fives
Industry can do it

WE ACT FOR
THE PLANET ON
A GLOBAL SCALE.

2024 FINANCIAL REPORT

2023 Financial year

KEY FIGURES

An international presence, close to our customers and markets

Around **100** locations
in nearly 24 countries

35 centers
of research and tests

€36 M
R&D expenditure

MORE THAN
200 YEARS
OF HISTORY

€2,507 M
ORDER INTAKE

€2,395 M
SALES

€2,413 M
BACKLOG

NEARLY
9,000
EMPLOYEES

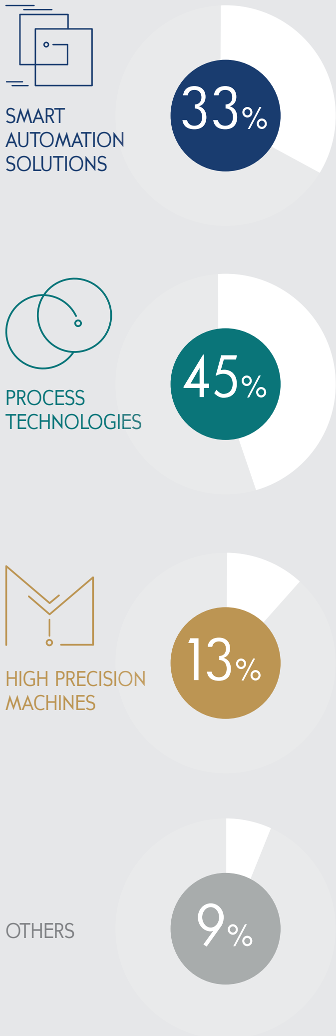
2,281
PATENTS IN 673 FAMILIES

73
NEW PATENTS FILED IN 2023

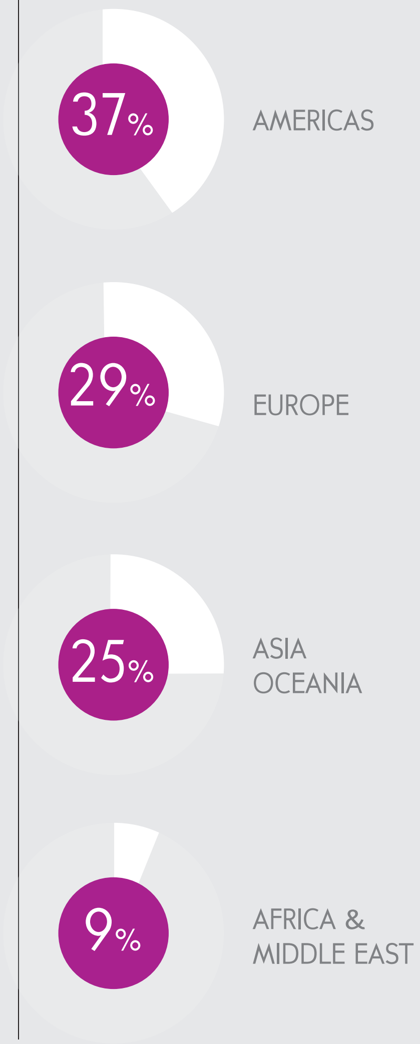
AN INDUSTRIAL ENGINEERING GROUP

with multi-sector expertise, Fives designs and manufactures machines, process equipment and production lines for the world's largest industrial groups.

ORDER INTAKE
BY ACTIVITY



ORDER INTAKE
BY GEOGRAPHICAL AREA



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TO THE SOLE SHAREHOLDER DELIBERATING ON APRIL 9, 2024

1. FIVES GROUP ACTIVITY IN 2023

1.1. Economic and business environment

The Group's business continued to perform well in 2023. Buoyed by very favorable underlying trends around the challenges of automation, digitalization, decarbonization and sovereignty, the order intake for the 2023 fiscal year reached €2,507 million.

Although this level is €279 million lower than the record set in 2022 (€2,786 million), it includes a negative currency effect of €71 million, and does not include any order over €200 million (whereas two significant orders were booked for a total of over €430 million in 2022).

Smart Automation Solutions

The order intake in 2023 amounted to €818 million, down €16 million compared with 2022 (€834 million), however including a negative currency effect of €36 million. The effect of the market slowdown on the e-commerce segment in North America and Europe was offset by major investments in this segment in Japan, and by growth in industrial automation activities (E2Motion segment), particularly in the automotive sector in the United States.

High Precision Machines

The order intake in 2023 amounted to €338 million, down €29 million compared with 2022 (€367 million), including a negative currency effect of €9 million. This fall was due to the halt in combustion engine-related investments in the automotive sector in Europe and China.

Process Technologies

The order intake in 2023 amounted to €1,129 million, down €286 million compared with 2022 (€1,415 million), including a negative currency effect of €26 million. However, market trends remain very favorable in this division, which is seeing strong growth in the energy sector, while all other segments are holding up well excluding the impact of the two significant orders worth over €200 million each in 2022.

Transversal activities and other activities

The order intake for the 2023 financial year stands at €222 million, up by €52 million compared with 2022, mainly in the nuclear maintenance business, driven by orders relating to the "major refitting" program aimed at extending the operating life of nuclear facilities in France.

ORDER INTAKE BY ACTIVITY

Millions of euros	2022	2023
Smart Automation Solutions	834.2	817.6
High Precision Machines	366.6	338.3
Process Technologies	1,415.0	1,128.8
Transversal activities and other activities	169.7	222.0
Total	**2,785.5**	**2,506.7**

ORDER INTAKE BY GEOGRAPHICAL AREA

Millions of euros	2022	2023
Americas	1,117.7	928.0
Asia and Oceania	528.1	630.5
Europe	741.1	734.8
The Middle East & Africa	398.6	213.4
Total	**2,785.5**	**2,506.7**
Contribution from mature economies	67%	70%
Contribution from emerging countries	33%	30%
Of which China	*9%*	*8%*
Of which Others	*24%*	*22%*

1.2. Acquisitions

To strengthen its positioning and expertise in the digital field, the Group made two acquisitions in 2023:
- Dizisoft develops software solutions dedicated to extracting and analyzing data to help diagnose the industrial performance of installations,
- Fives ProSim develops process simulation and optimization software designed to increase plant efficiency, cut their energy consumption and reduce their environmental impact.

2. FINANCIAL PERFORMANCE

2.1. Accounting principles and comparability elements

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

Dizisoft (consolidated through Fives CortX, with which it has merged) and Fives ProSim, which were acquired during the year, entered the consolidation perimeter in 2023. Their direct contribution to the Group's 2023 results is not material.

As a result of the depreciation of the other main functional currencies of the Group companies against the euro in 2023, there is a negative currency impact on order intake (-€71 million), sales (-€52 million) and EBITDA (-€5 million) compared to 2022.

2.2. Group Results in 2023

Sales

Sales for 2023 amounted to €2,395 million, an increase of €368 million (+18%) on 2022 (€2,027 million), despite a negative currency effect of €52 million. This growth, driven by a higher opening order book (+48%), was seen in all divisions, especially in Process Technologies.

Gross profit

The gross profit for 2023 was €441 million, representing 18.4% of sales. It is down 0.7 point compared with 2022 (19.1%), due partly to a less favorable mix, with a higher proportion of larger, lower-margin contracts, and partly to margin erosions in execution, notably in the Smart Automation Solutions division in North America.

Selling and administrative expenses

Selling and administrative expenses amounted to €304 million in 2023, up €20 million (+7%) on 2022 (€284 million), despite a positive currency effect of €6 million. This increase is mainly due to payroll (+6%), as a result of annual increases and, to a lesser extent, recruitment to keep pace with business growth; as well as higher operating expenses, correlated with sales or due to inflation.

However, at 12.7% of sales, selling and administrative expenses declined by 1.3 points compared to 2022 (14.0%).

Research and development expenses

Research and development expenses reached €29 million, a strong increase (+31%) over 2022 (€23 million). In 2023, the Group stepped up its innovation efforts, focusing on market expectations: decarbonizing industrial processes, increasing the use of low-carbon energies, developing the circular economy, urban logistics, digitalization and cybersecurity.

Summary of consolidated figures

Millions of euros	2022	2023
Sales	**2,027.0**	**2,394.7**
Gross profit	387.0	444.1
Selling and administrative expenses	-283.9	-304.3
R&D expenses	-22.5	-29.4
Other operating income and expenses (including employee profit-sharing and bonus schemes)	-1.7	-3.5
Amortization of intangibles related to acquisitions	-10.3	-7.6
Profit from recurring operations (EBIT)	**68.5**	**96.2**
EBITDA	**125.5**	**150.7**
Restructuring costs	-2.5	-0.3
Impairment of fixed assets	0.0	-0.1
Gain or loss on disposals and acquisition costs	9.0	-9.1
Operating profit	**75.0**	**86.8**
Financial result	-15.3	-34.5
Profit before tax	**59.6**	**52.3**
Income tax expense	-29.1	-30.4
Share of profit (loss) of associates	-20.7	-24.2
Net consolidated profit (loss)	**9.8**	**-2.2**
Net profit (loss), Group share	9.4	-2.7

SALES BY ACTIVITY

Millions of euros	2022	2023
Smart Automation Solutions	714.8	752.7
High Precision Machines	308.8	327.6
Process Technologies	820.5	1,129.1
Transversal activities and other activities	182.9	185.3
Total	**2,027.0**	**2,394.7**

SALES BY GEOGRAPHICAL AREA

Millions of euros	2022	2023
Americas	795.2	915.6
Asia and Oceania	385.1	459.5
Europe	682.9	730.7
The Middle East & Africa	163.8	288.9
Total	**2,027.0**	**2,394.7**
Contribution from mature economies	71%	69%
Contribution from emerging countries	29%	31%
Of which China	*9%*	*9%*
Of which Others	*20%*	*22%*

Other operating income and expenses (including employee profit-sharing and bonus schemes)

In 2023, they represented a net expense of €4 million, up €2 million on 2022 (net expense of €2 million). This increase stems mainly from profit-sharing and bonus schemes, linked to the improved results of the Group's French subsidiaries.

