Amélioration Sécurité des Entreprises") certification (Corporate Safety Improvement Manual), French safety management system
** Severe accidents: accidents which could have severe reversible or irreversible consequences, or which could cause death

Following two years disrupted by the COVID-19 pandemic, the Fives Group's activity returned to 2019 levels.
Compared to this benchmark year, Safety results have clearly improved. Lost-time accidents fell from 53 to 44, the frequency rate declined from 3.31 to 2.83 and the severity rate was halved, from 0.22 to 0.11.
These results reflect the dedication shown by all teams, who were able to implement the required measures to keep employees, temporary workers and subcontractors safe at our sites or at client sites.

In 2023, the priority is detecting and handling all dangerous situations, even before they become a near-miss or accident. Preventing these dangerous situations will allow subsidiaries to work towards the goal of zero accident.

ENVIRONMENTAL INDICATORS

	2019	2020	2021	2022	Americas	France	Europe excl. France	Asia and Africa*
Number of sites with ISO 14001 certification (all types of site)	47	50	48	**46**	12	17	10	7
ISO 14001 certification for industrial sites								
Number of industrial sites	43	44	44	**41**	12	15	7	7
Number of certified industrial sites	34	35	34	**33**	10	12	7	4
Number of sites with certification in progress	3	2	3	**2**	1	0	0	1
Percentage of industrial sites with certification	79%	80%	77%	**80%**	83%	80%	100%	57%
ISO 14001 certification of other types of site (offices, combined sites, test centers, regional facilities)								
Number of non-industrial sites with certification	13	15	14	**13**	2	5	3	3
Percentage of non-industrial sites with certification	20%	23%	23%	**28%**	17%	29%	30%	43%
Environmental management system								
Percentage of sites that have written and distributed an Environment policy	67%	68%	67%	**65%**	13%	22%	10%	20%
Number of Environment FTEs** in the Group	25.2	22.4	24	**29**	9	10	5	5
Energy consumption in GWh								
Electricity consumption in GWh	63.8	61.5	63.2	**63**	26	20	5	12
Natural gas and heating oil consumption in GWh	62.7	56.4	58.8	**56**	32	15	8	1
Total energy consumption in GWh	126.4	117.9	122	**119**	58	35	13	13
Energy consumption in thousands of euros								
Electricity consumption in thousands of euros	6,625	6,156	6,381	**8,744**	3,145	2,726	963	1,910
Natural gas and heating oil consumption in thousands of euros	1,970	1,746	2,075	**3,882**	1,030	927	938	987
Total energy consumption in thousands of euros	8,595	7,901	8,456	**12,626**	4,175	3,653	1,901	2,897
Energy consumption in kWh per hour worked (employees + temporary workers)	7.9	8.4	8.2	**7.5**	16	5	5.5	4.6
Greenhouse gas emissions (Scope 1&2)								
Scope 1 (tons of CO_2 eq.)	16,248	14,367	16,096	**14,341**				
Scope 2 (tons of CO_2 eq.)	18,272	18,926	18,907	**19,620**				
Scopes 1 & 2 (tons of CO_2 eq.)	34,520	33,293	35,003	**33,962**				
Water consumption								
Water consumption (industrial sites) in m^3	99,204	86,420	97,038	**110,384**	28,088	27,838	18,297	36,161
Water consumption in liters per hour worked (employees + temporary workers)	7.7	7.7	7.6	**7**	7.8	4	7.7	13

* Including the Middle East and Australia
** FTE: Full-Time Equivalent

While the Group's environmental performance has remained stable overall in terms of absolute values, consumption per hours worked has fallen.

Energy consumption per hour worked has fallen by 5% since 2019, the result of actions implemented at sites to improve the energy performance of buildings and industrial processes.

With regards to this energy performance initiative, the Group has set a target to reduce its CO2 (scopes 1&2) emissions by 30% by 2030 (using 2019 as the benchmark year). This target is compatible with the worldwide ambition to limit global warming to 2°C. It is a major commitment in Fives' climate strategy.

ETHICS INDICATORS

	2020	2021	2022
Number of employees who have completed Business Ethics training	395	913	**1,819**
Number of directors and members of executive committees who have completed specific training	-	-	**172**

The Group has extended its anti-corruption initiative, and continued to raise employee awareness through its e-learning and classroom training program. Topics notably include combating corruption, business ethics, whistleblowing, controls on export and dual-use goods, anti-discrimination, competition law and, more generally, compliance with the Group's code of conduct.

In 2022, there was a particular focus on raising awareness among the directors and members of executive committees of subsidiaries and the Group, particularly with programs specifically implemented for management bodies and coordinated by the Group Compliance and Risks Department.

CORPORATE GOVERNANCE

Fives, a Simplified Joint Stock Company (*Société par Actions Simplifiée* or SAS), is chaired by Frédéric Sanchez, working under the supervision of a Supervisory Committee.

SENIOR MANAGEMENT

Senior Management consists of the Chairman & Chief Executive Officer.

The Chairman & Chief Executive Officer represents Fives with third parties and has the broadest possible powers to act on behalf of Fives in any circumstances within the remit of the corporate purpose, excluding the powers expressly granted by law and the articles of association to the shareholders and Supervisory Committee.

Composition of Senior Management

Frédéric Sanchez, 63 years old, Chairman & Chief Executive Officer. Appointed to this role on December 20, 2018, for an unlimited term.

THE SUPERVISORY COMMITTEE

The Supervisory Committee is a statutory body of Fives. Its main duties are as follows:

- It acknowledges the quarterly report prepared by the Chairman & Chief Executive Officer concerning the proper functioning of the Fives Group.
- It checks and verifies Fives' annual corporate financial statements and consolidated financial statements which are presented to it by the Chairman & Chief Executive Officer within four months after the end of the financial year. If it wishes so, it presents its observations on the Chairman & Chief Executive Officer's management report and the annual corporate financial statements and consolidated financial statements to the shareholders.
- It rules on requests for prior approval regarding decisions and operations which it receives.
- It can decide to create specific committees responsible for looking into issues submitted by itself or the Chairman & Chief Executive Officer for their opinion. In this context, an Audit Committee was created.
- It may also, as part of its powers, examine any issue of interest to Fives and its Subsidiaries, at any moment conduct verifications and controls that it deems useful and may also request, within a reasonable time limit, any documents that it believes will help it to fulfill its mission.

It meets at least four times a year.

Composition of the Supervisory Committee

Philippe Reichstul, 74 years old, Chairman and member of the Supervisory Committee.
Reappointed respectively on March 26, 2021, and April 7, 2021, his terms of office will expire at the end of the General Meeting called to approve the 2023 financial statements.

Alain Cianchini, 40 years old, member of the Supervisory Committee. Appointed on January 23, 2020, his term of office will expire at the end of the General Meeting called to approve the 2022 financial statements.

François Dufresne, 62 years old, member of the Supervisory Committee. Reappointed on April 7, 2021, his term of office will expire at the end of the General Meeting called to approve the 2023 financial statements.

Dominique Gaillard, 63 years old, member of the Supervisory Committee. Reappointed on April 7, 2021, his term of office will expire at the end of the General Meeting called to approve the 2023 financial statements.

Heyoung H Lee Bouygues, 51 years old, member of the Supervisory Committee.
Reappointed on April 7, 2021, her term of office will expire at the end of the General Meeting called to approve the 2023 financial statements.

Antonio Marcegaglia, 59 years old, member of the Supervisory Committee. Reappointed on April 7, 2021, his term of office will expire at the end of the General Meeting called to approve the 2023 financial statements.

Jean-Georges Malcor, 66 years old, member of the Supervisory Committee.
Reappointed on April 7, 2021, his term of office will expire at the end of the General Meeting called to approve the 2023 financial statements.

Laurence Parisot, 64 years old, member of the Supervisory Committee. Reappointed on April 7, 2021, her term of office will expire at the end of the General Meeting called to approve the 2023 financial statements.

Jean-Dominique Senard, 70 years old, member of the Supervisory Committee.
Reappointed on April 6, 2022, his term of office will expire at the end of the General Meeting called to approve the 2024 financial statements.

Stéphane Guichard, 45 years old, member of the Supervisory Committee. Appointed on April 7, 2021, his term of office will expire at the end of the General Meeting called to approve the 2023 financial statements.

The Fives managing bodies are assisted with their decision-making by operational bodies, including a Senior Executive Committee supported by an Executive Committee, and Country Coordination and Steering Committees.

SENIOR EXECUTIVE COMMITTEE

Reporting to the Chairman & Chief Executive Officer of Fives, the Senior Executive Committee:

- rules on the Group's cross-business policies and defines its priorities;
- manages operational and organizational matters common to the Divisions;
- makes budget-related decisions;
- and considers the Group's structural and strategic changes.

It also manages unforeseen events with a potentially significant impact on the Group's operations, as well as crises or emergency situations.

It meets at least once every six weeks.

Composition of the Senior Executive Committee

Frédéric Sanchez, 63 years old, Chairman & Chief Executive Officer President of the High Precision Machines Division
Denis Mercier, 63 years old, Deputy General Manager of Fives
Suresh Abye, 44 years old, Finance Director
Alain Cordonnier, 62 years old, Deputy General Manager, President of the Cement, Minerals & Sugar Division
Sébastien Gauguier, 47 years old, President of the Aluminium Division
Guillaume Mehlman, 58 years old, Deputy General Manager, President of the Steel & Glass Division
Céline Morcrette, 44 years old, Human Resources Director
Luigi Russo, 49 years old, Deputy General Manager, President of the Smart Automation Solutions Division
Michelle Shan, 57 years old, Country Director, China
Frédéric Thrum, 51 years old, Deputy General Manager, President of the Energy Division

THE EXECUTIVE COMMITTEE

The priority for the Executive Committee is to implement decisions made by the Senior Executive Committee and to assess the relevance and effectiveness of cross-business policies on the basis of feedback about their application. It exchanges information and shares experience between its members, further strengthening the cross-business effectiveness of the Group's actions.

It meets at least four times a year.

Composition of the Executive Committee

The Executive Committee is made up of members of the Senior Executive Committee:
Frédéric Sanchez, 63 years old, Chairman & Chief Executive Officer President of the High Precision Machines Division
Denis Mercier, 63 years old, Deputy General Manager of Fives
Suresh Abye, 44 years old, Finance Director
Alain Cordonnier, 62 years old, Deputy General Manager, President of the Cement, Minerals & Sugar Division
Sébastien Gauguier, 47 years old, President of the Aluminium Division
Guillaume Mehlman, 58 years old, Deputy General Manager, President of the Steel & Glass Division
Céline Morcrette, 44 years old, Human Resources Director
Luigi Russo, 49 years old, Deputy General Manager, President of the Smart Automation Solutions Division
Michelle Shan, 57 years old, Country Director, China
Frédéric Thrum, 51 years old, Deputy General Manager, President of the Energy Division

And the following people:
Hervé Boillot, 53 years old, Mergers & Acquisitions, Strategy Director
Daniel Brunelli-Brondex, 62 years old, Country Director, India
Arnaud Lecœur, 52 years old, General Counsel
Frédéric Renaud, 70 years old, Country Director, Italy
Thierry Valot, 55 years old, Innovation & Digital Director

THE COUNTRY COORDINATION AND STEERING COMMITTEES

These committees are responsible, by geographic area, for the implementation of the cross-business policies set by the Senior Executive Committee and adapting them where appropriate to the specifics of each country, while encouraging synergies between Subsidiaries in the same country that may belong to different Business Units.

These committees are also vectors for exchanging best practice and information (about the Group, the country, etc.) between Subsidiaries in a given geographic area. They are also responsible for drawing senior management's attention to specific country issues.

They bring together the Chief Executive Officers of the Subsidiaries in the relevant country, as well as local operational directors, according to the issue to be addressed. They are chaired by the Country Directors. These meetings are always attended by a member of the Senior Executive Committee.

They meet three or four times a year.

THE COUNTRY DIRECTOR

All Group Companies operating in the same country (or region) form part of a matrix structure reporting to a Country Director, whose tasks include:
- supporting the Group's business activity in the Country which they supervise;
- chairing the corresponding Country Coordination and Steering Committee (where appropriate);
- acting as the initial point of contact for Fives' central functional department and, as such, coordinating the support provided by the latter to the Subsidiaries in the country;
- coordinating the community of local functional department representatives, in collaboration with the Fives functional departments, taking local issues into consideration;
- ensuring that Fives' instructions and directives are understood and followed and, where applicable, informing Fives of any application issues;
- supporting Fives in the process of integrating newly acquired subsidiaries;
- managing Fives' relationships with local stakeholders, and coordinating the relationship between the Subsidiaries in the Country and these stakeholders;
- proposing potential local synergies.

THE AUDIT COMMITTEE

This committee was created by the Supervisory Committee.

Its general role is to assist the Supervisory Committee to monitor issues relating to the preparation and verification of financial and accounting information, and more specifically:
- the process of preparing financial information;
- the effectiveness of the internal control and risk management systems;
- the verification of corporate and consolidated financial statements by the statutory auditors.

It meets at least four times a year.

Composition of the Audit Committee

Dominique Gaillard, Chairman of the Audit Committee.
François Dufresne, member of the Audit Committee.
Alain Cianchini, member of the Audit Committee.
Heyoung H Lee Bouygues, member of the Audit Committee.
Stéphane Guichard, member of the Audit Committee.

INTERNAL CONTROL

The internal control procedures applied within the Group are intended:
- to ensure that management actions and the conduct of transactions reflect the Group's fundamental values and comply with applicable laws and regulations, the guidelines issued by the Group's governing bodies, and internal standards and rules;
- to ensure that the accounting, financial and management information gives a fair and accurate picture of the Group's activities and position.

Concerning the prevention and management of risks, the Group's organization is based on:
- the quality, personal involvement and accountability of management teams at each Group company;
- the coordination by Division and, where applicable, by Business Unit;
- the implementation, as part of concerted action by all Group companies and the Divisions they report to, of Directives. These Directives are a major risk management tool and provide the basis for the internal limitations set by the Boards of Directors (or equivalent bodies) of Group companies on the powers of their Chief Executive Officers (or equivalent position).

Every material binding offer is subjected to an in-depth review intended to avoid exposure to risks that could have a significant adverse effect on the financial outcome of the proposed contract or an adverse impact on the business or reputation of the Company in a given business sector or geographic region.

Similarly, each material contract in progress is reviewed in detail at least once each quarter by the main managers of each Group company so as to make a detailed assessment of contract progress, review the technical, financial and contractual issues involved, and make any relevant decisions.

With regard to the preparation and processing of accounting and financial information, internal control is based on:
- the implementation of professional accounting and financial procedures throughout the Fives group by building on the experience of its staff;
- uniform guidelines, accounting methods and consolidation rules;
- the common integrated consolidation and management application, thus ensuring the consistency of accounting data and management information.

EXTERNAL CONTROL

The Company's Statutory Auditors are:

- **Ernst & Young et Autres**, represented by Pierre Jouanne, reappointed on June 28, 2018.
- **Deloitte & Associés**, represented by Pascal Colin, reappointed on June 28, 2018.

Their terms of office will expire at the end of the General Meeting called to approve the 2023 financial statements.

As part of their legal assignment, the Statutory Auditors carry out a limited review of the half-yearly consolidated financial statements and a complete audit of the annual corporate and consolidated financial statements. The corporate and consolidated financial statements have, to date, been approved without qualifications.

