fives
Industry can do it

2022
FINANCIAL REPORT
#2021 Financial year

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

Order intake by Activity

36 %	37 %	16 %	11 %
SMART AUTOMATION SOLUTIONS	PROCESS TECHNOLOGIES	HIGH PRECISION MACHINES	OTHERS

- DESIGN
- MANUFACTURE
- INSTALLATION
- SERVICE
- MAINTENANCE

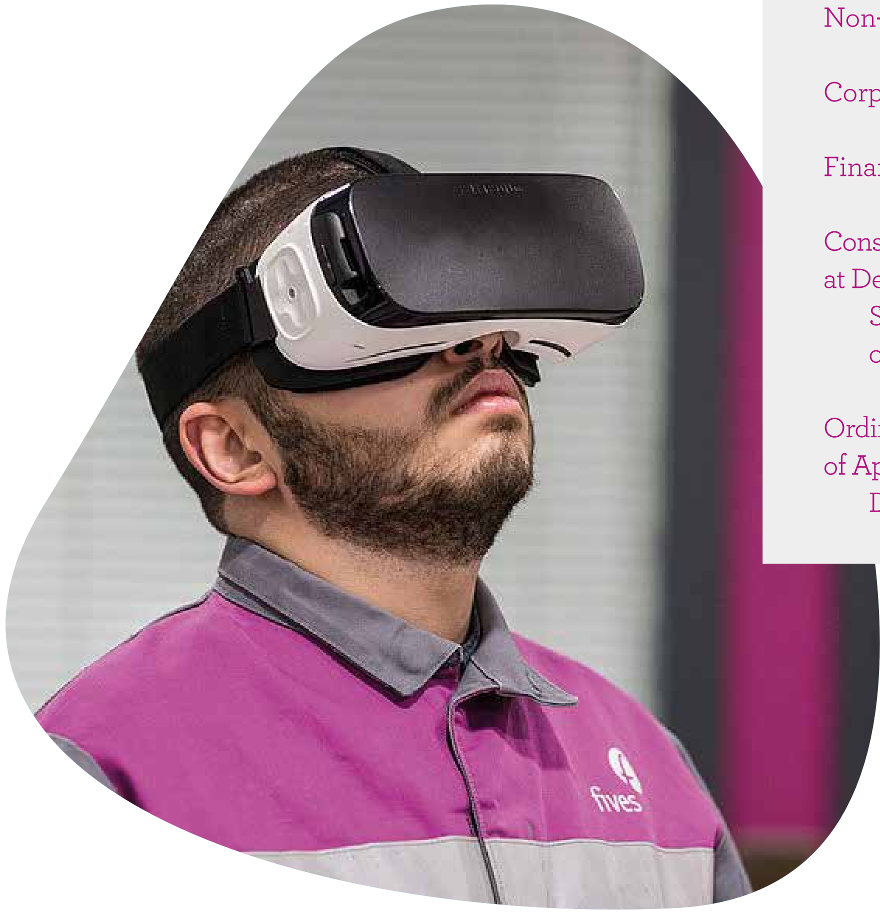
An international company,
working hand-in-hand with industry

More than 100 sites
in 25 different countries

Employees of
69 different nationalities

31 centers
of research and tests

€1 724 M SALES	€1 889 M ORDER INTAKE	€1 582 M BACKLOG
€356 M EQUITY	2 116 PATENTS IN 627 FAMILIES	CLOSE TO 8 200 EMPLOYEES



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TO THE SOLE SHAREHOLDER DELIBERATING ON APRIL 6, 2022

1. FIVES GROUP ACTIVITY IN 2021

1.1. Business environment

Despite uncertainty in the first few months of the year, marked by fears about the "third wave" of COVID-19 caused by the outbreak of the Delta variant, economic recovery was confirmed from spring onwards. Following the 2020 recession (-3%), global growth was around 6% in 2021, according to figures published by the IMF in January 2022.

Industrial investment was driven by general optimism about the end of the pandemic, comprehensive recovery plans announced by different governments (following support plans put in place at the peak of the pandemic) and positive financial performance by major clients, despite growing fears after the summer caused by rising raw material costs and component shortages.

This context resulted in a significant increase in tenders, which grew across all divisions throughout the year. While many significant projects contemplated by clients have not come into force yet, due to the review time frames inherent in the nature and complexity of the planned projects, small- and medium- sized orders achieved record levels for the Group in 2021. Order intake for the year was €1.889 billion, up €277 million (+17%) compared to 2020, but also up €48 million compared to 2019 (€1.841 billion).