EBITDA

EBITDA for 2023 was €151 million, up €26 million (+20%) on 2022 (€125 million) despite a negative currency effect of €5 million, mainly driven by sales growth.

It stood at 6.3% of sales, in line with 2022 (6.2%). Better absorption of selling and administrative expenses by higher volumes offset lower margins.

Profit from recurring operations

Profit from recurring operations for 2023 totaled €96 million, which is a €27 million (+40%) increase on 2022 (€69 million).

Gain or loss on disposals and acquisition costs

They represented a €9 million loss in 2023 compared to €9 million gain in 2022. This expense mainly relates to the fair value reassement of the Group's interest in the AddUp joint venture, and offsets the income recognized in respect of the capital transactions carried out between AddUp and its associates in 2022.

Financial result

Financial result was in the red by €34 million in 2023, compared to a €15 million loss in 2022.

The cost of net financial debt for 2023 amounted to €23 million, which is a €4 million increase on 2022 (€19 million). This increase is due partly to the interest expense on the stimulus bonds ("obligations relance") raised in 2023, and partly to higher interest rates on the variable-rate portion of the debt.

Other financial items amounted to a net expense of €11 million in 2023, compared to net income of €4 million in 2022. This change was mainly due to foreign exchange result, with a significant gain recorded in 2022 through the crystallization of certain intra-group transactions in dollars, which benefited from the appreciation of this currency against the euro during the year.

Income tax expense

The income tax expense for 2023 totaled €30 million, up €1 million on 2022 (€29 million), due to the growth in profit before tax.

Share of profit (loss) of associates

The expense for 2023 totaled €24 million, up €3 million on 2022 (€21 million) and mainly corresponds to the share of the net result of the AddUp sub-group.

Net profit (loss)

Net consolidated result in 2023 was therefore a €2 million loss, compared to a €10 million profit in 2022, despite an improved profit from recurring operations (+40%). This fall was due to financial and non-recurring items recorded during the year.

3. FIVES GROUP PROSPECTS IN 2024

The closing order book for 2023 totaled €2,413 million, up €67 million from €2,346 million, providing all divisions with excellent visibility on their activity levels and workload for 2024.

ORDER BOOK BY ACTIVITY

Millions of euros	31.12.22	31.12.23
Smart Automation Solutions	767.9	820.0
High Precision Machines	279.9	272.3
Process Technologies	1,139.0	1,125.1
Transversal activities and other activities	159.5	196.0
Total	**2,346.3**	**2,413.4**

ORDER BOOK BY GEOGRAPHICAL AREA

Millions of euros	31.12.22	31.12.23
Americas	848.5	837.5
Asia and Oceania	467.2	628.1
Europe	689.6	699.6
The Middle East & Africa	341.0	248.2
Total	**2,346.3**	**2,413.4**
Contribution from mature economies	65%	67%
Contribution from emerging countries	35%	33%
Of which China	*10%*	*8%*
Of which Others	*25%*	*25%*

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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.

Social, innovation an ethics reports are scoped in line with the financial consolidation perimeter. Health, Safety and Environmental data, on the other hand, is based on workforce and activity criteria, which may lead to differences in the consolidation scope.

SOCIAL INDICATORS

	2019	2022	**2023**	Americas	France	Europe excl. France	Asia and Africa*
Employees	8,427	8,562	**8,914**	1,948	4,398	1,358	1,210
Workforce at year-end of companies entering the consolidated scope	0	0	**76**	0	76	0	0
Number of new hires (permanent contracts)	950	1,477	**1,370**	393	691	157	129
Employees by gender							
Percentage of men	84%	83%	**83%**	83%	84%	82%	80%
Percentage of women	16%	17%	**17%**	17%	16%	18%	20%
Share of women in management - total	17%	17%	**18%**	18%	18%	12%	17%
Share of women among CEOs	3%	7%	**9%**	0%	11%	0%	27%
Share of women in Management Committees	15%	20%	**20%**	25%	23%	15%	15%
Share of women managers who report directly to a Management Committee member	18%	17%	**19%**	16%	22%	12%	18%
Number of nationalities	65	81	**81**				
Employees by age range							
Under 20	0%	0%	**0%**	2%	0,2%	0,5%	0%
20 to 29	12%	13%	**14%**	15%	15%	13%	11%
30 to 39	28%	26%	**26%**	25%	24%	22%	36%
40 to 49	26%	27%	**27%**	21%	29%	25%	32%
50 to 59	25%	25%	**25%**	23%	26%	29%	16%
60 and over	9%	9%	**8%**	14%	6%	10%	4%
Employees by length of service							
Under 5 years	42%	47%	**44%**	51%	41%	41%	44%
5 to 10 years	19%	20%	**21%**	17%	20%	23%	26%
11 to 15 years	12%	11%	**11%**	8%	12%	11%	15%
16 to 20 years	7%	6%	**8%**	3%	10%	6%	7%
21 to 25 years	6%	5%	**5%**	4%	7%	7%	3%
26 to 30 years	5%	4%	**4%**	6%	4%	5%	2%
31 to 35 years	4%	4%	**4%**	4%	5%	4%	1%
36 to 40 years	3%	2%	**2%**	4%	1%	2%	1%
41 years or more	2%	1%	**1%**	3%	0%	1%	1%

(*) Including the Middle East and Australia

	2019	2022	2023
Employees by region			
Americas	21%	22%	**22%**
France	50%	49%	**49%**
Europe (excluding France)	15%	15%	**15%**
Asia and Africa (including the Middle East and Australia)	14%	14%	**14%**
Employees by Activity			
Smart Automation Solutions	18%	24%	**24%**
High Precision Machines	21%	17%	**17%**
Process Technologies	41%	39%	**39%**
Head office	2%	2%	**2%**
Other	18%	18%	**18%**
Skills and mobility management			
% of employees reviewed by the CEDRE[1] career management committee	67%	59%	**62%**
% of employees receiving a regular appraisal interview	76%	72%	**78%**
% of employees having attended at least one training course	70%	76%	**77%**
Number of people who received a Starter interview[2]	559	526	**564**

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

[2] Starter interviews: Onboarding summary interview completed 6 to 18 months after hiring a new employee.

Recruitment activity remained strong in 2023, following a significant increase in 2022. To support these hires, we have strengthened our Search@ Fives internal search unit in France, where recruitment has been highest, to optimize our ability to recruit by our own means profiles that are in demand in the market.

In terms of diversity, the proportion of women in the workforce remains stable, but the increase in the proportion of women in management shows that our action plans to promote the development of our female employees and the attractiveness of our businesses are bearing fruit: we have 20% women on management committees, compared with 15% in 2019 , and the proportion of women among managing directors has risen from 3% to 9% in four years.

INNOVATION INDICATORS

	2019	2022	2023
R&D expenditure in millions of euros	33.6	28.8	**36.0**
Breakdown of R&D expenditure			
Costs of patents and trademarks	8%	9%	**7%**
Standards and formalization of know-how	7%	6%	**8%**
Continuous improvement of products	25%	32%	**25%**
Development of new products and processes	46%	36%	**40%**
Research and radical innovation activities	14%	16%	**20%**
Patents and trademarks			
Number of current patents held	1,952	2,267	**2,281**
Number of current patent families	609	669	**673**
Number of patents registered for the first time (new inventions patented)	46	63	**73**
Number of first-time patents registered relating to equipment energy and environmental performance	8	11	**18**
% of these first-time patents that relate to equipment energy and environmental performance	17%	17%	**25%**
Number of "product" trademarks registered or being registered	137	138	**144**
Number of R&D and test centers			
Number of R&D and test centers[1] *France: 17, Americas: 8, Europe (excl. France): 7, Asia: 3*	30	32	**35**

[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.

2023 was marked by a major drive in the innovation field:
On the one hand, the Group's R&D expenditure increased by 25% between 2022 and 2023, amounting to €36M for 2023, and reverting to pre-Covid levels. The split between research and radical innovation, new product development and improving the existing range is broadly unchanged from previous years. This reflects the Group's innovation strategy and demonstrates good control over the project portfolio.

The number of patents filed annually by the Group has also risen sharply, from 46 in 2019 to 73 in 2023, reflecting the Group's dynamic innovation policy and its commitment to protect its innovations.

Lastly, three new R&D centers have been opened in 2023 to strengthen the Group's innovation and development capabilities, particularly in robotics.