FINANCIAL AND LEGAL INFORMATION

FINANCIAL INFORMATION

Share capital
On December 31, 2022, Fives had a share capital of €102,723,764, composed of 2,185,612 fully paid-up shares with a par value of €47 each. The shares are registered shares.
There are no other securities giving access to the capital.

Changes in the share capital
In 2022 the share capital was not subject to any changes.

Share ownership
Since 2018, the Caisse de Dépôt et Placement du Québec (CDPQ) and the Public Sector Pension Investment Board (PSP), two of Canada's largest pension investment managers, have been minority shareholders of the Group, alongside management and Ardian, which has been a shareholder since 2012 and retains a minority stake.

Stock options and allocation of bonus shares
The company had not put in place any stock option plans or allocation of bonus shares as at December 31, 2022.

Dividends / Distribution of reserves
No dividends were paid in 2020, 2021 and 2022.

LEGAL INFORMATION

Company name and registered office
Fives, 3 rue Drouot, 75009 Paris.

Legal form
Simplified joint stock company (*Société par Actions Simplifiée*) since December 20, 2018.

Term
The term of the company is set at January 1, 2039, unless the company is wound-up early, or the term is extended.

Trade and companies register
Paris Trade and Companies Register no. 542 023 841.

Financial year
January 1 to December 31.

Purpose (summary of Article 2 of the Memorandum and Articles of Association)
The Company's object is, directly or indirectly, in France and abroad, all engineering activities in the areas of industry and in particular in the areas linked to the production and to the use of energy, the production of aluminium, cement, glass, steel, sugar and chemical products, the manufacturing industry (automotive, aeronautics, logistics, etc.) and, in this context, all activities relating to the design, development and completion of projects of all kinds in the form of the provision of services, design offices and engineering advice as well as the design, development and acquisition of all property rights, processes and all industrial manufacturing resources, entering into all licensing agreements or any agreements relating to these assets.

Appropriation of income (summary of Article 27 of the Memorandum and Articles of Association)
A sum corresponding to at least five percent (5%) of the annual profit, less any deferred losses, shall be allocated to the legal reserve. This allocation is no longer mandatory when the legal reserve reaches a tenth of the share capital; it becomes mandatory once more if, for whatever reason, the legal reserve falls below this amount.

The balance plus retained earnings, if any, form the distributable earnings.
This profit is available to the shareholders, who have the sole authority to decide how to allocate it. As such, the shareholders may appropriate all or some of this profit to transfer it to all of the general and specific

reserves, carry it forward, or distribute it among the shareholders, in compliance with articles L. 232-11 et seq. of the French Commercial Code.

The balance, if any, is allocated to the sole shareholder or, if there is more than one shareholder, is shared by decision of the shareholders subject to the quorum and majority requirements stipulated in Article 23 of the Memorandum and Articles of Association, in proportion to the number of shares held by each of them.

In addition, the shareholders, in accordance with the conditions stipulated in Article 23 of the Memorandum and Articles of Association and in accordance with articles L. 232-11 et seq. of the French Commercial Code, may decide to distribute sums deducted from the reserves available to the company, specifically indicating the reserve items from which the sums are to be deducted. However, the dividends are deducted as a priority from the profits of the current fiscal year.

After the financial statement approval process, losses, if any, are recorded in the balance sheet in a separate account and carried forward, to offset against future profits until exhausted.

Each shareholder's share of the profit and their contribution to the losses are proportional to their portion of the share capital.

Conditions governing General Meetings (summary of Articles 21, 22 and 23 of the Memorandum and Articles of Association)

A shareholder consultation may be conducted at the initiative of the Chairman of the company, one of the Deputy CEOs, if appointed, the Supervisory Committee or one or more shareholders holding (individually or together) over 50% of the Company's share capital.

Collective decisions result from (i) a general meeting, (ii) a written consultation, or (iii) a private agreement expressing the consent of all the shareholders. However, a shareholders' meeting is mandatory for the annual financial statement approval process.

The meeting is chaired by the Chairman; failing that, the members shall elect a chair for the meeting. The meeting chair appoints the secretary for the meeting, who may be a shareholder or a third party.

The shareholders' decisions, whether they are a private agreement, resulting from a written consultation or a general meeting, are recorded in the minutes noted in a numbered and initialed register, kept in compliance with the procedures specified in articles R. 225-22 and R. 225-49 of the French Commercial Code (by reference to article R. 225-106 of the French Commercial Code).

Each shareholder may participate in all collective decisions whatever they are, in person or through the representative of his choice, and has as many votes as he has shares, without limits.

Unless unanimity is required, the shareholders' decisions are only valid if the shareholders present or represented hold over half of the company's voting shares.

The shareholders' collective decisions are decided unanimously when required by law; the other collective decisions are adopted by a simple majority of the votes of shareholders who are present or represented.

Legal documents

All legal documents relating to the company and notably the Memorandum and Articles of Association, minutes of shareholders' collective decisions and Statutory Auditors' reports may be consulted by the shareholders at the company's registered office.

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

In thousands of euros	Notes	2022	2021
Sales	5.2	**2,026,970**	**1,723,916**
Cost of sales		(1,639,936)	(1,391,256)
Gross profit		**387,034**	**332,660**
Selling expenses		(112,289)	(96,567)
Administrative expenses		(171,612)	(154,052)
Research and development expenses	5.4	(22,532)	(19,766)
Employee profit sharing and bonus schemes		(2,987)	(2,807)
Other operating income and expenses	5.5	1,237	(36)
Amortization of intangible assets related to acquisitions	5.6	(10,345)	(11,034)
Profit from recurring operations		**68,506**	**48,398**
Restructuring costs	5.7	(2,533)	(6,313)
Impairment of fixed assets		18	(41)
Gain (loss) on disposals and acquisition costs	5.8	8,952	33,673
Operating profit		**74,943**	**75,717**
Cost of net financial debt	5.9	(19,343)	(19,741)
Other financial income and expense	5.9	4,019	12,952
Net financial income (expense)		**(15,324)**	**(6,789)**
Profit (loss) before income tax		**59,619**	**68,928**
Income tax expense	5.10	(29,052)	(29,989)
Share of profit (loss) of associates	5.11	(20,729)	(21,462)
Profit (loss) for the year		**9,838**	**17,477**
Attributable to owners of the Group		9,392	17,262
Attributable to non-controlling interests		446	215

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros	Notes	2022	2021
Profit (loss) for the year		**9,838**	**17,477**
Foreign currency translation differences		(3,408)	12445
TOTAL Items subsequently recycled through profit and loss		**(3,408)**	**12,445**
Actuarial gains	5.23	5,268	10,257
Deferred tax on actuarial gains and losses		(1,082)	(1,748)
Net change in fair value of financial assets		(325)	(976)
Deferred tax on net change in fair value of financial assets		100	501
TOTAL Items that may not be recycled through profit and loss		**3,961**	**8,034**
TOTAL Comprehensive income		**10,391**	**37,956**
Attributable to:			
- Owners of the Group		9,653	37,613
- Non-controlling interests		737	343

CONSOLIDATED BALANCE SHEET

ASSETS

In thousands of euros	Notes	Dec. 31, 2022	Dec. 31, 2021
Goodwill	5.12	263,490	253,035
Intangible assets	5.13	44,161	51,814
Property, plant and equipment	5.14	214,566	207,030
Non-current financial assets	5.15	43,492	50,701
Deferred tax assets	5.10	27,724	30,424
Non-current assets		**593,433**	**593,004**
Inventories and work in progress	5.16	209,906	158,804
Contract assets	5.17	298,828	226,200
Trade receivables	5.18	484,229	420,450
Other current assets	5.19	148,034	106,952
Current financial assets	5.15	95,797	58,958
Current tax assets		7,613	6,470
Cash and cash equivalents	5.20	199,225	238,593
Current assets		**1,443,632**	**1,216,427**
Total assets		**2,037,065**	**1,809,431**

SHAREHOLDERS' EQUITY AND LIABILITIES

In thousands of euros	Notes	Dec. 31, 2022	Dec. 31, 2021
Share capital		102,724	102,724
Share premium and reserves		228,205	206,360
Foreign currency translation reserve		23,677	27,145
Profit (loss) attributable to owners of the Group		9,392	17,262
Shareholders' equity attributable to owners of the Group		**363,998**	**353,491**
Non-controlling interests		2,866	2,128
Shareholders' equity	5.22	**366,864**	**355,619**
Non-current provisions	5.23	43,957	53,643
Non-current financial debt	5.24	226,590	283,776
Other non-current liabilities	5.25	12,943	17,578
Deferred tax liabilities	5.10	6,440	4,176
Non-current liabilities		**289,930**	**359,173**
Current provisions	5.23	89,278	79,596
Current financial debt	5.24	97,392	111,560
Contract liabilities	5.17	434,668	304,838
Trade and related payables		559,293	417,209
Current tax liabilities		9,458	10,190
Other current liabilities	5.25	190,182	171,245
Current liabilities		**1,380,271**	**1,094,639**
Total Shareholders' equity and liabilities		**2,037,065**	**1,809,431**

CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros	*Notes*	2022	2021
Cash and cash equivalents at January 1		**237,775**	**299,545**
Operating activities			
Profit (loss) for the year		9,838	**17,477**
Adjustments for:			
Change in non-current provisions		(3,918)	(5,830)
Amortization, depreciation and impairment		56,072	55,074
Net loss (gain) on disposals of assets and acquisition costs		(8,443)	(33,744)
Profit of equity-accounted associates		20,729	21,462
Other non-cash income and expense items		14,467	(6,136)
Income tax expense		29,052	29,989
Cost of net financial debt		19,343	19,741
Operating cash flow before change in working capital and income tax		137,140	98,033
Change in working capital		68,742	56,504
Income tax paid	*5.21*	(24,180)	(25,914)
Net cash provided by operating activities		**181,702**	**128,623**
Investing activities			
Acquisitions of property, plant and equipment and intangible assets		(41,630)	(28,865)
Disposals of property, plant and equipment and intangible assets		2,938	2,998
Change in financial assets		(46,110)	(39,273)
Acquisitions of Subsidiaries after deduction of acquired cash		(163)	(751)
Net cash used in investing activities		**(84,965)**	**(65,891)**
Financing activities			
Dividends paid to owners of non-controlling interests			(65)
Net increase (decrease) in borrowings		(101,076)	(117,817)
Net interest paid		(14,246)	(12,436)
Net interest received		2,061	1,983
Net cash provided by / (used in) financing activities		**(113,261)**	**(128,335)**
Effect of exchange rate fluctuations		(22,959)	3,833
Net increase (decrease) in cash and cash equivalents		**(39,483)**	**(61,770)**
Cash and cash equivalents at December 31	*5.21*	**198,292**	**237,775**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In thousands of euros	Share capital	Premiums, retained earnings and reserves	Actuarial gains (losses) on pensions	Foreign currency translation reserve	Financial assets - fair value reserve	Equity attributable to owners of the Group	Non-controlling interests	Total equity
Shareholders' equity at January 1, 2021	**102,724**	**220,476**	**(22,494)**	**14,544**	**1,016**	**316,266**	**1,215**	**317,481**
Profit for the year		17,262				**17,262**	215	**17,477**
Other comprehensive income			8,400	12,426	(475)	**20,351**	128	**20,479**
Profit and other comprehensive income		**17,262**	**8,400**	**12,426**	**(475)**	**37,613**	**343**	**37,956**
Dividends paid							(64)	**(64)**
Share-based payment		611				**611**		**611**
Change in consolidation scope and other changes		(1,237)	63	175		**(999)**	634	**(365)**
Shareholders' equity at December 31, 2021	**102,724**	**237,112**	**(14,031)**	**27,145**	**541**	**353,491**	**2,128**	**355,619**

In thousands of euros	Share capital	Premiums, retained earnings and reserves	Actuarial gains (losses) on pensions	Foreign currency translation reserve	Financial assets - fair value reserve	Equity attributable to owners of the Group	Non-controlling interests	Total equity
Shareholders' equity at January 1, 2022	**102,724**	**237,112**	**(14,031)**	**27,145**	**541**	**353,491**	**2,128**	**355,619**
Profit for the year		9,392				**9,392**	446	**9,837**
Other comprehensive income			3,947	(3,461)	(225)	**261**	291	**552**
Profit and other comprehensive income		**9,392**	**3,947**	**(3,461)**	**(225)**	**9,653**	**737**	**10,388**
Share-based payment		994				**994**		**994**
Change in consolidation scope and other changes		(1,009)	877	(7)		**(140)**	1	**(139)**
Shareholders' equity at December 31, 2022	**102,724**	**246,488**	**(9,207)**	**23,677**	**316**	**363,998**	**2,866**	**366,864**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL PRESENTATION

Fives (hereinafter Fives or "the Company") is a private limited liability company (Société par Actions Simplifiée) incorporated in France and subject to all French legislation governing commercial companies, in particular the legal provisions of the French Commercial Code. The registered office is located at 3 rue Drouot, 75009 Paris, France.

The consolidated financial statements of the Company comprise the financial statements of companies over which the Company has direct or indirect exclusive control, which are fully consolidated, and the financial statements of companies over which the Company exercises significant influence (associates), which are accounted for using the equity method. The single economic entity is referred to as "the Group". The Group's companies design and supply process equipment and turnkey production lines and plant facilities for major industrial players worldwide. The Group is uniquely positioned due to its command of proprietary technologies and its expertise in engineering and complex project management.

The consolidated financial statements have been prepared under the responsibility of the Chairman, who approved them on March 28, 2023. They will be final when approved by the shareholders at their General Meeting on April 5, 2023.

The main accounting methods used to prepare the consolidated financial statements are described hereafter.

2. ACCOUNTING POLICIES

2.1. Statement of compliance

The consolidated financial statements of Fives for the reporting period ended December 31, 2022 have been prepared in accordance with the international standards issued by the International Accounting Standards Board (IASB) and adopted by the European Union at December 31, 2022. The international standards comprise International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and SIC and IFRIC interpretations.

The following amendments and interpretations are mandatory for the Group for financial years beginning on or after January 1, 2022:

- amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract, issued in May 2020. The amendments specify which indirect costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.
- amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use, issued in May 2020. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.
- amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework. The amendments updated IFRS 3 following the publication of the new Conceptual Framework. No changes were made to the accounting treatment of business combinations.
- annual improvements to IFRS: 2018-2020.

These amendments and interpretations have no impact on the Group.

The following standards and interpretations are not yet mandatory or have not yet been approved by the European Union. The Group has elected to not apply them early in the financial statements at 31 December 2022:

- Updated References to the Conceptual Framework of IFRS;
- Amendments to IAS 1 – Presentation of Financial Statements – Disclosure of Accounting Policies;
- Amendments to IAS 1 – Presentation of Financial Statements - Classification of Liabilities as Current or Non-current;
- Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates;
- Amendments to IAS 12 – Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- IFRS 17 – Insurance Contracts – Principles for the recognition, measurement, presentation and disclosure of insurance contracts.

The Group is currently assessing these changes and does not expect any significant impact on the financial statements.

All the IFRS adopted by the European Union are available for viewing on the European Commission's website at the following address:
https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02008R1126-20230101

2.2. Basis of preparation of the consolidated financial statements

The Group's consolidated financial statements have been prepared using historical costs, with the exception of financial assets and liabilities stated at fair value (excluding trade payables and receivables, and other held-to-maturity financial assets).

2.3. Presentation of financial statements

In accordance with IAS 1 "Presentation of Financial Statements", current and non-current items are presented separately in the consolidated balance sheet. Generally, assets expected to be realized and liabilities due for settlement in the operating cycle or within twelve months after the reporting date are classified as current. Other assets and liabilities are classified as non-current.

2.4. Consolidation methods

Subsidiaries are companies that are controlled by the Group. They are fully consolidated. The Group exercises control when it has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of the returns. In assessing control, the Group takes into consideration all potential voting rights that are exercisable at the reporting date, including those held by another party.

Associates are entities in which the Group has significant influence but not control over the financial and operating policies. Significant influence is presumed when the Group holds 20% or more of the voting power of the entity. Associates are accounted for using the equity method. Investments in associates are initially recognized at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets in the investee, less any impairment losses.

When a Group subsidiary sells or contributes assets that constitute a business to an associate, the resulting gain or loss is recognized in full in the income statement. If the assets contributed or sold do not constitute a business, only the portion of the resulting gain or loss that does not relate to investors' interest in the associate is recognized i.e. the gain or loss is neutralized in proportion to the Group's share in the associate.

Companies are consolidated on the basis of their separate financial statements at December 31, restated to comply with Group accounting principles. All transactions between consolidated companies are eliminated. The list of subsidiaries and associates is provided in note 5.32.

2.5. Significant estimates and judgments

The preparation of the consolidated financial statements requires Group and division management to use judgments, estimates and assumptions, including expectations of future events, which affect the reported amounts of certain financial statement items.

These assessments and estimates are reviewed at each reporting date and the underlying assumptions are adjusted, where appropriate, based on actual results, experience and any other relevant factors given the economic circumstances. The effects of such adjustments are recognized when made.

The items reported in the Group's future financial statements may differ from current estimates due to changes in the assumptions made and economic circumstances at the reporting date.

The main assumptions relating to future events and other sources of estimation uncertainty at the reporting date that may have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities are presented below.

Recognition of revenue and profit from performance obligations under the percentage-of-completion method and related provisions

The Group recognizes several performance obligations based on the percentage-of-completion method.

Revenue and profit are recognized on the basis of estimated contract revenue and costs on completion, which are reviewed regularly as contract work is performed.

If the contract review reveals a negative profit margin at completion, any expected loss on incomplete work is recognized immediately.

Total expected revenue and costs reflect management's most reliable estimate of the expected future economic benefits and obligations arising from the contract.

Estimates of provisions for litigation

The Group regularly identifies and analyzes ongoing litigation and assesses any provisions required, where appropriate, based on the most reliable estimate of the outflow of economic benefits required to settle such obligations at the reporting date.
These estimates take into account information available and the range of possible outcomes.

Impairment of non-financial assets

Goodwill and other intangible assets with indefinite useful lives are tested for impairment at least once a year and whenever there is an indication of impairment.

Other amortizable intangible assets and depreciable property, plant and equipment are tested for impairment when there is an indication that their carrying amount may exceed their recoverable amount.

In assessing value in use, management estimates the future cash flows that the entity expects to obtain from the asset or cash generating unit and applies an appropriate discount rate to calculate their present value.

Deferred tax assets

Deferred tax assets relating to tax losses carried forward are recognized to the extent of the following two criteria: (i) the net amount of deferred tax liabilities for temporary differences and (ii) the probability that future taxable profit will be available against which the benefits of the tax losses can be utilized. To determine the amount of deferred tax assets to be recognized, management is required to estimate the amount and probability of future taxable profit.

Employee benefits

Costs relating to defined benefit plans are estimated using the actuarial valuation method. Actuarial valuations are based on assumptions with regard to the discount rate, salary increases, mortality and pension increases.

The value of retirement benefit plans other than those in France entailing lump-sum payments on retirement are appraised by external actuaries. Due to the long-term nature of these plans, there is significant uncertainty with regard to the estimates.

2.6. Foreign currency transactions

Transactions denominated in foreign currencies are translated at the exchange rates effective at the transaction dates. In accordance with IAS 21 on "Effects of Changes in Foreign Exchange Rates", monetary items are translated using the closing rate effective at the reporting date. The corresponding foreign currency translation gains or losses are recognized in net financial income and expense.

2.7. Translation of the financial statements of entities outside the eurozone

The Group's financial statements are presented in euros, which is the parent company's reporting and functional currency. All financial data is rounded to the nearest thousand euros.

An entity's functional currency is the currency used in the primary economic environment in which it operates. In the majority of cases, the functional currency is the local currency.

However, an entity may use a functional currency that differs from the local currency if its main transactions are denominated in a foreign currency.

The financial statements of foreign entities whose functional currency is not the euro are translated into euros as follows:
- balance sheet items are translated into euros using the exchange rate effective at the reporting date;

- income statement and cash flow items are translated using the average exchange rate for the reporting period;
- foreign currency translation differences are recognized directly in equity in the line item "Foreign currency translation reserve".

2.8. Segment information

The operating segments chosen to present reportable segment information have been identified on the basis of the internal management reports used by the Chairman to allocate resources and assess performance. There are no aggregated operating segments.

The Chairman is the Group's Chief Operating Decision Maker (CODM), as defined in IFRS 8.

The methods used to measure each segment's performance (KPIs) for the purposes of the internal management report are the same as those used to prepare the consolidated financial statements.

Operating segment information is presented in note 5.1.

2.9. Business combinations and goodwill

In accordance with IFRS 3, business combinations are accounted for using the acquisition method. Under this method, upon the initial consolidation of an entity over which the Group has acquired exclusive control:
- the identifiable assets acquired and liabilities assumed are measured at their fair value at the acquisition date (except for deferred tax assets and liabilities and assets and liabilities relating to employee benefits, which are measured and recognized in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee benefits", respectively);
- non-controlling interests are measured either at fair value (full goodwill) or at the proportionate share of the acquiree's identifiable net assets (partial goodwill). The accounting policy choice is made on a transaction-by-transaction basis.

At the first consolidation date, goodwill is measured as the difference between:
- the fair value of the consideration transferred;
- the proportionate share in the net amount of identifiable assets acquired and liabilities assumed at the acquisition date, measured at fair value.

Where appropriate, measuring non-controlling interests at fair value results in the recognition of full goodwill, as goodwill is adjusted to reflect the amount attributable to non-controlling interests.

The purchase price must be finalized and allocated within 12 months of the acquisition date.

In the event of a bargain purchase where the consideration paid is lower than the fair value of the net assets acquired and liabilities assumed, the resulting gain is recognized directly in the income statement in the line item "Other operating income and expense".

Goodwill is not amortized. In accordance with IAS 36 "Impairment of Assets", goodwill is tested for impairment at least once a year and more frequently if there is an indication of impairment.

The methods used to test for impairment are described in note 2.14.

In addition, the following principles apply to business combinations:
- goodwill is allocated to each cash-generating unit likely to benefit from the business combination as of the acquisition date;
- contingent consideration in a business combination is recorded at fair value as of the acquisition date and any subsequent adjustment occurring after the purchase price allocation period is recognized in the income statement;
- acquisition-related costs are recognized as expenses when incurred, under "gains or losses on disposals and acquisition costs" on the income statement;
- any acquisition or disposal of ownership interests that does not affect control subsequent to a business combination is accounted for as an equity transaction and recognized directly in equity, in accordance with IFRS 10;
- in the event of the acquisition of additional ownership interests in an associate without obtaining control, the Group maintains the assets acquired and liabilities assumed previously at their carrying amount in the consolidated financial statements;
- in the event that control is obtained in a step acquisition, the cost of the business combination includes the previously held equity interest in the acquiree remeasured at its acquisition-date fair value.

2.10. Research and development costs

Research and development costs are expensed in the period they are incurred.

Expenditure on development activities is only capitalized if the following criteria required by IAS 38 are met:
- the product or process has been clearly identified and the associated costs can be measured reliably;
- the product is technically feasible;
- the resources required to complete development are available;
- there is a market for the product, or the product will be used internally;
- the product will generate future economic benefits for the Group either through its sale or internal use.

In 2022, as few development projects under way met all the conditions, the related development costs capitalized in the reporting period were not material.

The Group has tax credits relating to its subsidiaries' research activities, including research tax credits in France and the United States. The tax credits, which are calculated on the basis of research and development costs, are accounted for as grants and recognized in profit from recurring operations in the line item "Research and development costs". They are recognized in accordance with IAS 20 "Grants".

2.11. Intangible assets

Separately acquired intangible assets are recognized at their acquisition cost.

Software and IT licenses are amortized on a straight-line basis over their expected useful lives (generally between one and 10 years).

Intangible assets (technologies, brands, customer relationships and order book) acquired as part of business combinations are reported on the balance sheet at fair value, which is determined on the basis of external valuations for the most significant assets and internal appraisals for other assets. The valuation process is performed in accordance with generally accepted accounting principles, based on the income approach. Intangible assets are amortized on a straight-line basis over their useful lives, including, where appropriate, any period of protection provided by law or regulations. Their estimated useful lives generally range from five to ten years.

Allowances for amortization of intangible assets acquired as part of a business combination are shown under "Amortization of intangible assets related to acquisitions" in the consolidated income statement.

2.12. Property, plant and equipment

Property, plant and equipment are measured at acquisition cost. A depreciation schedule is established for each depreciable asset over its useful life, defined as the period during which the Group expects to draw future economic benefits from its use. In the case of buildings and certain heavy equipment, if several significant components of these assets bring the company economic benefits at different rates, then each component is recognized separately and given its own depreciation schedule. The straight-line depreciation method is generally used.

The useful lives are generally the following:
- main structure of buildings (shell and brickwork), depending on the type of construction: 30 to 50 years;
- façades, roofing and secondary construction: 20 to 30 years;
- technical and general improvements: 15 to 20 years;
- fixtures and fittings: 10 to 15 years;
- heavy industrial equipment, depending on the type of machinery: 10 to 25 years;
- other components and light industrial equipment, machinery and tools: 5 to 15 years.

2.13. Finance leases

Items of property, plant and equipment held under finance leases of over 12 months are recorded on the balance sheet under "Property, plant and equipment" and a right-of-use asset is recognized. The carrying amount of the right-of-use asset is equal to the carrying amount of the lease liability plus the initial direct costs and the costs of rehabilitation that are not dependent on use. The lease liability is equal to the sum of the lease payments discounted using the interest rate implicit in the lease (if it can be readily determined) or the lessee's incremental borrowing rate.

The lease liability may be remeasured in the event of changes to the following:
- lease term;
- whether or not the lessee is reasonably certain to exercise an option;
- future lease payments resulting from a change in an index or rate used to determine those payments.

Interest expense for the period is recognized under "Cost of net financial debt".

Right-of-use assets are depreciated on a straight-line basis over the minimum lease term, taking into account the acquisition, renewal or cancellation options that the lessee is practically certain to exercise given the characteristics of the asset and market conditions.

2.14. Impairment of property, plant and equipment, intangible assets and goodwill

The carrying amount of non-current assets (excluding financial assets) is reviewed using impairment testing to identify any impairment losses:
- for intangible assets with indefinite useful lives and goodwill, impairment testing is performed at each reporting date, or more frequently when there is an indication of impairment;
- for all other assets, impairment testing is performed whenever there is an indication of impairment.

The indicators that trigger impairment testing are external and include factors such as market value and significant changes in the company's business environment.

Cash Generating Units (CGUs) are homogeneous groups of assets that generate cash inflows. The recoverable amount of a CGU or group of CGUs is based on its value in use.

Goodwill is tested for impairment at the level of the groups of CGUs representing each operating segment.

Value in use for the Group corresponds to the value of the expected future economic benefits arising from the use of the groups of CGUs. It is measured by discounting the expected future cash flows of each group of CGUs.

The discounted future cash flows are determined on the basis of management's economic assumptions and operating forecasts in accordance with the following principles:
- the cash flows (pretax) are derived from the business plan;
- the discount rate is determined with inputs based on external sources of information;
- the terminal value is calculated by summing the discounted cash flows to infinity, on the basis of a normative cash flow and perpetual growth rate. The growth rate reflects the potential expansion of markets in which the Group operates and the Group's competitive position.

Details of the assumptions used are provided in note 5.12.

Goodwill impairment cannot be reversed. Impairment losses are recognized on the income statement in the line item "Impairment of fixed assets".

2.15. Financial assets (excluding derivative instruments)

Initial measurement

Financial assets and liabilities are initially measured at fair value, which is generally the acquisition cost.

Classification and measurement at the reporting date

Financial assets (excluding derivative hedging instruments) are classified under one of the following categories in the balance sheet:

Category	Measurement	Recognition of change in value
Loans and receivables	Amortized cost	N/A
Held-to-maturity financial assets	Amortized cost	N/A
Financial assets held for trading	Fair value	Income statement
Other financial assets	Fair value	Shareholders' equity (or Income statement)

Loans, receivables and held-to-maturity financial assets

Loans, receivables and held-to-maturity financial assets are measured and recognized at amortized cost less any impairment losses at the transaction date. They include receivables from associates, loans for social housing, and sureties and guarantee deposits.

Financial assets held for trading

This category of assets includes:

- assets held for trading, which were purchased by the company in order to generate short-term profit;
- derivative instruments that are not designated as hedging instruments.

Marketable securities, such as money market funds and mutual funds are measured at fair value at the reporting date on the basis of their latest quoted market price or net asset value. Any changes in their fair value are recognized in net financial income or expense.

Other financial assets

Equity investments that are not held for trading are measured at fair value, with the Group irrevocably opting to measure them either through profit or loss or equity (without the possibility of subsequently recycling them through profit or loss in the event of disposal).

Fair value is based on quoted market prices, when available. When quoted market prices are not available, the Group determines fair value through valuation techniques such as over-the-counter transactions, discounted cash flow analysis or revalued net assets

2.16. Financial liabilities (excluding derivative instruments)

Loans and borrowings

Loans and borrowings are initially recognized under financial liabilities at fair value, which may be lower than the carrying amount.

- the fair value of the loans and borrowings corresponds to their issue price net of any transaction costs incurred;
- when they are granted at a below-market rate of interest, as is the case for funding by public bodies under preferential conditions, the subsequent economic benefit is treated as a government grant, in accordance with IAS 20, and recognized as a reduction to the nominal value of the loan. The grant is amortized over the relevant period, and is either deducted from the related expense or recognized under 'other operating income and expense' if there are no specific costs to compensate.

Subsequently, the difference between the net carrying amount initially recognized and the redemption value is amortized on an actuarial basis using the effective interest rate method. The effective interest rate is the rate that exactly discounts the cash flows associated with the loans and borrowings to the net carrying amount at initial recognition.

Compound financial instruments

The measurement of debt or equity components is performed on the basis of analyses of the intrinsic nature of each security issued.

When the analyses result in the separation of the equity and liability components, the liability component is initially recognized at the fair value that the liability would have without the option to convert or redeem the instrument as equity. The equity component is initially recognized as the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability. Directly-attributable transaction expenses are allocated to the liability and equity components proportionally to their initial carrying amount.

After initial recognition, the liability component of the compound instrument is measured at amortized cost using the effective interest rate method. The equity component of the compound financial instrument is not remeasured after initial recognition.

Earn-out clauses

Earn-out liabilities arising from acquisitions of equity investments are measured at their acquisition-date fair value. They are remeasured at each reporting date and any change in fair value is recognized either in operating profit or net financial income or expense according to whether it results from an operating event or from the time value of money. Earn-out liabilities are recognized in the line items "Other non-current liabilities" and "Other current liabilities" on the balance sheet.