ETHICS INDICATORS

	2019	2022	2023
Number of employees who have completed Business Ethics training	432	1,819	**3,016**
Number of directors and members of executive committees who have completed specific training	-	172	**322**

The Group has extended its anti-corruption measures, setting up a sector-based and geographical organisation to meet compliance needs both globally and locally, taking into account local cultural and regulatory aspects. The Group has appointed regional Compliance Officers and divisional and subsidiary Compliance correspondents. This network enables the Compliance Programme to be deployed effectively and to be better adapted to sectoral and local challenges.

Once again this year, Fives has focused on pursuing its efforts to raise employee awareness through its e-learning and face-to-face training programme, particularly in the areas of anti-corruption, business ethics, whistleblowing, export controls and dual-use goods, anti-discrimination, compliance with competition law and, more generally, compliance with the Group's code of conduct.

In 2023, particular attention was given to enhancing the awareness of the positions most exposed to ethical-related risks within the Group: sales, purchasing and services positions, Country/Division/Subsidiary officers or correspondents, as well as specific training for the management bodies and executive committees of the subsidiaries and the Group.

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

Corporate Social Responsibility (CSR) reporting covered all sites with an average workforce of 10 or more in 2023, as well as all sites with an industrial activity.

CSR CROSS-SECTIONAL INDICATORS

	2019	2022	**2023**	Americas	France	Europe excl. France	Asia and Africa*
Number of subsidiaries included in the scope of the CSR report	74	72	**71**	20	19	13	19
Subsidiaries acquired in n-1 that entered the CSR scope in n	0	1	**0**	0	0	0	0
Subsidiaries integrated into the CSR scope	2	1	**0**	0	0	0	0
Total number of sites	108	101	**96**	21	34	18	23
Industrial sites	43	41	**40**	12	14	7	7
Offices	31	29	**30**	5	11	6	8
Combined sites, test centers and regional facilities	34	32	**26**	4	9	5	8

* Including the Middle East and Australia

HEALTH & SAFETY INDICATORS

	2019	2022	**2023**
Number of industrial sites	43	41	**40**
Number of sites with safety certification*	29	30	**31**
Number of sites with safety certification in progress	1	6	**4**
Percentage of industrial sites with safety certification	33%	39%	**38%**
Percentage of subsidiaries with a written and distributed Health & Safety Policy	88%	84%	**87%**
Number of Health and Safety FTEs[1] in the Group	71	72	**76**
Number of fatal accidents	1	0	**0**
Number of lost-time accidents ≥ 1 day	54	44	**56**
Lost-time accident frequency rate (Number of lost-time accidents (≥ 1 day) x 1,000,000 / Number of hours worked)	3.39	2.83	**3.39**
Severity rate (Number of lost days following an accident (≥ 1 day) x 1,000 / Number of hours worked)	0.20	0.11	**0.13**

[1] FTE: Full-Time Equivalent
* OHSAS 18001 or French MASE ("Manuel d'Amélioration Sécurité des Entreprises") certification (Corporate Safety Improvement Manual), French safety management system

2023 saw a sharp upturn in activity for the Group, which was accompanied by a rise in lost-time accidents and a return to the level achieved in 2019, before the Covid period. The Group is rolling out a multi-year roadmap aimed at getting back to a decreasing projectory of lost-time accidents.

Safety is at the heart of the Fives Group's first value: "building a virtuous industry". The entire group is mobilised around this safety roadmap, which concerns both its permanent and temporary employees as well as its partners on its own sites and those of its clients.

ENVIRONMENTAL INDICATORS

	2019	2022	2023	Americas	France	Europe excl. France	Asia and Africa*
Number of sites with ISO 14001 certification (all types of site)	47	46	**47**	12	17	11	7
ISO 14001 certification for industrial sites							
Number of industrial sites	43	41	**40**	12	14	7	7
Number of certified industrial sites	34	33	**32**	10	11	7	4
Number of sites with certification in progress	3	2	**1**	1	0	0	0
Percentage of industrial sites with certification	79%	80%	**80%**	83%	79%	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	13	**15**	2	6	4	3
Percentage of non-industrial sites with certification	20%	28%	**32%**	17%	35%	36%	43%
Water consumption							
Water consumption (industrial sites) in m^3	97,038	110,652	**112,804**	25,100	22,841	15,082	49,781
Water consumption in liters per hour worked (employees + temporary workers)	7,6	7,1	**6.8**	6	3	6	17
Energy consumption in GWh[1]							
Electricity consumption in GWh	64	63	**62**	25	21	5	11
Natural gas and heating oil consumption in GWh	84	75	**69**	29	27	10	3
Total energy consumption in GWh	148	139	**131**	54	48	15	14
Energy consumption in kWh per hour worked[1] **(employees + temporary workers)**	9	10	**8**	14	7	6	5
Greenhouse gas emissions (Scope 1 & 2)[1]							
Scope 1 (tons of CO_2 eq.)	15,558	14,851	**13,839**				
Scope 2 (tons of CO_2 eq.)	18,122	15,206	**14,613**				
Scopes 1 & 2 (tons of CO_2 eq.)	33,680	30,057	**28,452**				

* Including the Middle East and Australia
[1] Data between 2019 and 2022 have been adjusted following a change in scope (addition of sites not previously accounted for).

In 2023, Fives recorded significant growth in its activity, resulting in a 6% increase in hours worked, including both employees and temporary workers. However, energy and water consumption per hour worked have fallen.

More precisely, total energy consumption has fallen by 6% compared to 2022, and by 11% since 2019, with a marked improvement in the use of natural gas, heating oil and fuels, recording a 17% drop since 2019, as well as a 4% decrease for electricity consumption.

These results are directly linked to the initiatives undertaken by subsidiaries as part of the target set by the Group to reduce CO_2 emissions (scope 1&2) by 30% by 2030. Fives is currently halfway to this target and has seen a 15% reduction in total scope 1&2 emissions between 2019 (base year) and 2023.

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 circumstance 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, 64 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, 75 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, 41 years old, member of the Supervisory Committee.
Reappointed on April 5, 2023, his term of office will expire at the end of the General Meeting called to approve the 2025 financial statements.

François Dufresne, 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.

Dominique Gaillard, 64 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, 52 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, 60 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, 67 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, 65 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, 71 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, 46 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, 64 years old, Chairman & Chief Executive Officer
Suresh Abye, 45 years old, Finance Director
Alain Cordonnier, 63 years old, Deputy General Manager, President of the Cement, Minerals & Sugar Division
Sébastien Gauguier, 48 years old, Deputy General Manager, President of the Aluminium Division
Guillaume Mehlman, 59 years old, Deputy General Manager, President of the Steel & Glass Division
Denis Mercier, 64 years old, Deputy General Manager of Fives
Céline Morcrette, 45 years old, Human Resources Director
Michelle Shan, 58 years old, Country Director, China
Frédéric Thrum, 52 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, 64 years old, Chairman & Chief Executive Officer
Suresh Abye, 45 years old, Finance Director
Alain Cordonnier, 63 years old, Deputy General Manager, President of the Cement, Minerals & Sugar Division
Sébastien Gauguier, 48 years old, Deputy General Manager, President of the Aluminium Division
Guillaume Mehlman, 59 years old, Deputy General Manager, President of the Steel & Glass Division
Denis Mercier, 64 years old, Deputy General Manager of Fives
Céline Morcrette, 45 years old, Human Resources Director
Michelle Shan, 58 years old, Country Director, China
Frédéric Thrum, 52 years old, Deputy General Manager, President of the Energy Division

And the following people:
Hervé Boillot, 54 years old, Mergers & Acquisitions, Strategy Director
Daniel Brunelli-Brondex, 63 years old, Country Director, India
Arnaud Lecœur, 53 years old, General Counsel
Frédéric Renaud, 71 years old, Country Director, Italy
Thierry Valot, 56 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 exchanges of 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 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.

The terms of office of Mr. Dominique Gaillard, Mr. François Dufresne, Ms. Heyoung H Lee Bouygues, and Mr. Stéphane Guichard will expire at the end of the General Meeting called to approve the 2023 financial statements.

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;
- a 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 Sébastien Vouaux, reappointed on June 28, 2018.
– **Deloitte & Associés**, represented by Pascal Colin and Sébastien Pleynet, 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, 2023, 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 2023 the share capital was not subject to any changes.

Share ownership

Since May 29, 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, 2023.

Dividends / Distribution of reserves

No dividends were paid in 2021, 2022 and 2023.