Commitments to purchase non-controlling interests

Commitments to purchase non-controlling interests are measured at fair value. Changes in the fair value of the commitments are recognized directly in equity. Commitments to purchase non-controlling interests are recognized in the line items "Other non-current liabilities" and "Other current liabilities" on the balance sheet.

2.17. Derivative instruments

The Group uses derivative instruments to hedge its exposure to market risk.

Foreign exchange risk is hedged by currency forward sales and purchases, and by insurance contracted with the French export credit insurance company Bpifrance Assurance Export (formerly Compagnie française d'assurance pour le commerce extérieur – COFACE) for French subsidiaries.

To cover its exposure to interest rate risk, the Group primarily uses swaps that change floating rate debt to fixed rate debt.

Derivative financial instruments are measured at fair value. Fair value is provided by the financial institutions that are counterparties to transactions for interest rate derivatives or calculated using standard valuation methods under market conditions at the reporting date for foreign exchange derivatives. Changes in the fair value of derivative instruments are recognized in the income statement, except for the effective portion of derivatives eligible for cash flow hedge accounting, which is recognized in equity.

Derivative instruments eligible for hedge accounting

The Group uses the criteria set forth in IFRS 9 to assess whether a derivative instrument qualifies for hedge accounting:

- the hedging relation is clearly identified and documented at the inception date of the hedging instrument;
- hedging relation effectiveness is demonstrated at the inception of the hedge and at each reporting date prospectively.

The majority of derivatives used by Fives qualify as hedging instruments.

Fair value hedges

Fair value hedges cover exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment to acquire or sell an asset. Changes in the fair value of the hedged item attributable to the hedged risk adjust the carrying amount of the hedged item and are recognized in the income statement. The ineffective portion of the hedge is recognized in operating income and expense or financial income and expense according to the nature of the hedged item; the forward point adjustment is always recognized in net financial income or expense.

Fair value hedging is used to account for foreign exchange hedges.

Cash flow hedges

Cash flow hedges cover highly probable forecast transactions (forecast cash flows) that have not yet been invoiced. If they fulfill the criteria to qualify for cash flow hedge accounting, the changes in cash flows generated by the hedged item are offset by the changes in value of the hedging instrument.

The cumulative changes in fair value of the effective portion are recognized as a component of equity and the cumulative changes in fair value of the ineffective portion (corresponding to an "overhedge" where changes in the fair value of the hedging instrument are greater than changes in the fair value of the hedged item) are recognized in earnings. When the hedged cash flows occur, the amounts recognized in equity are transferred to the income statement, matching the cash flows from the hedged item.

Cash flow hedging is used to account for interest rate hedges.

Derivative instruments not eligible for hedge accounting

Changes in the fair value of derivatives that are not eligible for hedge accounting are recorded directly in net financial income or expense.

Such instruments include derivative financial instruments that are used as economic hedges, but which have not been or are no longer documented as hedge accounting relationships.

2.18. Order book

The Group uses the term "order book" to refer to all remaining performance obligations under ongoing contracts. No exception is made for short-term contracts.

A contract is added to the order book as soon as its terms (purpose, amount, timing) are known and the contract becomes enforceable for both parties. The transaction price included in the order book is the most probable amount of consideration the Group expects to receive less any variable consideration that is not reasonably certain.

At December 31, 2022, the Group's order book mainly contained orders of less than 15 months.

2.19. Revenue

The Group identifies the performance obligations contained in each contract. A contract contains several performance obligations if those obligations are separately identifiable (may be purchased separately) and distinct within the context of the contract (in the Group's case: subject to distinct deliveries).

For each performance obligation, revenue is recognized on a percentage-of-completion basis if one of the following three criteria is met:

- the customer receives the benefits provided by the Group's performance (for example, maintenance services) as the service is performed;
- the customer owns and controls the asset for which the Group has a performance obligation (for instance, equipment upgrades);
- the Group's performance obligation does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date (contract to create specific equipment).

In each of the above cases, the transfer of control takes place over time, as the service is rendered.

If none of the criteria is met, the client will only obtain control at a point in time, generally upon completion of the performance obligation.

The main types of performance obligation within the Group are as follows:

- provision of turnkey production assemblies or sub-assemblies: percentage-of-completion revenue recognition;
- production of key process equipment: revenue recognition using the percentage-of-completion or completed-contract method, depending on alternative use and contract conditions;
- industrial services: spare parts, maintenance, training, machine upgrades, and removals/relocations. Revenue recognition is either based on the percentage-of-completion or completed-contract method.

The Group recognizes most of its revenue using the percentage-of-completion method as its solutions are highly customized. In general, identifying performance obligations and determining their sales price do not require significant judgment.

Revenue and cost recognition

- For performance obligations under the completed-contract method, the Group recognizes revenue upon transfer of control. With regard to standard production equipment, control is generally transferred upon transfer of the risks and rewards of ownership.

- For performance obligations under the percentage-of-completion method, the Group determines the stage of completion applicable to each contract by measuring the costs incurred to date over estimated costs at completion. The latter are reassessed at each reporting date. Completion is recognized upon provisional acceptance (or equivalent event) for contracts involving integrated systems subject to overall performance obligations. A provision is recognized for any remaining expenses that may be incurred to secure full acceptance. A contingency provision is recognized for future warranty costs.

Late performance penalties are recognized as a reduction in revenue.

Losses at completion are recognized for their full amount if they are probable.

2.20. Contract assets and liabilities

For each contract recognized on a percentage-of-completion basis, the Group determines the accumulated amount of costs incurred at the reporting date, plus profit recognized less progress billings and any losses at completion recognized.

If the amount is positive, it is recorded as an asset under "Contract assets". If it is negative, it is recorded as a liability under "Contract liabilities".

Advances and progress payments for ongoing contracts recognized on a completed-contract basis are recorded as liabilities under "Contract liabilities".

When estimated total contract costs exceed the expected sales price, a loss at completion is recognized, initially as a reduction in contract assets and subsequently as a provision.

2.21. Inventories and work in progress (excluding contract assets and liabilities)

Inventories and work in progress (excluding contract assets and liabilities) are measured at their acquisition cost using the weighted average cost method, or production cost.

An impairment loss is recognized, when appropriate, to reduce their carrying amount to their probable net realizable value.

2.22. Cash and cash equivalents

Cash and cash equivalents are composed of immediately available cash and short-term investments. Cash and cash equivalents comprise bank balances, cash on hand, demand deposits, short-term investments that are subject to an insignificant risk of change in value and money market funds.

2.23. Provisions

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", provisions are recognized when the Group has a legal or constructive present obligation toward a third party as a result of a past event, which will probably result in an outflow of resources embodying economic benefits without any associated consideration. The amount of provisions recognized corresponds to the best estimate of the outflow of resources that will probably be required to settle the obligation.

Obligations relating to construction contracts in progress are included in the measurement of profit at completion and are recorded in the line items "Contract assets" or "Contract liabilities".

Upon contract completion, the obligations are recognized as separate line items under "Current provisions".

Obligations resulting from transactions other than construction contracts are recognized directly under provisions if they meet the above-mentioned criteria.

If the time value of money is significant, the provisions are measured at their present value.

Known litigation and claims that could affect the Group's companies were examined at the reporting date. The provisions judged necessary were recognized to cover the associated risks, on the advice of legal counsel.

The provisions are described in note 5.23.

2.24. Retirement benefits

In accordance with local law and practices, the Group participates in retirement plans in the countries in which it operates.

For basic retirement plans and other defined contribution plans, the Group expenses the contributions payable when they are due and does not recognize any provisions, as its commitments do not extend beyond the contributions paid.

For defined benefit plans, the Group provisions the various benefit entitlements, which depend on the cumulative number of years of service within the Group.

Provisions are determined in the following manner:

- the actuarial valuation method used is the Projected Unit Credit Method, which assumes that each period of service that contributes to the benefit gives rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. The calculations include assumptions regarding mortality, employee turnover and salary increase rates, as appropriate;
- actuarial gains or losses net of deferred tax are recognized immediately in other comprehensive income, with an offsetting entry in shareholders' equity, in accordance with IAS 19 "Employee Benefits".

The expense for the year relating to current and past service cost (in the event of plan amendments) and gains or losses on plan curtailments or settlements is recognized in operating profit.

The interest cost, net of the expected return on plan assets, is recognized in net financial income or expense.

2.25. Provisions for long-service awards

Provisions for long-service awards are calculated by combining all award levels, in accordance with IAS 19. The provision is measured for all current employees at the reporting date, based on actuarial assumptions with regard to factors such as seniority, life expectancy and employee turnover. The effects of changes in actuarial assumptions are recognized in the income statement.

2.26. Share-based payments

Certain Group employees are entitled to share-based payments. The Group determines whether to opt for a cash or equity settlement for each share-based payment transaction.

In equity-settled transactions, the services giving rise to share-based payments are recognized under personnel expenses (in the line item "Other operating income and expenses") at the fair value of the equity instruments at grant date, with an offsetting entry in consolidated reserves over the equity instruments' vesting period. Unvested share-based payment transactions are not recognized.

In cash-settled transactions, the services giving rise to share-based payments are recognized under personnel expenses (in the line item "Other operating income and expenses") at the financial instruments' fair value at the reporting date, with an offsetting entry in liabilities ("Other liabilities"/"Other non-current liabilities") over the vesting period. Unvested financial instruments are not recognized.

The quantitative impacts for financial year 2022 are described in note 5.5.

2.27. Income tax

Income tax includes current tax expense (income) and deferred tax expense (income), calculated in compliance with the legal provisions of the country where the income is taxed.

Current and deferred taxes are recognized in profit and loss, or shareholders' equity if the taxes are related to items recognized directly in shareholders' equity. The effects of changes in tax rates are recorded in shareholders' equity or in the income statement for the year the change is enacted or substantively enacted, according to the initial recognition method used for deferred taxes.

Current tax expense (income) is the estimated tax due for the period's taxable income, determined by the tax rate adopted at the reporting date.

Treatment of French value-added business tax (CVAE) and Italian production tax (IRAP)

For the Group, the value added base used to calculate CVAE for French companies and IRAP for Italian companies is an intermediary aggregate of net income. Consequently, CVAE and IRAP are accounted for in the same way as corporate income tax

Treatment of tax credits relating to research and intellectual property

The Group analyzes each scheme to determine if it can be assimilated to a grant, and recognized in profit from recurring operations in accordance with IAS 20, or to a tax deduction in relation to intellectual property, and recognized in income tax in accordance with IAS 12.

Deferred taxes

Deferred taxes are recognized based on temporary differences between the carrying amount and tax bases of assets and liabilities, and for tax losses carried forward. No deferred tax is recognized for temporary differences generated by:

- goodwill that is not tax-deductible;
- the initial recognition of an asset or liability in a transaction that is not a business combination, which has no impact on accounting profit or taxable profit (tax loss) at the transaction date;
- investments in subsidiaries, joint ventures and associates if the Group controls the date at which the temporary differences reverse and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are recognized only if the company's medium-term earnings forecasts provide reasonable assurance that they can be used to offset future liabilities. Deferred tax liabilities are factored into the amount recognized. The Group ensures that the forecasts used for the recognition of deferred tax assets and liabilities and those used for impairment tests are consistent.

Deferred tax assets and liabilities are offset if the entity has a legal right to offset current tax assets and liabilities and if the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

3. SIGNIFICANT EVENTS OF THE YEAR

Financial year 2022 was characterized by the outbreak of the war in Ukraine in February and the implementation of a particularly strict lockdown in China in March in response to the Covid-19 pandemic.

Although the direct impact of these events on the Group's activities was limited, there were major repercussions on contract performance, including supply chain disruptions (component shortages, contraction of the offer of manufactured sub-assemblies, more complex logistics, etc.) and an acceleration in inflation (for raw materials and outsourced purchases, and also for all structural expenses).

Nevertheless, overall, the Group managed to preserve its profit margins by passing on higher costs by raising prices and extending deadlines to customers.

4. CONSOLIDATION SCOPE

There was no change in consolidation scope with a significant impact on the consolidated financial statements.

The list of companies included in the consolidation scope at December 31, 2022 is provided in note 5.32.

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (in thousands of euros)

5.1. Operating segment information

The Group's operating segments are as follows:

Smart Automation Solutions: "Smart automation solutions for e-commerce, courier, distribution and manufacturing" specializes in the design, supply and installation of high added value sorting, handling and automation solutions for the e-commerce, retail and distribution markets. It also offers robotic solutions designed to automate manufacturing processes.

High Precision Machines: "High precision machines for advanced manufacturing" specializes in the supply of high precision machine-tools for the automotive, aerospace and manufacturing markets.

Process Technologies: "High performance and sustainable technologies for process industries" specializes in the design and supply of high performance and sustainable technologies for process industries, including process equipment and complete production lines for the aluminium, cement, steel, glass and energy sectors.

Other: includes, for reporting purposes, Fives' industrial maintenance and piping solutions for nuclear power plants, mainly in France, as well as holding activities.

Segment information

	31.12.2022	31.12.2021
Smart Automation Solutions	834,167	679,803
High Precision Machines	366,620	298,672
Process Technologies	1,415,049	702,063
Other	169,678	208,341
Total order intake	**2,785,514**	**1,888,879**
Smart Automation Solutions	767,903	642,609
High Precision Machines	279,934	216,839
Process Technologies	1,139,045	550,169
Other	159,427	172,800
Total order book	**2,346,309**	**1,582,417**
Smart Automation Solutions	714,824	688,471
High Precision Machines	308,780	249,481
Process Technologies	820,467	623,368
Other	182,899	162,596
Total sales	**2,026,970**	**1,723,916**
Smart Automation Solutions	35,419	37,362
High Precision Machines	(6,611)	(16,642)
Process Technologies	35,920	16,633
Other	3,778	11,045
Total profit from recurring operations	**68,506**	**48,398**
Smart Automation Solutions	48,282	49,664
High Precision Machines	8,516	(1,798)
Process Technologies	55,724	36,352
Other	12,939	19,798
EBITDA (*)	**125,461**	**104,016**

* EBITDA is defined as profit from recurring operations excluding amortization and depreciation (see note 5.6) and equity-settled share-based payment transactions (see note 5.5)

The breakdown of assets by operating segment is as follows:

Dec. 31, 2022	Smart Automation Solutions	High Precision Machines	Process Technologies	Other	Total
Goodwill	30,908	109,109	122,278	1,195	263,490
Intangible assets, property, plant and equipment	54,536	64,559	96,425	43,206	258,726
Total allocated assets	**85,444**	**173,668**	**218,703**	**44,401**	**522,216**
Other assets					1,514,850
Total assets					**2,037,065**

Dec. 31, 2021	Smart Automation Solutions	High Precision Machines	Process Technologies	Other	Total
Goodwill	30,620	104,010	117,210	1,195	253,035
Intangible assets, property, plant and equipment	53,672	66,281	92,819	46,072	258,844
Total allocated assets	**84,292**	**170,291**	**210,029**	**47,267**	**511,879**
Other assets					1,297,552
Total assets					**1,809,431**

5.2. Sales

Sales comprised the following:

	2022	2021
Revenue recognized based on the percentage-of-completion method	1,671,134	1,400,160
Revenue recognized based on the completed-contract method	355,836	323,756
Total	**2,026,970**	**1,723,916**

Sales by geographical destination

	2022	2021
Europe	682,910	689,169
Africa and Middle East	163,758	89,540
Americas	795,205	585,081
Asia and Oceania	385,097	360,126
Total	**2,026,970**	**1,723,916**

Sales by geographical origin

	2022	2021
Europe	1,027,016	956,692
Africa and Middle East	54,430	27,767
Americas	684,941	496,804
Asia and Oceania	260,583	242,653
Total	**2,026,970**	**1,723,916**

Information on major customers

No single Group customer accounted for more than 5% of consolidated sales in the last two reporting periods.