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 is 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 statements 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	Dec. 31, 2023	Dec. 31, 2022
Sales	5.2	**2,394,719**	**2,026,970**
Cost of sales		(1,953,654)	(1,639,936)
Gross profit		**441,065**	**387,034**
Selling expenses		(116,279)	(112,289)
Administrative expenses		(187,957)	(171,612)
Research and development expenses	5.4	(29,438)	(22,532)
Employee profit sharing and bonus schemes		(4,838)	(2,987)
Other operating income and expenses	5.5	1,322	1,237
Amortization of intangible assets related to acquisitions	5.6	(7,635)	(10,345)
Profit from recurring operations		**96,240**	**68,506**
Restructuring costs	5.7	(267)	(2,533)
Impairment of fixed assets		(122)	18
Gain (loss) on disposals and acquisition costs	5.8	(9,074)	8,952
Operating profit		**86,777**	**74,943**
Cost of net financial debt	5.9	(23,367)	(19,343)
Other financial income and expense	5.9	(11,107)	4,019
Net financial income (expense)		**(34,474)**	**(15,324)**
Profit before income tax		**52,303**	**59,619**
Income tax expense	5.10	(30,349)	(29,052)
Share of profit (loss) of associates	5.11	(24,175)	(20,729)
Profit for the year		**(2,221)**	**9,838**
Attributable to owners of the Group		(2,646)	9,392
Attributable to non-controlling interests		425	446

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros	Notes	Dec. 31, 2023	Dec. 31, 2022
Profit (loss) for the year		**(2,221)**	**9,838**
Foreign currency translation differences		(11,661)	(3,408)
Total Items subsequently recycled through profit and loss		**(11,661)**	**(3,408)**
Actuarial gains	5.23	(3,997)	5,268
Deferred tax on actuarial gains		908	(1,082)
Net change in fair value of financial assets		2,765	(325)
Deferred tax on net change in fair value of financial assets		(847)	100
Total Items that may not be recycled through profit and loss		**(1,169)**	**3,961**
Total comprehensive income		**(15,050)**	**10,391**
Attributable to:			
- Owners of the Group		(15,497)	9,653
- Non-controlling interests		447	737

CONSOLIDATED BALANCE SHEET

ASSETS

In thousands of euros	Notes	Dec. 31, 2023	Dec. 31, 2022
Goodwill	5.12	265,246	263,490
Intangible assets	5.13	44,937	44,161
Property, plant and equipment	5.14	225,436	214,566
Non-current financial assets	5.15	17,639	43,492
Deferred tax assets	5.10	34,573	27,724
Non-current assets		**587,831**	**593,433**
Inventories and work in progress	5.15	243,602	209,906
Contract assets	5.17	390,199	298,828
Trade receivables	5.18	470,147	484,229
Other current assets	5.19	160,495	148,034
Current financial assets	5.17	135,940	95,797
Current tax assets		6,789	7,613
Cash and cash equivalents	5.20	211,680	199,225
Current assets		**1,618,852**	**1,443,632**
Total assets		**2,206,683**	**2,037,065**

SHAREHOLDERS' EQUITY AND LIABILITIES

In thousands of euros	Notes	Dec. 31, 2023	Dec. 31, 2022
Share capital	5.22	102,724	102,724
Share premium and reserves		235,003	228,205
Foreign currency translation reserve		11,981	23,677
Profit (Loss) attributable to owners of the Group		(2,646)	9,392
Shareholders' equity attributable to owners of the Group		**347,062**	**363,998**
Non-controlling interests		2,218	2,866
Shareholders' equity		**349,280**	**366,864**
Non-current provisions	5.23	47,260	43,957
Non-current financial debt	5.24	244,552	226,590
Other non-current liabilities	5.25	10,984	12,943
Deferred tax liabilities	5.10	8,916	6,440
Non-current liabilities		**311,712**	**289,930**
Current provisions	5.23	99,546	89,278
Current financial debt	5.24	94,295	97,392
Contract liabilities	5.17	480,930	434,668
Trade and related payables		651,681	559,293
Current tax liabilities		19,259	9,458
Other current liabilities	5.25	199,980	190,182
Current liabilities		**1,545,691**	**1,380,271**
Total shareholders' equity and liabilities		**2,206,683**	**2,037,065**

CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros	Notes	Dec. 31, 2023	Dec. 31, 2022
Cash and cash equivalents at January 1		**198,292**	**237,775**
Operating activities			
Profit for the year		(2,221)	9,838
Change in non-current provisions		(1,486)	(3,918)
Amortization, depreciation and impairment		54,489	56,072
Net loss (gain) on disposals of assets and acquisition costs		8,518	(8,443)
Profit or loss of equity-accounted associates		24,175	20,729
Other non-cash income and expense items		12,002	14,467
Income tax expense		30,349	29,052
Cost of net financial debt		23,369	19,343
Operating cash flow before change in working capital and income tax		149,195	137,140
Change in working capital	*5.21*	33,767	68,742
Income tax paid		(24,101)	(24,180)
Net cash provided by operating activities		**158,861**	**181,702**
Investing activities			
Acquisitions of property, plant and equipment and intangible assets		(46,382)	(41,630)
Disposals of property, plant and equipment and intangible assets		93	2,938
Change in financial assets		(46,250)	(46,110)
Change in consolidation scope		(7,333)	(163)
Net cash used in investing activities		**(99,872)**	**(84,965)**
Financing activities			
Dividends paid to owners of non-controlling interests		(501)	
Net increase (decrease) in borrowings		(11,150)	(101,076)
Net interest paid		(21,510)	(14,246)
Net interest received		6,332	2,061
Net cash used in financing activities		**(26,829)**	**(113,261)**
Effect of exchange rate fluctuations		(19,399)	(22,959)
Net decrease in cash and cash equivalents		**12,761**	**(39,483)**
Cash and cash equivalents at December 31	*5.21*	**211,052**	**198,292**

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, 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**

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, 2023	**102,724**	**246,488**	**(9,207)**	**23,677**	**316**	**363,998**	**2,866**	**366,864**
Profit for the year		(2,646)				**(2,646)**	425	**(2,221)**
Other comprehensive income			(3,075)	(11,695)	1,919	**(12,851)**	22	**(12,829)**
Profit and other comprehensive income		**(2,646)**	**(3,075)**	**(11,695)**	**1,919**	**(15,497)**	**447**	**(15,050)**
Dividends paid							(501)	**(501)**
Share-based payment		323				**323**		**323**
Change in consolidation scope and other changes		(1,757)	(3)	(1)		**(1,761)**	(595)	**(2,356)**
Shareholders' equity at December 31, 2023	**102,724**	**242,408**	**(12,285)**	**11,981**	**2,235**	**347,063**	**2,218**	**349,280**

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 19, 2024. They will be final when approved by the shareholders at their General Meeting on April 09, 2024.

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, 2023 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, 2023. 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, 2023:
- amendments to IAS 1 – Presentation of Financial Statements – Disclosure of Accounting Policies;
- 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;
- amendments to IAS 12 Income Taxes, "International Tax Reform – Pillar Two Model Rules", which provides for a temporary exemption from accounting for deferred taxes arising from the implementation of Pillar Two rules;
- standard IFRS 17 "Insurance Contracts";
- amendments to IFRS 17 "Insurance Contracts" – application of IFRS 17 and IFRS 9 - comparative information

These new standards, amendments and interpretations had no material impact on the Group's consolidated financial statements as at 31 December 2023.

The Group continues to work on assessing its exposure to the provisions of Pillar Two and currently believes that the impact will not be significant given the small number of jurisdictions in which it operates which could be impacted by this reform.

Furthermore, 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 December 31, 2023:
- updated References to the Conceptual Framework of IFRS;
- amendment to IAS 1 – Presentation of Financial Statements - Classification of Liabilities as Current or Non-current;
- amendment to IFRS16 – "Lease Liability in a Sale and Leaseback";
- amendments to IAS 7 and IFRS 17 – "Supplier Finance Arrangements";
- amendment to IAS 21 – "Lack of exchangeability".

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 leases contracts of over 12 months are recorded on the balance sheet under "Property, plant and equipment": a right-of-use asset is recognized representing the right to use the underlying leased asset. 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 defines "order book" as the remaining amount of work to be performed as of any given date under our signed contracts after coming into force. 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, 2023, 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 2023 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

The Group's commercial activity remained very robust in 2023. Driven by very favorable underlying trends in automation, digitalization, decarbonization and regionalization, order intakes for the 2023 financial year were established at €2,507 million. Driven by a record opening order book, turnover and EBITDA stood at highest levels, at €2,395 million and €150.7 million respectively.

In November, the Group's shareholders and BPI France signed an agreement to carry out a capital increase of €150 million. The operation was completed in March 2024.

4. CONSOLIDATION SCOPE

Dizisoft, a leading start-up in diagnostics and industrial performance, was acquired by the company Fives CortX at the end of January 2023 and absorbed by it at the beginning of May 2023. The whole company entered the scope of consolidation in the first half of 2023 in the segment "Other".

In order to strengthen the development of digital tools, the company Fives Prosim, an expert in process simulation and optimization, was acquired by Fives in July 2023 and entered the scope of consolidation at the end of September 2023 in the segment "Process Technologies".

The list of companies included in the consolidation scope as at December 31, 2023 is provided in note 5.32.

5. 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, piping solutions for nuclear power plants and industrial digitalization, mainly in France, as well as holding activities.

Segment Information

	Dec. 31, 2023	Dec. 31, 2022
Smart Automation Solutions	817,622	834,167
High Precision Machines	338,251	366,620
Process Technologies	1,128,845	1,415,049
Other	221,982	169,678
Total order intake	**2,506,700**	**2,785,514**
Smart Automation Solutions	820,039	767,903
High Precision Machines	272,343	279,934
Process Technologies	1,125,044	1,139,045
Other	195,965	159,427
Total order book	**2,413,391**	**2,346,309**
Smart Automation Solutions	752,733	714,824
High Precision Machines	327,626	308,780
Process Technologies	1,129,051	820,467
Other	185,309	182,899
Total sales	**2,394,719**	**2,026,970**
Smart Automation Solutions	13,499	35,419
High Precision Machines	(248)	(6,611)
Process Technologies	84,349	35,920
Other	(1,358)	3,778
Total profit from recurring operations	**96,242**	**68,506**
Smart Automation Solutions	26,971	48,282
High Precision Machines	12,009	8,516
Process Technologies	104,150	55,724
Other	7,600	12,939
EBITDA (*)	**150,730**	**125,461**

*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, 2023	Smart Automation Solutions	High Precision Machines	Process Technologies	Other	Total
Goodwill	30,736	105,939	123,199	5,372	265,246
Intangible assets, property, plant and equipment	60,086	60,324	100,543	49,420	270,373
Total allocated assets	**90,822**	**166,263**	**223,742**	**54,792**	**535,619**
Other assets					1,671,064
Total assets					**2,206,683**

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**

5.2. Sales

Sales comprised the following:

	2023	2022
Revenue recognized based on the percentage-of-completion method	1,966,654	1,671,134
Revenue recognized based on the completed-contract method	428,065	355,836
Total	**2,394,719**	**2,026,970**

Sales by geographical destination

	2023	2022
Europe	730,690	682,910
Africa and Middle East	288,875	163,758
Americas	915,690	795,205
Asia and Oceania	459,465	385,097
Total	**2,394,719**	**2,026,970**

Sales by geographical origin

	2023	2022
Europe	1,183,406	1,027,016
Africa and Middle East	96,319	54,430
Americas	817,217	684,941
Asia and Oceania	297,777	260,583
Total	**2,394,719**	**2,026,970**

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

	2023	2022
Personnel expenses	682,383	636,650
Total headcount at reporting date	8,914	8,562

Headcount at December 31 by type of contract

By type of contrat	2023	2022
Permanent contracts	8,257	7,977
Fixed-term contracts	327	330
Apprenticeships and internships	330	255
Total	**8,914**	**8,562**

5.4. Research and development costs

	2023	2022
Research and development expenses, gross	(36,032)	(28,847)
Research tax credits and grants received	6,594	6,315
Total	**(29,438)**	**(22,532)**

5.5. Other operating income and expense

	2023	2022
Share-based payment transactions		
- equity-settled share-based payment transactions	(319)	(986)
- cash-settled share-based payment transactions	(449)	(586)
Other	2,090	2,809
Total	**1,322**	**1,237**

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:

	2023	2022
Included in cost of sales	(14,717)	(15,208)
Included in overheads and other operating items	(31,819)	(30,415)
Amortization of intangible assets related to acquisitions	(7,635)	(10,345)
Total	**(54,171)**	**(55,969)**

In application of IFRS 16, amortization and depreciation allowances for right-of-use assets relating to leases amounted to €17.4 million at December 31, 2023. 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.

5.8. Gain or loss on disposals and acquisition costs

	2023	2022
Gain (loss) on disposals	(8,244)	9,015
Acquisition costs	(829)	(63)
Total	**(9,074)**	**8,952**

The loss on disposals mainly relates to the recognition at fair value of the investments in the AddUp joint venture. This expense offsets the income recognized in respect of the capital transactions between AddUp and its associates in 2023.

5.9. Net financial income and expense

Cost of net financial debt

	2023	2022
Financial expenses relating to:		
- bonds	(2,509)	
- bank loans	(22,498)	(17,140)
- lease liabilities	(3,578)	(3,502)
Other interest expense	(1,826)	(981)
Deferred transaction costs	(490)	(455)
Interest and related expenses	**(30,901)**	**(22,077)**
Interest and related income	**7,534**	**2,734**
Total	**(23,367)**	**(19,343)**

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

Other financial income and expense

	2023	2022
Income from associates	296	161
Foreign exchange gains and losses	(9,038)	10,083
- *Foreign exchange gains (losses)*	*(2,879)*	*15,978*
- *Impact of forward points on changes in fair value of foreign exchange derivatives*	*(6,159)*	*(5 895)*
Expenses for retirement and related benefits	(1,423)	(591)
Net financial provisions	(500)	(5,490)
Other financial items	(443)	(145)
Total	**(11,107)**	**4,019**

The Group's net financial income and expense includes a net foreign exchange loss of € (2.9) million, comprising a realized foreign exchange gain of € 7.3 million and an unrealized foreign exchange loss of € (10.2) million relating to intercompany loans between Fives and its 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

	2023	2022
French value-added business tax (CVAE) and Italian production tax (IRAP)	(2,244)	(3,084)
Current tax	(32,765)	(21,482)
Subtotal current tax	**(35,009)**	**(24,566)**
Deferred tax	**4,659**	**(4,486)**
Total	**(30,349)**	**(29,052)**

Effective tax rate

	2023	2022
Profit before income tax	**52 303**	**59 619**
Parent company tax rate	*25,00%*	*25,00%*
Theoretical tax expense	(13 076)	(14 905)
Effect of:		
French value-added business tax (CVAE) and Italian production tax (IRAP)	(2 244)	(3 084)
Tax rate differences	2 425	245
Change in unrecognized deferred tax assets and unrecognized losses	(9 261)	(6 443)
Permanent differences and other items	(8 194)	(4 865)
Income tax expense	**(30 349)**	**(29 052)**

Consolidated tax groups

Since January 1, 2019, Fives and its subsidiaries have been part of the consolidated tax group formed by Nova Orsay (previously 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, 2022						Dec. 31, 2023	
	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	9 269						10 052	
Tax loss carryforwards	40 094						25 150	
Revaluations (1)	5 408	(26 528)					7 984	(29 938)
Other temporary differences	25 882	(6 469)					42 336	(6 283)
Deferred tax assets (liabilities), gross	**80 653**	**(32 997)**	**1 913**	**81**	**440**	**(789)**	**85 522**	**(36 221)**
Deferred tax asset limit	(26 372)		2 748			(20)	(23 644)	
Offsetting	(26 557)	26 557					(27 305)	27 305
Recognized deferred tax assets (liabilities)	**27 724**	**(6 440)**	**4 660**	**81**	**440**	**(809)**	**34 573**	**(8 916)**
Net deferred tax	**21 283**						**25 657**	

(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 2023 was negative, as in 2022. It is presented under "Share of profit (loss) of associates".

5.12. Goodwill

	Dec. 31, 2022 net	Change in consolidation scope	Transfer	Impairment	Translation differences and other	Dec. 31, 2023 net
Smart Automation Solutions	30 908				(172)	30 736
High Precision Machines	109 109				(3 170)	105 939
Process Technologies	122 278	3 944			(3 023)	123 199
Other	1 195	4 177				5 372
Total	**263 490**	**8 121**			**(6 365)**	**265 246**

Changes in scope relate to the acquisitions of the companies Dizisoft and Prosim. Goodwill arising from the difference between the acquisition price and the identified assets is €4.2 million for Dizisoft and €3.9 million for Prosim

In compliance with IAS 36, an impairment test was performed at December 31, 2023 on each operating segment CGU.

The cash flows used for each CGU are based on Management's best estimates, updated at December 31, 2023.

The following assumptions were used:
- 2024-2029 medium-term plan;
- terminal value growth rate: 2% (identical to assumptions used in the 2022 test);
- discount rate: 9.6% (compared with 9.0% used in the 2022 test).

The test did not result in the recognition of impairment at December 31, 2023.

Sensitivity analysis

Smart Automation Solutions CGU:
- discount rate sensitivity: a 10.1% 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 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.

High Precision Machines CGU:
- discount rate sensitivity: a 10.1% discount rate would result in impairment of €9.9 million;
- long-term growth rate sensitivity: a 1.5% long-term growth rate would result in impairment of €4.8 million;
- long-term cash flow sensitivity: a 10% decrease in long-term cash flow would result in impairment of €11.7 million.