5.3. Personnel expenses and headcount

Personnel expenses

	2022	2021
Personnel expenses	636,650	576,594
Total headcount at reporting date	8,562	8,179

Headcount at December 31

By type of contract	2022	2021
Permanent contracts	7,977	7,685
Fixed-term contracts	330	300
Apprenticeships and internships	255	194
Total	**8,562**	**8,179**

5.4. Research and development costs

	2022	2021
Research and development expenses, gross	(28,847)	(28,256)
Research tax credits and grants received	6,315	8,490
Total	**(22,532)**	**(19,766)**

5.5. Other operating income and expense

	2022	2021
Share-based payment transactions		
- *equity-settled share-based payment transactions*	(986)	(602)
- *cash-settled share-based payment transactions*	(586)	310
Other	2 809	256
Total	**1,237**	**(36)**

Since 2018, Group employees have benefited from a long-term incentive plan based on parent company shares. The plan provides free and performance shares for French employees and a matching plan for foreign employees.

5.6. Amortization and depreciation included in profit from recurring operations

Profit from recurring operations includes the following amortization and depreciation items:

	2022	2021
Included in cost of sales	(15,208)	(15,101)
Included in overheads and other operating items	(30,415)	(28,883)
Amortization of intangible assets related to acquisitions	(10,345)	(11,034)
Total	**(55,969)**	**(55,018)**

In application of IFRS 16, amortization and depreciation allowances for right-of-use assets relating to leases amounted to €16.6 million at December 31, 2022. They were included in overheads.

5.7. Restructuring costs

This line item includes the costs incurred as a result of the Group's cost-cutting and restructuring plans in the reporting period, mainly in the High Precision Machines segment.

5.8. Gain or loss on disposals and acquisition costs

	2022	2021
Gain (loss) on disposals	9,015	34,097
Acquisition costs	(63)	(424)
Total	**8,952**	**33,673**

The amount recognized under "Gain (loss) on disposals" primarily relates to capital transactions between AddUp and its associates at the start of 2022.

5.9. Net financial income and expense

Cost of net financial debt

	2022	2021
Financial expenses relating to:		
- bank loans	(17,140)	(17,496)
- lease liabilities	(3,502)	(3,435)
Other interest expense	(981)	(328)
Deferred transaction costs	(455)	(436)
Interest and related expenses	**(22,077)**	**(21,695)**
Financial income from marketable securities	1,359	1,127
Other interest	1,375	826
Interest and related income	**2,734**	**1,954**
Total	**(19,343)**	**(19,741)**

The line item "Financial expenses relating to lease liabilities" reflects all leases restated in accordance with IFRS 16.

Other financial income and expense

	2022	2021
Income from associates	161	180
Foreign exchange gains and losses	10,083	14,022
- Foreign exchange gains (losses)	*15,978*	*14,786*
- Impact of forward points on changes in fair value of foreign exchange derivatives	*(5,895)*	*(764)*
Expenses for retirement and related benefits	(591)	(514)
Net financial provisions	(5,490)	(174)
Other financial items	(144)	(562)
Total	**4,019**	**12,952**

The Group's net financial income and expense includes unrealized foreign exchange gains of €16 million, mainly arising from changes in EUR/USD parities on the unhedged balance (because of their long maturity) of intercompany loans in US dollars granted by Fives to its American subsidiaries.

Details of the loans are provided in note 5.26 in the paragraph on "Currency risk".

5.10. Current and deferred tax

Analysis of income tax expense

	2022	2021
French value-added business tax (CVAE) and Italian production tax (IRAP)	(3,084)	(3,150)
Current tax	(21,482)	(23,616)
Subtotal current tax	**(24,566)**	**(26,766)**
Deferred tax	**(4,486)**	**(3,223)**
Total	**(29,052)**	**(29,989)**

Effective tax rate

	2022	2021
Profit before income tax	**59,619**	**68,928**
Parent company tax rate	*25,00%*	*26,50%*
Theoretical tax expense	(14,905)	(18,266)
Effect of:		
French value-added business tax (CVAE) and Italian production tax (IRAP)	(3,084)	(3,150)
Tax rate differences	245	(1,559)
Change in unrecognized deferred tax assets and unrecognized losses	(6,443)	(12,005)
Badwill and value adjustments		
Permanent differences and other items	(4,865)	4,991
Income tax expense	**(29,052)**	**(29,989)**

Consolidated tax groups

Since January 1, 2019, Fives and its subsidiaries have been part of the consolidated tax group formed by Fives Orsay, which includes all French subsidiaries that are directly or indirectly more than 95%-owned. The tax savings resulting from offsetting the taxable losses of loss-making companies with the taxable profit of profit-making companies have been recorded in Fives Orsay's financial statements since 2019.

The Group also files consolidated tax returns in the United States and Italy. The advantage is that all member entities of the consolidated tax group are considered a single entity for tax purposes. The Group also uses the group relief mechanism in the United Kingdom, which allows the offsetting of losses and profits between companies in the same tax group in a reporting period.

Deferred tax

The offsetting methods used are described in note 2.27.

Deferred tax assets are only recognized when it is sufficiently likely that they can be used against future taxable profit.

The breakdown of deferred tax assets and liabilities is as follows:

	Dec. 31, 2021						Dec. 31, 2022	
	Deferred tax assets	Deferred tax liabilities	Change recognized in income statement	Change recognized in equity	Scope	Translation differences and other	Deferred tax assets	Deferred tax liabilities
Provisions for retirement benefits	10,418		(495)	(1,082)	(69)	497	9,269	
Tax loss carryforwards	43,458		(4,266)			902	40,094	
Revaluations (1)	8,881	(24,386)	(4,601)		1	(1,015)	5,408	(26,528)
Other temporary differences	17,149	(5,165)	5,999	118	3	1,311	25,882	(6,469)
Deferred tax assets (liabilities), gross	**79,905**	**(29,551)**	**(3,364)**	**(964)**	**(65)**	**1,694**	**80,653**	**(32,997)**
Deferred tax asset limit	(24,104)		(1,123)			(1 145)	(26,372)	
Offsetting	(25,374)	25,374					(26,557)	26,557
Recognized deferred tax assets (liabilities)	**30,424**	**(4,176)**	**(4,487)**	**(964)**	**(65)**	**549**	**27,724**	**(6,440)**
Net deferred tax	**26,248**						**21,284**	

(1) Mainly relating to the tax amortization of goodwill in the United States

5.11. Share of profit or loss of associates

In 2016, Fives and Michelin created AddUp, a joint venture aimed at developing and marketing machines, parts production and industrial production lines worldwide, using metal additive manufacturing technology, known as metal 3D printing. The company is accounted for using the equity method.

As the company is still in the investment phase, the company's contribution to Group profit for 2022 was negative, as in 2021. It is presented under "Share of profit (loss) of associates".

5.12. Goodwill

	Dec. 31, 2021 Net	Change in consolidation scope	Transfer	Impairment	Translation differences and other	Dec. 31, 2022 Net
Smart Automation Solutions	30,620				288	30,908
High Precision Machines	104,010				5,099	109,109
Process Technologies	117,210				5,068	122,278
Other	1,195					1,195
Total	**253,035**				**10,455**	**263,490**

In compliance with IAS 36, an impairment test was performed at December 31, 2022 on each operating segment CGU.

The cash flows used for each CGU are based on Management's best estimates, updated at December 31, 2022.

The following assumptions were used:
- 2023-2028 medium-term plan;
- terminal value growth rate: 2% (identical to assumptions used in the 2021 test);
- discount rate: 9.0% (compared with 8.2% used in the 2021 test).

The test did not result in the recognition of impairment at December 31, 2022.

Sensitivity analysis

Smart Automation Solutions CGU:
- discount rate sensitivity: a 9.5% discount rate would not change the conclusions of the analysis;
- long-term growth rate sensitivity: a 1.5% long-term growth rate would not change the conclusions of the analysis;
- long-term cash flow sensitivity: a 10% decrease in long-term cash flow would not reduce the fair value of the CGUs to below their carrying amount.

High Precision Machines CGU:
- discount rate sensitivity: a 9.5% discount rate would not change the conclusions of the analysis;
- long-term growth rate sensitivity: a 1.5% long-term growth rate would not change the conclusions of the analysis;
- Llong-term growth rate sensitivity: a 10% decrease in long-term cash flow would not reduce the fair value of the CGUs to below their carrying amount;

Process Technologies CGU:
- discount rate sensitivity: a 9.5% discount rate would not change the conclusions of the analysis;
- long-term growth rate sensitivity: a 1.5% long-term growth rate would not change the conclusions of the analysis;
- long-term cash flow sensitivity: a 10% decrease in long-term cash flow would not reduce the fair value of the CGUs to below their carrying amount.

Other CGUs:
- discount rate sensitivity: a 9.5% discount rate would not change the conclusions of the analysis;
- long-term growth rate sensitivity: a 1.5% long-term growth rate would not change the conclusions of the analysis;
- long-term cash flow sensitivity: a 10% decrease in long-term cash flow would not reduce the fair value of the CGUs to below their carrying amount.

5.13. Intangible assets

The analysis of changes in intangible assets was as follows:

	Dec. 31, 2022			Dec. 31, 2021		
	Gross	Accum. Amort. / Impairment	Net	Gross	Accum. Amort. / Impairment	Net
Technologies and R&D acquired	115,357	(101,755)	13,602	110,797	(88,525)	22,272
Brands acquired	27,304	(26,651)	653	26,188	(25,535)	653
Customer relationships, order book and other intangibles	75,750	(74,179)	1,571	72,468	(69,863)	2,605
Concessions, patents and licenses	66,466	(49,121)	17,345	58,064	(43,739)	14,325
Other intangible assets	26,741	(15,751)	10,990	27,166	(15,207)	11,959
Total	**311,618**	**(267,457)**	**44,161**	**294,683**	**(242,869)**	**51,814**

At December 31, 2022, the analysis of changes in intangible assets was as follows:

	Gross	Accumulated amortization / Impairment	Net
Balance at Dec. 31, 2021	**294,683**	**(242,869)**	**51,814**
Acquisitions	9,814		9,814
Deconsolidations and disposals	(2,623)	1,047	(1,576)
Amortization / Impairment		(16,962)	(16,962)
Reclassified items	159	181	340
Change in consolidation scope	112	2	114
Translation differences	9,473	(8,856)	617
Balance at Dec. 31, 2022	**311,618**	**(267,457)**	**44,161**

At December 31, 2021, the analysis of changes in intangible assets was as follows:

	Gross	Accumulated amortization / Impairment	Net
Balance at Dec. 31, 2020	**278,684**	**(220,178)**	**58,506**
Acquisitions	7,097		7,097
Deconsolidations and disposals	(3,313)	3,207	(106)
Amortization / Impairment		(17,214)	(17,214)
Reclassified items	(2,490)	2,617	127
Change in consolidation scope	2,307		2,307
Translation differences	12,398	(11,301)	1,097
Balance at Dec. 31, 2021	**294,683**	**(242,869)**	**51,814**

5.14. Property, plant and equipment

The analysis of changes in property, plant and equipment was as follows:

	Dec. 31, 2022			Dec. 31, 2021		
	Gross	Accumulated depreciation / Impairment	Net	Gross	Accumulated depreciation / Impairment	Net
Land and developments	25,436		25,436	25,188	(173)	25,015
Buildings	158,410	(96,824)	61,586	153,513	(91,962)	61,551
Plant, equipment and machinery	232,635	(178,445)	54,190	218,164	(167,921)	50,243
Other assets	69,122	(53,658)	15,465	65,931	(51,447)	14,484
Right-of-use assets (leases)	100,533	(55,687)	44,846	89,224	(43,028)	46,195
Assets under construction	12,728		12,728	8,110		8,110
Advances on fixed assets	315		315	1,432		1,432
Total	**599,179**	**(384,614)**	**214,566**	**561,561**	**(354,531)**	**207,030**

At December 31, 2022, the analysis of changes in property, plant and equipment was as follows:

	Gross	Accumulated depreciation / Impairment	Net
Balance at Dec. 31, 2021	**561,561**	**(354,531)**	**207,030**
New right-of-use assets	14,947		14,947
Acquisitions	32,042		32,042
Deconsolidations and disposals	(11,757)	10,220	(1,537)
Depreciation / Impairment		(39,130)	(39,130)
Reclassified items	(1,197)	781	(416)
Change in consolidation scope	(147)	638	491
Translation differences	3,731	(2,592)	1,139
Balance at Dec. 31, 2022	**599,179**	**(384,614)**	**214,566**

The line item "Depreciation / Impairment" includes the depreciation of right-of-use assets under lease contracts for €16.6 million, following the application of IFRS 16.

At December 31, 2021, the analysis of changes in property, plant and equipment was as follows:

	Gross	Accumulated depreciation / Impairment	Net
Balance at Dec. 31, 2020	**524,377**	**(323,399)**	**200,978**
New right-of-use assets	19,947		19,947
Acquisitions	21,900		21,900
Deconsolidations and disposals	(21,401)	16,908	(4,493)
Depreciation / Impairment		(37,878)	(37,878)
Reclassified items	29	490	519
Change in consolidation scope	72	58	130
Translation differences	16,637	(10,710)	5,927
Balance at Dec. 31, 2021	**561,561**	**(354,531)**	**207,030**

5.15. Current and non-current financial assets

The change in carrying amount of current and non-current financial assets was as follows:

	Dec. 31, 2022			Dec. 31, 2021		
	Current	Non-current	Total	Current	Non-current	Total
Financial assets measured at amortized cost						
Loans related to investments in associates	2,175	26,884	**29,059**	683	22,280	**22,963**
Other financial assets	87,031	4,371	**91,402**	55,196	3,797	**58,993**
Financial assets measured at fair value through other comprehensive income						
Other long-term investments		10,344	**10,344**		7,433	**7,433**
Financial assets measured at fair value through profit and loss						
Derivatives	4,066		**4,066**	1,313		**1,313**
Other financial assets	2,525	859	**3,384**	1,766	981	**2,747**
Equity-accounted associates		1,034	**1,034**		16,210	**16,210**
Financial assets	**95,797**	**43,492**	**139,289**	**58,958**	**50,701**	**109,659**

AddUp (see note 5.11) accounted for €26 million of loans related to investments in associates.

The change in gross value of other long-term investments includes a €225 thousand decrease in fair value, net of deferred tax, at December 31, 2022.

At December 31, 2022, the repayment and maturity schedule for non-current financial assets (excluding other long-term investments and equity-accounted associates) was as follows:

	Dec. 31, 2022		
	Carrying amount	Between 1 and 5 years	More than 5 years
Loans related to investments in associates	26,884	26,884	
Other financial assets	5,230		5,230
Total	**32,114**	**26,884**	**5,230**

5.16. Inventories and work in progress

The change in carrying amount of inventories and work in progress was as follows:

	Dec. 31, 2022			Dec. 31, 2021		
	Gross	Impairment	Net	Gross	Impairment	Net
Raw materials	131,236	(14,563)	116,673	93,486	(13,071)	80,415
Work in progress under completed-contract method	63,271	(2,227)	61,044	53,696	(2,537)	51,159
Intermediate and finished goods	40,978	(8,790)	32,188	36,317	(9,088)	27,230
Total	**235,486**	**(25,580)**	**209,906**	**183,499**	**(24,696)**	**158,804**

5.17. Contract assets and liabilities

The change in carrying amount of contract assets and liabilities was as follows:

	Dec. 31, 2022	Dec. 31, 2021
Contracts recognized on a percentage-of-completion basis		
Contract assets	298,828	226,200
Contract liabilities	(371,722)	(230,543)
Net	**(72,895)**	**(4,343)**
Contracts recognized on a completed-contract basis		
Contract liabilities	(62,946)	(74,296)

5.18. Trade receivables

Gross and net trade receivables were as follows:

	Dec. 31, 2022			Dec. 31, 2021		
	Gross	Impairment	Net	Gross	Impairment	Net
Total trade receivables	491,846	(7,617)	484,229	427,371	(6,921)	420,450
Total	**491,846**	**(7,617)**	**484,229**	**427,371**	**(6,921)**	**420,450**

Changes in the impairment of trade receivables can be analyzed as follows:

	Opening balance	Allowances	Reversals	Translation differences	Other	Closing balance
2022	(6,921)	(1,111)	941	(96)	(430)	(7,617)
2021	(7,125)	(1,057)	1,437	(173)	(3)	(6,921)

At December 31, 2022, the trade receivables aging schedule was as follows:

	Total	Not overdue	Less than 30 days overdue	Between 30 days and 90 days overdue	More than 90 days overdue
2022	484,229	333,518	72,005	35,507	43,199
2021	420,450	316,557	43,634	30,874	29,385

Group policy for managing receivables risk is based on the following principles:
- upstream risk management processes entailing the analysis of receivables risk during the project bid and selection stage;
- specific provisions for major contracts, including the obligation to hedge risk (commercial and/or political risk) according to criteria relating to contract size, type of receivable, and country category;
- regular monitoring of overdue payments during contract performance and early implementation of collection procedures for receivables due.

Given the nature of the Group's activities, often receivables that are still unpaid after the contractual due date have been confirmed by clients but are only paid once the requirements notified during the work acceptance inspection have been fulfilled and full acceptance has been secured. Such receivables are fully recoverable; the remaining expenses incurred to secure full acceptance are included in the calculation of the related contract's profit margin at completion.

Allowances for impairment losses are measured on a case-by-case basis taking into account collection risk.

5.19. Other current assets

The change in carrying amount of other current assets was as follows:

	Dec. 31, 2022	Dec. 31, 2021
Tax receivables	54,805	59,791
Advances and progress payments	43,193	22,329
Other receivables	32,564	11,624
Prepaid expenses	17,472	13,208
Total	**148,034**	**106,952**

5.20. Cash and cash equivalents

	Dec. 31, 2022	Dec. 31, 2021
Cash equivalents	10,090	7,299
Cash	189,135	231,294
Total cash and cash equivalents	**199,225**	**238,593**

Cash equivalents comprise negotiable certificates of deposit and term deposits of less than three months.

Cash includes interest-bearing current accounts.

Breakdown of cash and cash equivalents per currency

	EUR	USD	GBP	CNY	JPY	CAD	Other	Total
Cash equivalents	291			2,040			7,759	10,090
Cash	60,241	20,862	969	57,369	31,942	1,646	16,106	189,135
Total at Dec. 31, 2022	**60,532**	**20,862**	**969**	**59,409**	**31,942**	**1,646**	**23,865**	**199,225**
Foreign exchange swaps	4,374		(19,011)		16,004	(3,987)	2,620	
Total at Dec. 31, 2022 (before swaps)	**64,906**	**20,862**	**(18,042)**	**59,409**	**47,946**	**(2,341)**	**26,485**	**199,225**

At December 31, 2021, the breakdown of cash and cash equivalents was as follows:

	EUR	USD	GBP	CNY	JPY	CAD	Other	Total
Cash equivalents	286						7,013	7,299
Cash	104,762	25,416	1,461	67,288	16,873	5,579	9,915	231,294
Total at Dec. 31, 2021	**105,048**	**25,416**	**1,461**	**67,288**	**16,873**	**5,579**	**16,928**	**238,593**
Foreign exchange swaps	11,226		(12,415)	1,189				
Total at Dec. 31, 2021 (before swaps)	**116,274**	**25,416**	**(10,954)**	**68,477**	**16,873**	**5,579**	**16,928**	**238,593**

Cash and cash equivalents are mainly held in major currencies and are available for use by the Group through top-ranking commercial banks.

5.21. Statement of cash flows

Cash net of bank overdrafts

	Dec. 31, 2022	Dec. 31, 2021
Cash equivalents	10,090	7,299
Cash	189,135	231,294
Total cash and cash equivalents	**199,225**	**238,593**
Bank overdrafts	(933)	(818)
Total	**198,292**	**237,775**

Working capital requirements and current provisions

			Changes	
	Dec. 31, 2022	Dec. 31, 2021	Due to business activity	Other *
Inventories and work in progress	(209,906)	(158,804)	(49,830)	(1,272)
Contract assets	(298,828)	(226,200)	(71,856)	(772)
Trade receivables	(484,229)	(420,450)	(60,023)	(3,756)
Other current/non-current assets incl. in working capital	(148,443)	(107,257)	(44,341)	3,155
Contract liabilities	434,668	304,838	130,295	(465)
Trade and related payables	559,293	417,209	142,502	(418)
Other current/non-current liabilities incl. in working capital	201,306	187,571	11,896	1,839
Working capital requirements before current provisions	**53,861**	**(3,094)**	**58,643**	**(1,689)**
Current provisions	89,278	79,596	10,099	(417)
Working capital requirements	**143,139**	**76,503**	**68,742**	**(2,106)**

* Resulting mainly from IFRS 9 adjustments and currency translation effects.

5.22. Shareholders' equity

Financial capital management policy

The Group implements a stringent, prudent financial capital management policy to ensure satisfactory returns for shareholders.
There are no financial covenants involving the Group's consolidated equity or the equity of the parent company.

Share capital

At December 31, 2022, Fives' share capital was divided into 2,185,612 shares with a par value of €47. The shares are fully paid either in cash or in kind. Share capital amounts to €102,723,764.

Shareholder structure

Since May 29, 2018, the Caisse de Dépôt et Placement du Québec (CDPQ) and the Office d'investissement des Régimes de Pensions du Secteur Public (PSP), two of the largest pension fund managers in Canada, have been minority shareholders in the Group, alongside Management and Ardian, which has had a minority stake in Fives since 2012.

Dividend payments

The Group did not pay out any dividends in the reporting period.

5.23. Current and non-current provisions

	Dec. 31, 2021	Allowance	Utilization	Unutilized reversals	Translation differences	Other	Dec. 31, 2022
Warranties	49,351	36,885	(15,647)	(16,728)	(223)	949	**54,587**
Contract litigation	4,694	1,161	(1,361)	(344)	52	(1,075)	**3,127**
Future losses on contracts	977	95	(486)	(89)	21	(206)	**312**
Completed contract expenses	22,619	19,176	(6,294)	(6,337)	(209)	(512)	**28,443**
Other provisions - current portion	1,957	221	(6)	(147)	32	752	**2,809**
Total current provisions	**79,596**	**57,538**	**(23,794)**	**(23,645)**	**(327)**	**(89)**	**89,278**
Retirement benefits	44,366	4,346	(5,716)	(103)	(384)	(5,269)	**37,240**
Other post-employment benefits	5,094	561	(484)	(320)	(31)	(9)	**4,811**
Other provisions - non-current portion	4,183	981	(1,398)	(1,785)	(23)	(52)	**1,906**
Total non-current provisions	**53,643**	**5,888**	**(7,598)**	**(2,208)**	**(438)**	**(5,330)**	**43,957**

Current provisions

Current provisions are mainly for warranties, future losses on contracts accounted for using the completed-contract method, and completed contract litigation.

Provisions for warranties cover the estimated future costs to be incurred over contract warranty periods, after provisional acceptance (or an equivalent event).

Non-current provisions

Non-current provisions are mainly for restructuring, employee benefits (including Italian contractual retirement benefits (TFR) and French long-service awards) and litigation not related to contracts.

The provision for retirement obligations reflects the Group's defined benefit plans currently in place, which include:
- French and Japanese retirement benefits;
- supplementary retirement plans; the British, American, German and French pension funds have been closed to further accrual and the vested rights thereunder were frozen as of the respective closure dates.

Actuarial assumptions

Dec. 31, 2022	France	United Kingdom	United States of America	Japan	Germany	India
Discount rate	3.7%	4.7 - 4.85%	5.3%	0.3%	3.2%	7.02 - 7.24%
Expected return on plan assets	NA	4.7 - 4.85%	NA	NA	NA	7.02%
Salary increase rate	2.0%	NA	NA	2%	NA	5 - 9%

Dec. 31, 2021	France	United Kingdom	United States of America	Japan	Germany	India
Discount rate	1.1%	1.8 - 1.9%	2.5%	0.3%	1.0%	6.1 - 6.6%
Expected return on plan assets	NA	1.8 - 1.9%	NA	NA	NA	6.1 - 6.6%
Salary increase rate	1.7%	NA	NA	2%	NA	5 - 8.5%

The present value of the Defined Benefit Obligations amounted to €70,741 thousand at December 31, 2022. Given the fair value of all plan assets, the net obligation at December 31, 2022 totaled €37,240 thousand.

The net expense recognized for the reporting period reflects the current service cost, the interest cost of the obligation less the expected return on plan assets and the amortization of past service costs. In total, expenses and changes in provisions for retirement benefit obligations resulted in a net expense of €3,262 thousand, of which €2,643 thousand were recognized in profit from recurring operations, and €619 thousand were recognized in financial expense.

Net actuarial losses generated during the reporting period and recognized directly in items of other comprehensive income amounted to €5,268 thousand, excluding tax, resulting from an overall increase in discount rates compared with December 31, 2021.

	Retirement benefit obligations	Complementary retirement obligations 2022				Total
	France	Eurozone	United Kingdom	Americas	Asia	
CHANGE IN PRESENT VALUE OF OBLIGATION						
Present value of obligation at Jan. 1, 2022	23,898	2,859	74,188	4,990	2,015	107,949
Current service cost	1,724	29	420	112	399	2,684
Interest cost	289	34	1,242	124	24	1,714
Plan curtailments / settlements	(41)		(420)			(461)
Newly consolidated / Deconsolidations	5					5
Benefits paid	(1,942)	(103)	(2,098)	(584)	(242)	(4,969)
Actuarial (gain) loss	(5,747)	(516)	(26,486)	(798)	11	(33,536)
Foreign exchange gains and losses and other			(2,838)	325	(132)	(2,645)
Present value of obligation at Dec. 31, 2022	**18,186**	**2,303**	**44,008**	**4,169**	**2,075**	**70,741**
CHANGE IN FAIR VALUE OF PLAN ASSETS						
Fair value of plan assets at Jan. 1, 2022			62,900		683	63,583
Net return on plan assets			(27,226)		52	(27,174)
Employer contributions paid			1,792		80	1,872
Employee contributions paid						
Benefits paid			(2,098)			(2,098)
Foreign exchange gains and losses and other			(2,224)		(41)	(2,265)
Fair value of plan assets at Dec. 31, 2022			**32,725**		**776**	**33,501**
COMPONENTS OF AMOUNTS RECOGNIZED IN THE FINANCIAL STATEMENTS						
Net obligation (obligation less plan assets)	18,186	2,303	11,284	4,169	1,299	37,240
Net provision recognized in the balance sheet at Dec. 31, 2022	**18,186**	**2,303**	**11,284**	**4,169**	**1,299**	**37,240**
COMPONENTS OF NET EXPENSE RECOGNIZED FOR FINANCIAL YEAR 2022						
Current service cost	1,724	29	420	112	399	2,684
Interest cost	289	34	1,242	124	24	1,713
Expected return on plan assets			(1,042)		(52)	(1,094)
(Gain) / loss on plan curtailments / settlements	(41)					(41)
Net expense recognized in the income statement for FY 2022	**1,972**	**63**	**620**	**236**	**371**	**3,262**
CHANGE IN PROVISIONS FOR RETIREMENT AND OTHER						
Provisions recognized in the balance sheet at Jan. 1, 2022	23,898	2,859	11,288	4,990	1,332	44,366
Employer contributions paid			(1,792)		(80)	(1,872)
Net expense recognized	1,972	63	620	236	371	3,262
Benefits paid directly by the employer	(1,942)	(103)		(584)	(242)	(2,871)
Newly consolidated	5					5
Net actuarial (gains) and losses	(5,747)	(516)	1,782	(798)	11	(5,268)
Foreign exchange gains and losses			(614)	325	(94)	(384)
Provisions recognized in the balance sheet at Dec. 31, 2022	**18,186**	**2,303**	**11,284**	**4,169**	**1,299**	**37,240**

	Retirement benefit obligations	Complementary retirement obligations 2021				Total
	France	Eurozone	United Kingdom	Americas	Asia	
CHANGE IN PRESENT VALUE OF OBLIGATION						
Present value of obligation at Jan. 1, 2021	25,817	3,144	73,234	6,173	2,197	110,565
Current service cost	1,954	17	310		102	2,383
Interest cost	157	14	910	114	8	1,203
Plan curtailments / settlements				(693)	(14)	(707)
Newly consolidated / Deconsolidations	757					757
Benefits paid	(1,974)	(87)	(1,285)	(542)	(312)	(4,200)
Actuarial (gains) losses	(2,813)	(229)	(3,691)	(505)	26	(7,212)
Foreign exchange gains and losses and other			4,710	443	7	5,160
Present value of obligation at Dec. 31, 2021	**23,898**	**2,859**	**74,188**	**4,990**	**2,015**	**107,949**

	France	Eurozone	United Kingdom	Americas	Asia	Total
CHANGE IN FAIR VALUE OF PLAN ASSETS						
Fair value of plan assets at Jan. 1, 2021			54,727		595	55,322
Net return on plan assets			3,716		19	3,735
Employer contributions paid			2,129		13	2,142
Employee contributions paid						(0)
Benefits paid			(1,285)			(1,285)
Foreign exchange gains and losses and other			3,613		45	3,658
Fair value of plan assets at Dec. 31, 2021			**62,900**		**683**	**63,583**

	France	Eurozone	United Kingdom	Americas	Asia	Total
COMPONENTS OF AMOUNTS RECOGNIZED IN THE FINANCIAL STATEMENTS						
Net obligation (obligation less plan assets)	23,898	2,859	11,288	4,990	1,331	44,366
Net provision recognized in the balance sheet at Dec. 31, 2021	**23,898**	**2,859**	**11,288**	**4,990**	**1,331**	**44,366**

	France	Eurozone	United Kingdom	Americas	Asia	Total
COMPONENTS OF NET EXPENSE RECOGNIZED FOR FINANCIAL YEAR 2021						
Current service cost	1,954	17	310		102	2,383
Interest cost	157	14	910	114	8	1,203
Expected return on plan assets			(671)		(30)	(701)
(Gain) / loss on plan curtailments / settlements				(693)	(14)	(707)
Net expense recognized in the income statement for FY 2021	**2,111**	**31**	**549**	**(579)**	**66**	**2,178**