Process Technologies CGU:
- discount rate sensitivity: a 10.1% 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 10.1% 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, 2023			Dec. 31, 2022		
	Gross	Acc. amort. / Imp.	Net	Gross	Acc. amort. / Imp.	Net
Technologies and R&D acquired	116,242	(106,917)	9,325	115,357	(101,755)	13,602
Brands acquired	26,638	(25,985)	653	27,304	(26,651)	653
Customer relationships, order book and other intangibles	73,787	(72,675)	1,112	75,750	(74,179)	1,571
Concessions, patents and licenses	68,959	(50,963)	17,996	66,466	(49,121)	17,345
Other intangible assets	33,648	(17,796)	15,852	26,741	(15,751)	10,990
Total	**319,274**	**(274,337)**	**44,937**	**311,618**	**(267,457)**	**44,161**

At December 31, 2023, the analysis of changes in intangible assets was as follows:

	Gross	Acc. amort. / Imp.	Net
Balance at Dec. 31, 2022	**311,618**	**(267,457)**	**44,161**
Acquisitions	13,466		13,466
Deconsolidations and disposals	(2,071)	2,065	(6)
Amortization / Impairment		(14,179)	(14,179)
Reclassified items	(8)	22	14
Change in consolidation scope	2,451	(570)	1,881
Translation differences	(6,182)	5,782	(400)
Balance at Dec. 31, 2023	**319,274**	**(274,337)**	**44,937**

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

	Gross	Acc. amort. / Imp.	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**

5.14. Property, plant and equipment

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

	Dec. 31, 2023			Dec. 31, 2022		
	Gross	Acc. amort. / Imp.	Net	Gross	Acc. amort. / Imp.	Net
Land and developments	25,012		25,012	25,436		25,436
Buildings	166,546	(100,475)	66,071	158,410	(96,824)	61,586
Plant, equipment and machinery	235,579	(182,319)	53,260	232,635	(178,445)	54,190
Other assets	70,617	(54,260)	16,357	69,122	(53,658)	15,465
Right-of-use assets (leases)	117,224	(67,045)	50,180	100,533	(55,687)	44,846
Assets under construction	14,080		14,080	12,728		12,728
Advances on fixed assets	476		476	315		315
Total	**629,534**	**(404,099)**	**225,436**	**599,179**	**(384,614)**	**214,566**

At December 31, 2023, the analysis of changes in property, plant and equipment was as follows:

	Gross	Acc. amort. / Imp.	Net
Balance at Dec. 31, 2022	**599,179**	**(384,614)**	**214,566**
New right-of-use assets	22,751		22,751
Acquisitions	32,815		32,815
Deconsolidations and disposals	(15,014)	14,628	(386)
Depreciation / Impairment		(40,311)	(40,311)
Reclassified items	(2,298)	758	(1,540)
Change in consolidation scope	829	(14)	815
Translation differences	(8,728)	5,454	(3,274)
Balance at Dec. 31, 2023	**629,534**	**(404,099)**	**225,436**

The line item "Depreciation / Impairment" includes the depreciation of right-of-use assets under lease contracts for €17.4 million, following the application of IFRS 16.

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

	Gross	Acc. amort. / Imp.	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**

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, 2023			Dec. 31, 2022		
	Current	Non-current	Total	Current	Non-current	Total
Financial assets measured at amortized cost						
Loans related to investments in associates	4,393	81	**4,474**	2,175	26,884	**29,059**
Other financial assets	126,519	4,380	**130,899**	87,031	4,371	**91,402**
Financial assets measured at fair value through other comprehensive income						
Other long-term investments		11,169	**11,169**		10,344	**10,344**
Financial assets measured at fair value through profit and loss						
Derivatives	1,642		**1,642**	4,066		**4,066**
Other financial assets	3,386	937	**4,323**	2,525	859	**3,384**
Equity-accounted associates		1,072	**1,072**		1,034	**1,034**
Financial assets		**17,639**	**153,579**	**95,797**	**43,492**	**139,289**

At December 31, 2023 the change in gross value of other long-term investments included a €1.9 million increase in fair value, net of deferred tax.

At December 31, 2023, the repayment and maturity schedule for non-current financial assets (excluding other long-term investments and equity-accounted associates) was as follows:

	Dec. 31, 2023		
	Carrying amount	Between 1 and 5 years	More than 5 years
Loans related to investments in associates	81	81	
Other financial assets	5,317		5,317
Total	**5,398**	**81**	**5,317**

5.16. Inventories and work in progress

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

	Dec. 31, 2023			Dec. 31, 2022		
	Gross	Impairment	Net	Gross	Impairment	Net
Raw materials	146,012	(16,340)	129,672	131,236	(14,563)	116,673
Work in progress	78,031	(2,374)	75,657	63,271	(2,227)	61,044
Intermediate and finished goods	47,470	(9,197)	38,273	40,978	(8,790)	32,188
Total	**271,513**	**(27,911)**	**243,602**	**235,486**	**(25,580)**	**209,906**

5.17. Contract assets and liabilities

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

	Dec. 31, 2023	Dec. 31, 2022
Contracts recognized on a percentage-of-completion basis		
Contract assets	390,199	298,828
Contract liabilities	(427,080)	(371,722)
Net	**(36,881)**	**(72,895)**
Contracts recognized on a completed-contract basis		
Contract liabilities	(53,850)	(62,946)

5.18. Trade receivables

Gross and net trade receivables were as follows:

	Dec. 31, 2023			Dec. 31, 2022		
	Gross	Impairment	Net	Gross	Impairment	Net
Total trade receivables	477,416	(7,269)	470,147	491,846	(7,617)	484,229
Total	**477,416**	**(7,269)**	**470,147**	**491,846**	**(7,617)**	**484,229**

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

	Opening balance	Allowances	Reversals	Translation differences	Other	Closing balance
2023	(7,617)	(1,264)	1,917	77	(382)	(7,269)
2022	(6,921)	(1,111)	941	(96)	(430)	(7,617)

At December 31, 2023, 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
2023	470,147	345,332	50,312	26,228	48,275
2022	484,229	333,518	72,005	35,507	43,199

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, 2023	Dec. 31, 2022
Tax receivables	60,032	54,805
Advances and progress payments	73,066	43,193
Other receivables	13,695	32,564
Prepaid expenses	13,702	17,472
Total	**160,495**	**148,034**

5.20. Cash and cash equivalents

	Dec. 31, 2023	Dec. 31, 2022
Cash equivalents	45,290	10,090
Cash	166,390	189,135
Total cash and cash equivalents	**211,680**	**199,225**

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		34,450		2,050			8,790	45,290
Cash	45,719	9,489	656	68,232	16,582	1,929	23,783	166,390
Total at Dec. 31, 2023	**45,719**	**43,939**	**656**	**70,282**	**16,582**	**1,929**	**32,573**	**211,680**
Foreign exchange swaps	(58,522)	9,951	(28,718)		74,902	2,387		
Total at Dec. 31, 2023 (before swaps)	**(12,803)**	**53,890**	**(28,062)**	**70,282**	**91,484**	**4,316**	**32,573**	**211,680**

At December 31, 2022, the breakdown of cash and cash equivalents was as follows:

	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**

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, 2023	Dec. 31, 2022
Cash equivalents	45,290	10,090
Cash	166,390	189,135
Total cash and cash equivalents	**211,680**	**199,225**
Bank overdrafts	(627)	(933)
Total	**211,052**	**198,292**

Working capital requirements and current provisions

	Dec. 31, 2023	Dec. 31, 2022	Changes	
			Due to business activity	Other*
Inventories and work in progress	(243,602)	(209,906)	(35,852)	2,156
Contract assets	(390,199)	(298,828)	(92,164)	792
Trade receivables	(470,147)	(484,229)	1,139	12,943
Other current/non-current assets incl. in working capital	(160,927)	(148,443)	(17,513)	5,028
Contract liabilities	480,930	434,668	40,079	6,183
Trade and related payables	651,681	559,293	105,985	(13,597)
Other current/non-current liabilities incl. in working capital	207,467	201,306	19,397	(13,236)
Working capital requirements before current provisions	**75,204**	**53,861**	**21,071**	**269**
Current provisions	99,546	89,278	12,696	(2,428)
Working capital requirements	**174,750**	**143,139**	**33,767**	**(2,159)**

* 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, 2023, 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, 2022	Allowance	Utilization	Unutilized reversals	Translation differences	Other	**Dec. 31, 2023**
Warranties	54,587	50,973	(11,938)	(20,862)	(1,274)	(573)	**70,914**
Contract litigation	3,127	1,724	(117)	(389)	(10)	(77)	**4,258**
Future losses on contracts	312	636	(67)	(44)	(1)	8	**844**
Completed contract expenses	28,443	13,368	(11,919)	(7,971)	(457)	291	**21,755**
Other provisions - current portion	2,809	379	(804)	(273)	(58)	(277)	**1,775**
Total current provisions	**89,278**	**67,080**	**(24,845)**	**(29,539)**	**(1,800)**	**(628)**	**99,546**
Retirement benefits	37,240	4,788	(4,216)	(1,674)	(13)	4,311	**40,436**
Other post-employment benefits	4,811	703	(670)	(160)	(38)		**4,646**
Other provisions - non-current portion	1,906	385	(428)	(212)	(19)	546	**2,178**
Total non-current provisions	**43,957**	**5,876**	**(5,314)**	**(2,046)**	**(70)**	**4,857**	**47,260**

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, 2023	France	United Kingdom	United States of America	Japan	Germany	India
Discount rate	3.5%	4.5%	5.0%	0.3%	3.7%	7.18 - 7.3%
Expected return on plan assets	NA	4.5%	NA	NA	NA	7.01%
Salary increase rate	2.0%	NA	NA	2%	NA	5 - 8.5%

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%

The present value of the Defined Benefit Obligations amounted to €75,074 thousand at December 31, 2023. Given the fair value of all plan assets, the net obligation at December 31, 2023 totaled €40,436 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 €3,117 thousand, of which €1,694 thousand were recognized in profit from recurring operations, and €1,422 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 €3,996 thousand, excluding tax, resulting from an overall increase in discount rates compared with December 31, 2022.