	France	Eurozone	United Kingdom	Americas	Asia	Total
CHANGE IN PROVISIONS FOR RETIREMENT AND OTHER						
Provisions recognized in the balance sheet at Jan. 1, 2021	25,817	3,144	18,507	6,173	1,602	55,243
Employer contributions paid			(2,129)		(13)	(2,142)
Net expense recognized	2,111	31	550	(579)	65	2,179
Benefits paid directly by the employer	(1,974)	(87)		(542)	(312)	(2,915)
Newly consolidated / Deconsolidations	757					757
Net actuarial (gains) and losses	(2,813)	(229)	(6,736)	(505)	26	(10,257)
Foreign exchange gains and losses			1,096	443	(38)	1,501
Provisions recognized in the balance sheet at Dec. 31, 2021	**23,898**	**2,859**	**11,288**	**4,990**	**1,332**	**44,366**

Plan assets by investment type

	2022		2021	
	Amount	%	Amount	%
Shares	14,574	44%	36,410	57%
Bonds and other debt securities	15,892	47%	23,036	36%
Money market investments	2,249	7%	3,443	5%
Diversified funds	785	2%	694	1%
Fair value of invested plan assets	**33,501**	**100%**	**63,583**	**100%**

Present value of obligation

	Dec. 31, 2022	Dec. 31, 2021
Present value of obligation	70,741	107,949
Fair value of invested plan assets	(33,501)	(63,583)
Present value of obligation	**37,240**	**44,366**

Sensitivity analysis

The present value of post-employment benefits is sensitive to discount rates. The following table presents the impact of a 25 basis point decrease in discount rates on the present value of the obligation:

	2022		2021	
	In thousands of euros	DBO as a %	In thousands of euros	DBO as a %
France	1,053	5,79%	762	3,19%
Eurozone	64	2,80%	105	3,68%
United Kingdom	1,750	3,98%	3,633	4,90%
Americas	122	3,00%	183	3,66%
Asia	3	0,16%	5	0,24%

5.24. Current and non-current financial debt

	Dec. 31, 2022			Dec. 31, 2021		
	Non-current	Current	Total	Non-current	Current	Total
Bank loans	193,615	71,968	265,583	249,420	87,353	336,774
Deferred transaction costs	(1,073)		(1,073)	(1,523)		(1,523)
Finance leases	33,646	13,831	47,477	35,879	12,464	48,343
Other bank loans and borrowings	402	1,636	2,038		8,202	8,202
Accrued interest		1,631	1,631		1,292	1,292
Derivative instruments, liabilities		7,393	7,393		1,431	1,431
Bank overdrafts		933	933		818	818
Total financial debt	**226,590**	**97,392**	**323,982**	**283,776**	**111,560**	**395,337**

At December 31, 2022, the line item "Bank loans" included:

- an €80 million loan taken out under preferential conditions in 2018 with the European Investment Bank, €11.4 million of which had been repaid within financial year 2022, recognized at an estimated fair value of €59.9 million. The operating grant generated for Group R&D for financial years 2018 to 2021 was recognized over the same period.
- loans entered into in 2020 as part of Government liquidity support programs in France, Italy and the United States in the context of the COVID-19 pandemic.

In France, the State-guaranteed loan of €200 million, extended in April 2021, will be repaid in equal instalments until 2026. The first two repayments of €38.0 million and €0.6 million were made in July and September 2022 respectively. Taken out under preferential conditions in accordance with the law of March 23, 2020, the State-guaranteed loan was recognized at a fair value of €152.1 million at December 31, 2022. The grant generated for Group operations is recognized over the loan term. It amounted to €5.2 million for 2022 (compared with €6.8 million for 2021).

At December 31, 2022, the Group's revolving credit facility ("RCF") had not been drawn, whereas €19.5 million had been drawn at December 31, 2021. The revolving credit facility, with maximum principal of €115 million, may be used for any purpose by Novafives and its subsidiary Fives until December 2024. There is no clean-down clause attached to it. Up to €50 million may be freely drawn down, and drawdowns above €50 million are subject to a quarterly leverage ratio, which was not applicable at December 31, 2022.

Change in financial debt, by type

	Dec. 31, 2022	Dec. 31, 2021	Changes included in financial flows	Other changes	Breakdown of other changes: Scope	Translation	IFRS 9 measurement effet	New finance leases	Capitalization of interest at the effective interest rate (EIR)	Interest expense
Bank loans	265,583	336,774	(78,529)	7,338		170			7 168	
Deferred transaction costs	(1,073)	(1,523)		451		(5)				455
Finance leases	47,477	48,343	(16,384)	15,518	68	518		14 932		
Other bank loans and borrowings	2,038	8,202	(6,164)							
Accrued interest	1,631	1,292	(14,246)	14,584		9			(7 168)	21 743
Derivative instruments, liabilities	7,393	1,431		5,962		(35)	5 997			
Bank overdrafts	933	818								
Total financial debt	**323,982**	**395,337**	**(115,322)**	**43,853**	**68**	**658**	**5,997**	**14,932**		**22,198**

Breakdown in fixed and floating rate financial liabilities (before hedging)

	Dec. 31, 2022			Dec. 31, 2021		
	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
Bank loans	101,795	163,788	265,583	118,626	218,148	336,774
Deferred transaction costs	(1,073)		(1,073)	(1,523)		(1,523)
Finance leases	47,477		47,477	48,343		48,343
Other bank loans and borrowings	402	1,636	2,038	402	7,800	8,202
Accrued interest	1,631		1,631	1,292		1,292
Total financial debt	**150,232**	**165,424**	**315,656**	**167,140**	**225,948**	**393,088**

Breakdown of financial liabilities by currency

	Dec. 31, 2022				Dec. 31, 2021			
	EUR	USD	Other	Total	EUR	USD	Other	Total
Bank loans	236,131	19,334	10,118	265,583	296,443	18,327	22,004	336,774
Deferred transaction costs	(669)	(404)		(1,073)	(978)	(545)		(1,523)
Finance leases	28,939	11,350	7,188	47,477	29,456	10,928	7,959	48,343
Other bank loans and borrowings	2,038			2,038	8,202			8,202
Accrued interest	1,559	53	19	1,631	1,220	53	19	1,292
Total financial debt	**267,998**	**30,333**	**17,325**	**315,656**	**334,343**	**28,763**	**29,982**	**393,088**

5.25. Other current and non-current liabilities

Other non-current liabilities

Other non-current liabilities comprised the following:

	Dec.31, 2022	Dec. 31, 2021
Payroll-related payables	2,985	2,154
Other liabilities	223	481
Prepaid income	9,735	14,943
Total	**12,943**	**17,578**

Other current liabilities

Other current liabilities comprised the following:

	Dec. 31, 2022	Dec. 31, 2021
Tax and social security payables	138,970	135,375
Amounts due on acquisitions of fixed assets	1,333	1,121
Other liabilities	49,879	34,749
Total	**190,182**	**171,245**

5.26. Financial risk management

Financial risk is managed in accordance with the risk management policy established by the Group's Chairman. Each operating entity is responsible for identifying, assessing and hedging its exposure to financial risk, in compliance with Group policies.

To manage its exposure to market risk, the Group uses derivative financial instruments, which are recognized in the balance sheet at their fair value.

The fair value of derivative financial instruments recognized at the reporting date, without accounting for the discount relating to counterparty risk, comprised the following:

	Dec. 31, 2022		Dec. 31, 2021	
	Assets	Liabilities	Assets	Liabilities
Foreign exchange derivative instruments Fair value hedging derivative instruments Derivative instruments not eligible for hedge accounting	4,066	7,393	1,313	1,431

There were no interest rate hedging derivatives at December 31, 2022 or at December 31, 2021.

Liquidity risk

Fives closely monitors liquidity risk for the Group and each of its subsidiaries periodically using Group financial reporting procedures.

The following analysis addresses the contractual obligations relating to loans and borrowings, including interest payable.

Expected future cash flows are calculated on the basis of the contractual maturity schedules of the associated financial liabilities. Future floating-rate interest payments are computed on the basis of the coupons already fixed for the current period and using the rates applicable at the reporting date for subsequent cash flows.

The future cash flows presented below have not been discounted.

	Balance sheet carrying amount	< 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	> 5 years
Non-derivative financial instruments							
Bank loans	267,621	73,604	64,509	67,913	42,987	12,982	5,627
Finance leases	47,477	13,831	10,573	8,832	5,446	3,332	5,464
Total gross non-current financial liabilities	**315,099**	**87,435**	**75,082**	**76,745**	**48,432**	**16,314**	**11,091**
Deferred transaction costs	(1,073)	(460)	(449)	(139)	(8)	(17)	
Total non-current financial liabilities	**314,026**	**86,967**	**74,633**	**76,606**	**48,424**	**16,297**	**11,091**
Interest on non-current financial liabilities		10,235	8,016	5,182	1,881	694	264

The analysis excludes financial assets such as cash and cash equivalents and trade receivables, which amounted to €199.4 million and €484.2 million, respectively, at December 31, 2022.

The Group has a €115 million revolving credit line, which can be used for any purpose until December 2024. The credit line had not been drawn down at December 31, 2022. Up to €50 million may be freely drawn down, whereas drawdowns above €50 million are subject to a quarterly leverage ratio, which was not applicable at December 31, 2022.

In April 2021, the Group exercised its option to extend the French State-guaranteed loan of €200 million for five more years, until 2026. The loan is repayable in equal yearly instalments over the extension period. The first instalment was paid in July 2022.

Interest rate risk

The loan granted by the European Investment Bank in 2018 for an aggregate €80 million bore fixed-rate interest. €40 million of the €200 million State-guaranteed loan taken out in France in 2020 bore fixed-rate interest.

The majority of the Group's debt is denominated in euros. Debt with floating-rate interest amounts to €165 million, and fixed-rate debt amounts to €150 million.

Analysis of interest rate sensitivity

The Group is exposed to the risk of interest rate fluctuations on its earnings due to:
- cash flows relating to floating-rate debt;
- cash flows relating to floating-rate investments.

The sensitivity analysis of 2023 earnings to interest rate risk was based on the following assumptions:
- the amount of loans and borrowings at December 31, 2022 is reduced by the amount of repayments falling due during 2023;
- no interest rate hedging will be set up;
- 2023 interest payments whose reference rate has already been fixed are no longer sensitive to interest rate fluctuation and are therefore excluded from the calculation.

The sensitivity analysis was performed by applying a plus or a minus 1% to reference interest rates. Earnings sensitivity is symmetrical unless the interest rates become negative, in which case the zero floor applies. This situation is considered unlikely to occur in financial year 2023.

	Sensitivity effect	
	- 1%	+ 1%
Floating rate debt	1,181	(1,181)
Sensitivity of profit	**1,181**	**(1,181)**

A 1% increase or decrease in interest rates would have an impact of +/- €1.2 million. The yield on cash was not taken into account in the analysis.

Currency risk

Loans and borrowings denominated in foreign currencies

The Group initially mainly financed in euros, its main reference currency, the acquisition of some companies in the United States. The associated payments were refinanced by long-term loans denominated in USD contracted by the operating companies acquired or the Group's holding company in the United States.

Loan principal exposed to currency risk on intercompany loans denominated in USD issued by France amounted to USD 79.7 million at December 31, 2022, compared with USD 173.2 million at December 31, 2021, after taking into account repayments or equity conversions which occurred in financial year 2022.

Exchange rate risk on operating profit

The Group is mainly exposed to exchange rate risk on its net sales positions arising from export contracts denominated in currencies other than the functional currency of the contracting companies.

The main currency pairs subject to exchange rate risk are EUR/USD, USD/CAD, JPY/EUR and CNY/EUR.

The Group uses natural hedges to limit its exposure to exchange rate risk on operating profit by purchasing in the currency or currencies used for sales, on a contract-by-contract basis.

The net residual exchange rate risk is hedged when the risks arise, mainly through currency forwards and/or by entering into insurance contracts with the French export credit insurance company "Bpifrance Assurance, Change" for the French subsidiaries.

Analysis of exchange risk sensitivity

This analysis excludes the effects of translating the financial statements of Group entities into the reporting currency (euros).

On USD loans: exposure at December 31, 2022, in principal and interest projection for 2023

Principal of acquisition loans issued by France and denominated in USD totaled USD 79.7 million at December 31, 2022, with 2023 projected interest income of USD 5.8 million, and no hedging in place at December 31, 2022.

Net exposure amounted to USD 85.4 million, or €80.1 million after translation using the exchange rate effective at the reporting date.

A 10 basis point increase or decrease in the EUR/USD exchange rates would have the following impact on profit for 2023:

	ER-10bp	ER	ER+10bp
USD loans			
Exchange rate at Dec. 31	*0,967*	*1,067*	*1,167*
Net debt after hedging (EUR)	56,5	51,2	46,8
Effect on 2023 profit	5,3		(4,4)

On USD loans: net exposure at December 31, 2022, and estimated cash flows for 2023

Expected cash flows in 2023 relating to intercompany acquisition loans denominated in USD (interest payments and repayment of principal), assessed in accordance with contractual repayment schedules, amount to USD 39.3 million; the USD 30 million loan maturing on June 30, 2023 was capitalized on March 9, 2023.

Cash exposure on expected cash flows in USD in 2023 is therefore USD 39.3 million, or €36.8 million after translation using the exchange rate effective at the reporting date.

Sales contracts

Foreign exchange risk on sales contracts is generally hedged by financial instruments that are eligible for fair value hedge accounting. The hedged items relating to such contracts are measured at the hedge coverage rates.

The companies regularly measure the effectiveness of their foreign exchange (currency) hedges in relation to changes in the underlying.

Credit risk

Credit risk is the risk that one party to a financial liability will cause a loss for the other party by defaulting on its obligations. The Group is exposed to credit risk in its operating activities (mainly trade receivables) and financing activities due to the deposits, foreign exchange hedges and other financial instruments contracted with banks and financial institutions. The Group closely monitors its bank counterparty risk.

Risks relating to trade receivables

The Group believes that there is limited risk that counterparty default could significantly affect its financial position and profit. The Group carefully manages credit risk relating to trade receivables, as detailed in note 5.18.

Risks relating to other financial assets

The Group uses derivatives solely to reduce its overall exposure to the foreign exchange risk and interest rate risk arising from its ordinary business activities. Derivative transactions are only entered into on organized markets or over-the-counter markets with leading operators.

Risks relating to cash and cash equivalents

At December 31, 2022, all cash and cash equivalents were invested through the top-ranking commercial banks that finance the Group's activities.

5.27. Value of financial assets and liabilities, by category

The valuation methods used are described in the accounting policies. The Group did not identify any material differences between the carrying amount and market value of the financial assets and liabilities reported on the balance sheet, irrespective of the categories and levels of fair value.

The Group distinguishes three categories of financial instruments based on two fair value measurement methods (quoted prices and other valuation techniques):

- level 1: financial instruments with quoted prices traded in active markets;
- level 2: financial instruments the fair value of which is determined based on valuation techniques using observable inputs;
- level 3: financial instruments the fair value of which is determined using a valuation technique that is not based on or only partially based on observable market data (input based on assumptions and not on observable prices or other market data).