	Retirement benefit obligations	Complementary retirement obligations Dec. 31, 2023				Total
	France	Eurozone	United Kingdom	Americas	Asia	
CHANGE IN PRESENT VALUE OF OBLIGATION						
Present value of obligation at Jan. 1, 2023	18,186	2,303	44,008	4,170	2,075	70,741
Current service cost	1,343	6	299	39	87	1,774
Interest cost	659	61	2,075	196	26	3,017
Plan curtailments / settlements		(80)	(299)			(379)
Newly consolidated / Deconsolidations	317					317
Benefits paid	(1,839)	(166)	(1,820)	(381)	(43)	(4,249)
Actuarial (gain) loss	1,201	12	2,106	(87)	(5)	3,227
Foreign exchange (gain) and losses and other			905	(121)	(158)	626
Present value of obligation at Dec. 31, 2023	**19,867**	**2,136**	**47,274**	**3,815**	**1,982**	**75,074**

	France	Eurozone	United Kingdom	Americas	Asia	Total
CHANGE IN FAIR VALUE OF PLAN ASSETS						
Fair value of plan assets at Jan. 1, 2023			32,725		776	33,501
Net return on plan assets			804		27	831
Employer contributions paid			1,763		24	1,787
Plan curtailments / settlements			(299)			(299)
Benefits paid			(1,820)			(1,820)
Foreign exchange gains and (losses) and other			671		(33)	637
Fair value of plan assets at Dec. 31, 2023			**33,844**		**794**	**34,638**

	France	Eurozone	United Kingdom	Americas	Asia	Total
COMPONENTS OF AMOUNTS RECOGNIZED IN THE FINANCIAL STATEMENTS						
Net obligation (obligation less plan assets)	19,867	2,136	13,430	3,815	1,189	40,436
Net provision recognized in the balance sheet at Dec. 31, 2023	**19,867**	**2,136**	**13,430**	**3,815**	**1,189**	**40,436**

	France	Eurozone	United Kingdom	Americas	Asia	Total
COMPONENTS OF NET EXPENSE RECOGNIZED FOR FINANCIAL YEAR 2023						
Current service cost	1,343	6	299	39	87	1,774
Interest cost	659	61	2,075	196	26	3,017
Expected return on plan assets			(1,573)		(22)	(1,595)
(Gain) / loss on plan curtailments / settlements		(80)				(80)
Net expense recognized in the income statement for FY 2023	**2,002**	**(13)**	**801**	**235**	**91**	**3,117**

	France	Eurozone	United Kingdom	Americas	Asia	Total
CHANGE IN PROVISIONS FOR RETIREMENT AND OTHER						
Provisions recognized in the balance sheet at Jan. 1, 2023	18,186	2,303	11,284	4,170	1,299	37,240
Employer contributions paid			(1,763)		(24)	(1,787)
Net expense recognized	2,002	(13)	801	235	91	3,117
Benefits paid directly by the employer	(1,839)	(166)		(381)	(43)	(2,429)
Newly consolidated	317					317
Net actuarial (gains) and losses	1,201	12	2,875	(87)	(5)	3,996
Foreign exchange (gain) and losses			233	(122)	(129)	(18)
Provisions recognized in the balance sheet at Dec. 31, 2023	**19,867**	**2,136**	**13,430**	**3,815**	**1,189**	**40,436**

	Retirement benefit obligations	Complementary retirement obligations Dec. 31, 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
Plan curtailments / settlements			(420)			(420)
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 RETIREMENT BENEFITS						
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**

Plan assets by investment type

	Dec. 31, 2023		Dec. 31, 2022	
	Amount	%	Amount	%
Shares	17,765	51%	14,574	44%
Bonds and other debt securities	14,803	43%	15,892	47%
Money market investments	1,267	4%	2,249	7%
Diversified funds	803	2%	785	2%
Fair value of invested plan assets	**34,638**	**100%**	**33,501**	**100%**

Present value of obligation

	Dec. 31, 2023	Dec. 31, 2022
Present value of obligation	75,074	70,741
Fair value of invested plan assets	(34,638)	(33,501)
Present value of obligation	**40,436**	**37,240**

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:

	Dec. 31, 2023		Dec. 31, 2022	
	In thousands of euros	DBO as a %	In thousands of euros	DBO as a %
France	1,033	5.33%	1,053	5.79%
Eurozone	68	3.18%	64	2.80%
United Kingdom	1,537	3.25%	1,750	3.98%
Americas	110	3.00%	122	3.00%
Asia	5	0.25%	3	0.16%

5.24. Current and non-current financial debt

	Dec. 31, 2023			Dec. 31, 2022		
	Non-current	Current	Total	Non-current	Current	Total
Stimulus Bonds	75,000		75,000			
Bank loans	133,897	69,625	203,522	193,615	71,968	265,583
Deferred transaction costs	(1,908)		(1,908)	(1,073)		(1,073)
Finance leases	37,203	15,658	52,861	33,646	13,831	47,477
Other bank loans and borrowings	360	746	1,106	402	1,636	2,038
Accrued interest		4,623	4,623		1,631	1,631
Derivative instruments, liabilities		3,017	3,017		7,393	7,393
Bank overdrafts		626	626		933	933
Total financial debt	**244,552**	**94,295**	**338,847**	**226,590**	**97,392**	**323,982**

The Group subscribed to Stimulus Bonds “Obligation Relance” in France in 2023 for an aggregate amount of €75 million. These bonds include a tranche of €60 million to be repaid in full on June 26, 2031 and another tranche of €15 million to be repaid in full on November 24, 2031.

At December 31, 2023, 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 was repaid within financial year 2023, recognized at an estimated fair value of €50.2 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 yearly in equal instalments until 2026. 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 €115.8 million at December 31, 2023. The grant generated for Group operations is recognized over the loan term. It amounted to €4.1 million for 2023 (compared with €5.2 million for 2022).

– As at December 31, 2022, the Group's revolving credit facility ("RCF") was undrawn at December 31, 2023. 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, 2023.

Change in financial debt, by type

	Dec. 31, 2023	Dec. 31, 2022			Breakdown of other changes					
			Changes included in financial flows	Other changes	Scope	Translation	IFRS 9 measurement effet	New finance leases	Capitalization of interest at the effective interest rate (EIR)	Interest expense
Stimulus Bonds	75,000		75,000							
Bank loans	203,522	265,583	(66,782)	4,722	334	(1,497)			5,885	
Deferred transaction costs	(1,908)	(1,073)	(1,348)	513		28				485
Finance leases	52,861	47,477	(17,165)	22,549	664	(830)		22,715		
Other bank loans and borrowings	1,106	2,038	(854)	(78)		(78)				
Accrued interest	4,623	1,631	(21,510)	24,502		(28)			(5,885)	30,415
Derivative instruments, liabilities	3,017	7,393		(4,375)		(34)	(4,342)			
Bank overdrafts	626	933								
Total financial debt	**338,847**	**323,982**	**(32,660)**	**47,833**	**998**	**(2,439)**	**(4,342)**	**22,715**		**30,901**

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

	Dec. 31, 2023			Dec. 31, 2022		
	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
Stimulus Bonds	75,000		75,000			
Bank loans	82,270	121,252	203,522	101,795	163,788	265,583
Deferred transaction costs	(1,908)		(1,908)	(1,073)		(1,073)
Finance leases	52,861		52,861	47,477		47,477
Other bank loans and borrowings	360	746	1,106	402	1,636	2,038
Accrued interest	4,623		4,623	1,631		1,631
Total financial debt	**213,206**	**121,998**	**335,204**	**150,232**	**165,424**	**315,656**

Breakdown of financial liabilities by currency

	Dec. 31, 2023				Dec. 31, 2022			
	EUR	USD	Other	Total	EUR	USD	Other	Total
Stimulus Bonds	75,000			75,000				
Bank loans	180,250	15,913	7,359	203,522	236,131	19,334	10,118	265,583
Deferred transaction costs	(1,651)	(257)		(1,908)	(669)	(404)		(1,073)
Finance leases	34,277	12,096	6,488	52,861	28,939	11,350	7,188	47,477
Other bank loans and borrowings	1,106			1,106	2,038			2,038
Accrued interest	4,358	232	33	4,623	1,559	53	19	1,631
Total financial debt	**293,340**	**27,984**	**13,880**	**335,204**	**267,998**	**30,333**	**17,325**	**315,656**

5.25. Other current and non-current liabilities

Other non-current liabilities

Other non-current liabilities comprised the following:

	Dec. 31, 2023	Dec. 31, 2022
Payroll-related payables	3,373	2,985
Estimated debt on price supplements	2,000	
Other liabilities	100	223
Prepaid income	5,511	9,735
Total	**10,984**	**12,943**

Other current liabilities

Other current liabilities comprised the following:

	Dec. 31, 2023	Dec. 31, 2022
Tax and social security payables	158,582	138,970
Amounts due on acquisitions of fixed assets	1,241	1,333
Other liabilities	40,158	49,879
Total	**199,980**	**190,182**

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, 2023		Dec. 31, 2022	
	Assets	Liabilities	Assets	Liabilities
Foreign exchange derivative instruments Fair value hedging derivative instruments Derivative instruments not eligible for hedge accounting	1,642	3,017	4,066	7,393

There were no interest rate hedging derivatives at December 31, 2023, same as at December 31, 2022.

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							
Stimulus Bonds	75,000						75,000
Bank loans	204,629	70,734	67,436	47,252	13,073	4,841	1,293
Finance leases	52,861	11,941	10,644	5,922	4,187	2,655	17,513
Total gross non-current financial liabilities	**257,490**	**82,675**	**78,080**	**53,174**	**17,260**	**7,496**	**18,806**
Deferred transaction costs	(1,908)	(591)	(269)	(160)	(177)	(179)	(532)
Total non-current financial liabilities	**255,582**	**82,084**	**77,811**	**53,014**	**17,083**	**7,316**	**18,274**
Interest on non-current financial liabilities		15,187	12,170	8,137	6,565	6,147	5,916

The analysis excludes financial assets such as cash and cash equivalents and trade receivables, which amounted to €211.7 million and €470.1 million, respectively, at December 31, 2023.

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, 2023. 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, 2023.

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 second instalment was paid in July 2023.

Interest rate risk

The loan granted by the European Investment Bank in 2018 for an aggregate amount of €80 million bears fixed-rate interest. In addition, €40 million of the €200 million State-guaranteed loan taken out in France in 2020 bears fixed-rate interest. The Stimulus Bonds "Obligations Relance" subscribed in France in 2023 for an aggregate amount of €75 million bears fixed-rate interest.

Consequently, the Group's long-term financial debt is subscribed at a fixed rate in a proportion of 64% and is primarily denominated in euros.

The majority of the Group's debt is denominated in euros. Debt with floating-rate interest amounts to €122 million, including €104 million subscribed in euro.

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, 2023 is reduced by the amount of repayments falling due during 2024;
- no interest rate hedging will be set up;
- 2024 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 2024.

	Sensitivity effect	
	- 1%	+ 1%
Floating rate debt	949	(949)
Floating rate cash and cash equivalents	(1,406)	1,406
Sensitivity of profit	**(457)**	**457**

An increase in interest rates of 1% would have a positive impact of €0.5 million, with the increase in cash remuneration partially offsetting the additional interest charge on the floating rate debt. A 1% drop-in interest rates would have a negative impact of €0.5 million, with the shortfall in cash flow partially wiping out the benefit of the reduction in the interest charge on the floating rate debt.

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 6.2 million at December 31, 2023, compared with USD 79.7 million at December 31, 2022, after taking into account repayments or equity conversions which occurred in financial year 2023.

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, 2023, in principal and interest projections for 2024

Principal of acquisition loans denominated in USD totaled USD 6.2 million at December 31, 2023, with 2024 projected interest income of USD 0.5 million. No hedging was in place at December 31, 2023

Net exposure amounted to USD 6.7 million, or €6.1 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 2024:

	ER-10bp	ER	ER+10bp
USD loans			
Exchange rate at Dec. 31	1.005	1.105	1.205
Net debt after hedging (EUR)	6.7	6.1	5.6
Total effect on 2024 profit	**0.6**		**(0.5)**

On USD loans: net exposure at December 31, 2023, and estimated cash flows for 2024

Expected cash flows in 2024 relating to intercompany acquisition loans denominated in USD (interest payments and repayment of principal), assessed in accordance with contractual repayment schedules, amount to USD 4.0 million; the USD 30 million loan maturing on June 30, 2023 was capitalized on March 9, 2023 and the USD 40 million loan maturing on December 15, 2027 was capitalized on October 26, 2023.

Cash exposure on expected cash flows in USD in 2024 should be therefore USD 4.0 million, or €3.7 million after translation using the effective exchange rate 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, 2023, 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, 2023	Dec. 31, 2022
Commitments given	333,386	338,011
Commitments received	37,744	21,427

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 2023, 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 €4,328 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, 2023 and 2022, amounted to:

	Dec. 31, 2023			Dec. 31, 2022		
	Statutory audit	Other work	Total	Statutory audit	Other work	Total
Deloitte	736	166	**901**	701	82	**784**
Ernst & Young	683	45	**728**	610	74	**684**
Others	910		**910**	839		**839**
Total	**2,329**	**210**	**2,539**	**2,150**	**157**	**2,307**

5.31. Subsequent events

No significant events took place after the reporting date.

5.32. Consolidated companies at December 31, 2023

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 Cortx *	Vénissieux, France	IG	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	40.00	40.00
Fives Real Estate *	Paris, France	FC	100.00	100.00
Fives Real Estate II*	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 Martillac	Paris, France	FC	100.00	100.00
Fives RE Technopole du Château Gombert	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	100.00	100.00
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
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	Marseille, 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 Prosim	Toulouse, France	FC	100.00	100.00
Fives Cail KCP Ltd.	India	EM	40.00	40.00
Fives North American Combustion France SAS*	Marseille, 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.	Australia	FC	100.00	100.00

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

STATUTORY AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

DELOITTE & ASSOCIÉS
6 place de la Pyramide
92908 Paris-La Défense Cedex
SAS au capital de 2 188 160 €
572 028 041 R.C.S. Nanterre
Commissaire aux comptes
Membre de la compagnie régionale de Versailles et du Centre

ERNST & YOUNG ET AUTRES
Tour First - TSA 14444
92037 Paris-La Défense Cedex
S.A.S. à capital variable
438 476 913 R.C.S. Nanterre
Commissaire aux comptes
Membre de la compagnie régionale de Versailles et du Centre

To the Shareholders of Fives,

Opinion

In compliance with the engagement entrusted to us by collective decision of the shareholders and by your Articles of Association, we have audited the accompanying consolidated financial statements of Fives for the year ended December 31, 2023.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2023 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 conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics for Statutory Auditors (Code de déontologie de la profession de commissaire aux comptes) for the period from January 1, 2023 to the date of our report.

Justification of Assessments

In accordance with the requirements of Articles L. 821 53 and R. 821 180 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the 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.

As described in Notes 2.5, 2.9, 2.14 and 5.12 to the consolidated financial statements, goodwill is subject to an impairment test. We have examined the implementation of this impairment test, as well as the future cash-flow estimates and assumptions used, and verified that these notes provide appropriate information.

As indicated in Notes 2.5, 2.18, 2.19 and 2.20 to the consolidated financial statements, income or losses from construction contracts and long-term service contracts are recognized by the percentage of completion based on estimated sales and cost at completion, which are reviewed regularly as the contract work is performed. These estimates are prepared for each contract under the supervision of Management.

Based on the information provided to us, our work consisted in obtaining an understanding of the processes implemented, assessing the data and assumptions on which the estimates are based on, and comparing these key accounting estimates for previous periods with the corresponding actual figures.

As indicated in Notes 2.5 and 2.27 to the consolidated financial statements, deferred tax assets are recognized to the extent that medium-term profit forecasts give a tax entity reasonable assurance of recovery. We have examined the financial forecasts and assumptions used and verified that these notes provide appropriate information.

Specific Verifications

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

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

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

The consolidated financial statements were approved by the President.

Statutory Auditors' Responsibilities for the 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 made on the basis of these consolidated financial statements.

As specified in Article L. 821 55 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

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

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

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

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

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

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

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Paris-La Défense, March 27, 2024

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIÉS Pascal Colin Sébastien Pleynet	ERNST & YOUNG ET AUTRES Sébastien Vouaux

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, 2023, as presented to them and the transactions reflected in these financial statements or mentioned in these reports, which show a loss of €5,168,845.69.

The Sole Shareholder also approves the total amount of certain non-tax-deductible expenses, €70,054, and the corresponding tax of €17,514.

Second decision

The Sole Shareholder, following the proposal by the Chairman & Chief Executive Officer, hereby allocates the annual loss of €5,168,845.69 to the balance of retained earnings, bringing it to €212,213,702.34.

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, 2023, as presented to them and the transactions reflected in these financial statements or mentioned in these reports, which show a net income for the Group of €(2,646)k.

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 on December 31, 2023.

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 the following members of the Supervisory Committee for three financial years, that is to say until after the decisions made by the Sole Shareholder to approve the 2026 financial statements:
  - Mr. François Dufresne,
  - Mr. Dominique Gaillard,
  - Mr. Stéphane Guichard,
  - Ms. Heyoung H Lee Bouygues,
  - Mr. Antonio Marcegaglia,
  - Ms. Laurence Parisot,
  - Mr. Philippe Reichstul.

- not renew the term of office of Jean-Georges Malcor, member of the Supervisory Committee, which expires at the end of this meeting.

Seventh decision

The Sole Shareholder decides to renew the appointment of the Statutory Auditors for six financial years, that is to say until after the decisions made by the Sole Shareholder to approve the 2029 financial statements:

- ERNST & YOUNG ET AUTRES, with headquarters at Paris La Défense 1, 1-2 place des Saisons, 92400 Courbevoie, registered with the Nanterre Trade and Companies Register under number 438 476 913,

- DELOITTE & ASSOCIES, with headquarters at 6 place de la Pyramide, 92908 Paris La Défense Cedex, registered with the Nanterre Trade and Companies Register under number 572 028 041.

Eighth decision

The Sole Shareholder, in compliance with Article 16.2 of the Company's Articles of Association, decides to set the total annual remuneration package for Supervisory Committee members at a maximum of €450,000, with effect from today.

The Supervisory Committee will determine how to allocate this amount among its members and when it is paid.

This decision, which is effective as of today, will remain in effect until the Sole Shareholder decides otherwise.

Ninth 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 the 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

Simplified joint stock company
Share capital €102,723,764
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