Available-for-sale financial assets and money market funds are classified as level one financial instruments and interest rate and exchange rate derivative instruments are classified as level two. Acquisition-related liabilities (earnout liabilities and commitments to purchase non-controlling interests) are classified as level three.

5.28. Off-balance sheet commitments

Guarantees, sureties and other

	Dec. 31, 2022	Dec. 31, 2021
Commitments given	338,011	251,356
Commitments received	21,427	19,509

Guarantees and sureties refer to commitments given or received in connection with the financing of commercial contracts underway and performance bonds.

Pledges

As collateral and to guarantee the obligations (i) of Novafives as Issuer of the senior secured notes dated April 26, 2018 and (ii) Novafives and Fives as borrowers under the revolving credit line agreement dated April 26, 2018, Novafives has pledged its stocks portfolio to the notes lenders and lending banks of the revolving credit facility.

5.29. Related parties

Related parties mainly comprise:
- Fives' shareholders;
- associates;
- controlled entities that are not consolidated as they are not material.

There were no material transactions with related parties other than those described herein.

Remuneration of the executive officers

In 2022, the aggregate direct and indirect remuneration paid by Fives and its subsidiaries to the Chairman and members of Fives' Management Board, eight people in total, amounted to €3,855 thousand.

5.30. Statutory audit fees

Total fees charged by the statutory auditors of Fives and its subsidiaries, as presented in the consolidated financial statements for the periods ended December 31, 2022 and 2021, amounted to:

	Dec. 31, 2022			Dec. 31, 2021		
	Statutory audit	Other work	Total	Statutory audit	Other work	Total
Deloitte	701	82	**784**	614	127	**741**
Ernst & Young	610	74	**684**	649	77	**726**
Other	839		**839**	620		**620**
Total	**2,150**	**157**	**2,307**	**1,884**	**204**	**2,088**

5.31. Subsequent events

No significant events took place after the reporting date.

5.32. Consolidated companies at December 31, 2022

Consolidated companies	Location	Consolidation method	Percentage Controlling/ ownership	Percentage interest
Holdings and subsidiaries not allocated to operating segments				
Fives *	Paris, France		Parent company	
FI 2006 *	Paris, France	FC	100.00	100.00
Fives UK Holding Ltd.	United Kingdom	FC	100.00	100.00
Fives Inc.	United States	FC	100.00	100.00
Fives Italy S.r.l.	Italy	FC	100.00	100.00
Fives Engineering (Shanghai) Co., Ltd.	China	FC	100.00	100.00
Shanghai Fives Automation & Processing Equipment Co., Ltd.	China	FC	100.00	100.00
Fives Japan KK	Japan	FC	100.00	100.00
Eiffel RE	Luxembourg	FC	100.00	100.00
Fives Maintenance *	Montévrain, France	FC	100.00	100.00
Fives Nordon *	Nancy, France	FC	100.00	100.00
Fives Nordon ACPP *	La Hague, France	FC	100.00	100.00
AddUp SAS	Cébazat, France	EM	50.00	43.51
Fives Real Estate *	Paris, France	FC	100.00	100.00
Fives RE Nancy	Paris, France	FC	100.00	100.00
Fives RE Héricourt	Paris, France	FC	100.00	100.00
Fives RE Val d'Europe	Paris, France	FC	100.00	100.00
Fives RE Golbey	Paris, France	FC	100.00	100.00
Fives RE Ronchin	Paris, France	FC	100.00	100.00
Fives RE Le Bignon	Paris, France	FC	100.00	100.00
Fives RE Capdenac	Paris, France	FC	100.00	100.00
Fives RE Mios	Paris, France	FC	100.00	100.00
Fives RE Lorient	Paris, France	FC	100.00	100.00
Fives RE Plœmeur	Paris, France	FC	100.00	100.00
Fives RE Givors	Paris, France	FC	100.00	100.00
Fives RE Martillac	Paris, France	FC	100.00	100.00
Fives RE Technopole du Château Gombert	Paris, France	FC	100.00	100.00
Fives RE Soultz	Paris, France	FC	100.00	100.00
SMART AUTOMATION SOLUTIONS				
Fives Intralogistics SAS *	Chasse-sur-Rhône, France	FC	100.00	100.00
Fives Syleps *	Lorient, France	FC	100.00	100.00
Fives Conveying *	Montévrain, France	FC	100.00	100.00
Fives Conveying Iberica	Spain	FC	100.00	100.00
Fives Cinetic *	Héricourt, France	FC	100.00	100.00
FI2011	Paris, France	FC	100.00	100.00
Fives Intralogistics S.P.A.	Italy	FC	100.00	100.00
Fives Intralogistics Corp.	United States	FC	100.00	100.00
Fives Cinetic Corp.	United States	FC	100.00	100.00
Fives DyAG Corp.	United States	FC	100.00	100.00
Fives Cinetic Mexico SA de CV	Mexico	FC	100.00	100.00
Fives Intralogistics K.K.	Japan	FC	100.00	100.00
Fives Filling & Sealing *	Le Bignon, France	FC	100.00	100.00
Fives Filling & Sealing K.K.	Japan	FC	100.00	100.00
HIGH PRECISION MACHINES				
Fives Landis Corp.	United States	FC	100.00	100.00
Fives Grinding Mexico SAPI de CV	Mexico	FC	51.00	51.00
Fives Machining Systems Inc.	United States	FC	100.00	100.00
Fives Lund LLC	United States	FC	100.00	100.00
Fives Liné Machines Inc.	Canada	FC	100.00	100.00
4192567 Canada Inc.	Canada	FC	100.00	100.00
Sogelire Inc.	Canada	FC	100.00	100.00
Fives Landis Limited	United Kingdom	FC	100.00	100.00

Consolidated companies	Location	Consolidation method	Percentage Controlling/ ownership	Percentage interest
Fives Landis GmbH	Germany	FC	100.00	100.00
Fives Giustina S.r.l.	Italy	FC	100.00	100.00
Fives Machining *	Capdenac-Gare, France	FC	100.00	100.00
Daisho Seiki Corporation	Japan	FC	100.00	100.00
Daisho Seiki Korea Co., Ltd.	South Korea	FC	85.46	85.46
Daisho Seiki American Corporation	United States	FC	100.00	100.00
Fives Machining Systems Korea Inc.	South Korea	FC	100.00	100.00
Fives Machining Systems (Shanghai) Co., Ltd.	China	FC	100.00	100.00
Cincinnati Machine International, LLC	United States	FC	100.00	100.00
Fives Giddings & Lewis, LLC	United States	FC	100.00	100.00
PROCESS TECHNOLOGIES				
Fives FCB *	Villeneuve d'Ascq, France	FC	100.00	100.00
Fives FCB Services Mexico S.A. de C.V.	Mexico	FC	99.90	99.90
Fives FCB Sénégal	Senegal	FC	100.00	100.00
Fives Pillard	Marseilles, France	FC	85.20	85.20
Fives Pillard España S.A.U.	Spain	FC	100.00	85.20
Fives Pillard Deutschland GmbH	Germany	FC	47.50	40.47
Fives Combustion Systems Private Ltd.	India	FC	100.00	100.00
Fives Cail KCP Ltd.	India	EM	40.00	40.00
Fives North American Combustion France SAS*	Marseilles, France	FC	100.00	100.00
Fives North American Combustion Netherlands BV	Netherlands	FC	100.00	100.00
Fives North American Combustion Spain S.L.	Spain	FC	100.00	100.00
Fives North American Combustion Inc.	United States	FC	100.00	100.00
Fives North American Combustion Canada Inc.	Canada	FC	100.00	100.00
North American Construction Services Ltd.	United States	FC	100.00	100.00
NAMCO Constructions Services Inc.	United States	FC	100.00	100.00
Fives Cryo *	Golbey, France	FC	100.00	100.00
Fives Cryo (Suzhou) Co., Ltd.	China	FC	100.00	100.00
Fives Cryomec A.G.	Switzerland	FC	100.00	100.00
Fives Cryo Inc.	United States	FC	100.00	100.00
Fives Itas S.P.A.	Italy	FC	100.00	100.00
Fives Bronx, Inc.	United States	FC	100.00	100.00
Fives Bronx Ltd.	United Kingdom	FC	100.00	100.00
Fives OTO S.P.A.	Italy	FC	100.00	100.00
F.L. Métal *	Lezennes, France	FC	100.00	100.00
Fives DMS *	Lezennes, France	FC	100.00	100.00
Fives ST Corp.	United States	FC	100.00	100.00
Fives Steel Spain SA	Spain	FC	100.00	100.00
Fives Keods *	Maisons-Alfort, France	FC	100.00	100.00
Fives Stein *	Maisons-Alfort, France	FC	100.00	100.00
Fives Celes *	Lautenbach, France	FC	100.00	100.00
Fives Stein India Projects Private Ltd.	India	FC	100.00	100.00
Fives Stein Metallurgical Technology (Shanghai) Co., Ltd.	China	FC	100.00	100.00
Fives Stein Ltd.	United Kingdom	FC	100.00	100.00
Fives India Engineering & Projects Private Ltd.	India	FC	100.00	100.00
Fives Solios *	Givors, France	FC	100.00	100.00
PSA 2000 *	Givors, France	FC	100.00	100.00
PSA 2000 Saudi Arabia Ltd.	Saudi Arabia	FC	100.00	100.00
Fives Services Gulf W.L.L.	Bahrain	FC	100.00	100.00
Fives Solios Corp.	United States	FC	100.00	100.00
Fives Solios Inc.	Canada	FC	100.00	100.00
Fives Services Southern Africa (Pty) Ltd.	South Africa	FC	100.00	100.00
Fives Services Mzansi (Pty) Ltd.	South Africa	FC	100.00	100.00
Fives ECL *	Ronchin, France	FC	100.00	100.00
Fives Services Inc.	Canada	FC	100.00	100.00
Fives Services Gulf DMCC	United Arab Emirates	FC	100.00	100.00
Fives Services Australia PTY Ltd.	Australie	IG	100.00	100.00

* Companies included in the Orsay tax group.
FC: fully consolidated
EM: accounted for by the equity method

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL YEAR ENDING DECEMBER 31, 2022

DELOITTE & ASSOCIÉS
Tour Majunga - 6 place de la Pyramide
92908 Paris-La Défense Cedex
S.A.S. with variable capital
438 476 913 R.C.S. Nanterre
Statutory Auditor
Member of the Versailles Regional Association

ERNST & YOUNG ET AUTRES
Tour First - TSA 14444
92037 Paris-La Défense Cedex
S.A. with a capital of € 2,188,160
572 028 041 R.C.S. Nanterre
Statutory Auditor
Member of the Versailles Regional Association

To the Shareholders of the company Fives,

Opinion

In compliance with the engagement entrusted to us by the general meeting, we have audited the accompanying consolidated financial statements of FIVES for the year ended December 31, 2022.

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

Basis for opinion

Audit Framework

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

Our responsibilities in relation to those standards are further described in the section "Responsibilities of statutory auditors regarding audit of the consolidated financial statements" of our report..

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from January 1, 2022 to the date of our report.

Justification of assessments

In accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to justification of our assessments, we inform you of the following assessments, that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

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

- Goodwill are subject to impairment test according to the method described in the notes 2.5, 2.9, 2.14 and 5.12 to the consolidated financial statements. We have examined the implementation of this impairment test, the estimation of the future cash flows and the assumptions made, and we have ensured that notes to the consolidated financial statements provide adequate information in this regard.

- Income or losses on construction contracts and long-term service contracts are recognized using the percentage of completion method, based on the estimated costs at completion that are reviewed periodically and regularly throughout the life of the contract following to the principles detailed in notes 2.5, 2.18, 2.19 and 2.20 to the consolidated financial statements. These estimates are made project by project under the supervision of the companies' general management.

  Based on the information we received, our work consisted in reviewing the processes set up, assessing the data and assumptions used as a basis for these estimates and comparing the accounting estimates of the previous periods with corresponding actual figures.

- Deferred tax assets are recognized when mid-term forecasts ensure the reasonableness of recoverability as indicated in notes 2.5 and 2.27 to the consolidated financial statements. We have examined the financial forecasts and the assumptions used, and we have ensured that notes to the consolidated financial statements provide adequate information in this regard.

Specific verifications

We have also performed in accordance with professional standards applicable in France, the specific verifications required by law and regulations of the information pertaining to the Group presented in the Chairman's management report.

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

Responsibilities of management and those charged with governance for the consolidated financial statements

In accordance with the IFRS standard adopted in the EU, Management is responsible for the preparation of the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

These consolidated financial statements have been approved by the Chairman.

Responsibilities of statutory auditors regarding audit of the consolidated financial statements

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

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

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

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Paris-La Défense, March 28, 2023

The Statutory Auditors

ERNST & YOUNG et Autres	DELOITTE & ASSOCIES
Pierre Jouanne	Pascal Colin

SOLE SHAREHOLDER DECISIONS

First decision

The Sole Shareholder, after taking note of:

- the Chairman & Chief Executive Officer's management report and the Statutory Auditors' report on the annual financial statements, and
- the annual financial statements,

approves the company's financial statements for the financial year ended on December 31, 2022 as presented to them and the transactions reflected in these financial statements or mentioned in these reports, which show a loss of €91,693,908.47.

The Sole Shareholder also approves the total amount of certain non-tax-deductible expenses, €55,005, and the corresponding tax of €13,751.

Second decision

The Sole Shareholder, following the proposal by the Chairman & Chief Executive Officer, hereby allocates the entire annual loss of €91,693,908.47 to the balance of retained earnings, bringing it to €217,382,548.03.

The Sole Shareholder notes that no dividends have been distributed for the past three financial years.

Third decision

The Sole Shareholder, after taking note of:

- the Chairman & Chief Executive Officer's management report and the Statutory Auditors' report on the consolidated financial statements, and
- the consolidated financial statements,

approves the consolidated financial statements for the financial year ended on December 31, 2022, as presented to them, and the transactions reflected in these financial statements or mentioned in the reports, which show a net income for the Group of €9,392k.

Fourth decision

The Sole Shareholder approves the agreements falling within the scope of the provisions of article L. 227-10 of the French Commercial Code.

Fifth decision

The Sole Shareholder, on the basis of the preceding resolutions, fully and unreservedly discharges the Chairman & Chief Executive Officer from his management duties in respect of the financial year ended December 31, 2022.

Sixth decision

The Sole Shareholder, in compliance with Article 16.1 of the Company's Articles of Association, decides to renew the term of office of Mr. Alain Cianchini, member of the Supervisory Committee, for three financial years, that is to say until after the decisions made by Sole Shareholder who will approve the 2025 financial statements.

Seventh decision

The Sole Shareholder grants all powers to LVPRO, a Simplified Joint Stock Company (SAS) with capital of €51,454.80 with registered offices at 15 rue de Milan – 75009, Paris, France (listed under number 809 015 407 in the Paris Trade and Companies Register), and its representatives, to, in the name and on behalf of the Company, execute with the competent Court registrar and/or center for business formalities all subsequent formalities in the Trade and Companies Register concerning said Company, and proceed if necessary with any registration with the competent tax authorities; and therefore, to carry out all procedures, file all documents, sign all forms, authenticate all copies of documents as set out in article R 123-102 of the French Commercial Code within the scope of article A 123-4 of the French Commercial Code, pay any duties and taxes, and in general, do whatever may be necessary.

Fives

S.A.S. au capital de 102 723 764 €
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www.fivesgroup.com

Édité par la Direction de la Communication de Fives

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