1.2. Commercial environment by market

Smart Automation Solutions

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

In e-commerce, the continued rise in the quantity of goods transported supported proactive investment in new logistics hubs. In the United States, market leaders (e-commerce companies and express courier services) continued to implement their multi-year plans, with a two-fold objective to meet growing demand and to increase the level of facility automation to address labor shortages. In Europe, where major regional hubs have opened in recent years, investment is now focused on a variety of small agile platforms to offer last mile logistics, while national postal service operators continue to modernize their sorting center networks.

Despite these very positive underlying trends, major sector clients are facing growing difficulties to identify sites and obtain building permits, delaying the effective launch of confirmed projects.

The significant growth in the global installed base however offers numerous opportunities in the services field - whether maintenance contracts to ensure facilities in significant demand are available, or retrofitting to improve performance at sites commissioned in previous years.

In the consumer goods sector, food and beverage, retail, clothing and furniture companies are also facing a significant increase in demand linked to changes in consumer shopping habits, and thus are investing in automated storage platforms and robot order picking and palletization solutions. While Group activity is still primarily focused on the French market, there are huge opportunities for growth, and initial commercial success has been recorded in Europe and Japan.

In the industry segment, the year was marked by the ramp-up of the electric vehicle strategy announced by most automotive manufacturers, particularly in Europe. Although this transformation has not yet led to an increase in investments, many assembly line (for heavier vehicles), engine and battery projects, as well as new filling systems are being contemplated, opening up new prospects for the future.

Order intake for the division totaled €680 million. This is stable compared to 2020 (€673 million). The lack of individual orders exceeding €50 million in 2021 (whereas an order exceeding $100 million was booked in North America last year) has been offset by growth of more than 15% in the common business, primarily driven by the e-commerce segment.

High Precision Machines

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

For the automotive sector - deeply affected in 2020 by historic lows in global demand last year due to the pandemic - 2021 was marked by a shortage of electronic components, which required manufacturers to reduce production volumes and keep strict control over their spending, with several plants facing successive production shutdowns. Alongside this, the underlying trend towards electric engines, particularly in Europe and China, resulted in a lack of investment in mechanical grinding (excluding the truck market), with programs relating to new engines (hybrid, electric or even hydrogen) failing to bridge the gap at this time.

In the general industry sector, the underlying trends remain unchanged. In Europe, industrial activity is still affected by the pandemic and remains lackluster, while in the United States, where investment is on a better trend, market prospects were only definitively confirmed at the end of the year, with the major infrastructure bill vote expected for several months.

In the aerospace sector - affected significantly by the collapse in global air traffic since the start of the pandemic - the recovery beginning during the year is unlikely to revive activity in the civil aviation segment. The next wave of investments benefitting to subcontractors - which will specifically pertain to new aircraft ranges currently being considered, addressing new market challenges (narrow-body aircraft with small carbon footprints able to complete long journeys) - is not expected for several years. Yet prospects are very promising, in the United States, in the space and defense segments, where the Group booked some breakthrough orders during the year.

In total, order intake for High Precision Machines Activity totaled €299 million, up €24 million compared to 2020 (€275 million), thanks to investments in the space and defense industries in the United States. It is stable in other activity segments, but well below historic order levels.

Process Technologies

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

After falling to historic lows in 2020, commercial activity in the process technologies segment recovered strongly in 2021, driven by three factors. Firstly, and due to the circumstances, after freezing nearly all of their spending due to the lack of clarity regarding the outcome of the pandemic, and in some cases, working at levels very far from their standard capacities for several months, many plants experienced a sharp increase in rate during the year, which was gradually accompanied by a catch-up in maintenance or production investments not made in 2020.

Next, and on a longer term basis, the scale of the economic recovery stimulated demand, largely beyond existing production capacities (the worst performing not surviving the first waves of the pandemic in many sectors). The ensuing increase in raw materials prices accelerated prospects for returns on investment, encouraging the launch of new projects by clients, several of which also announced record profits from Q4 2020.

Finally, the growing awareness of climate issues has led more manufacturers to establish ambitious development plans to reduce their carbon footprint, particularly in steel, glass and cement.

In steel and glass, order intake has improved particularly in China, due to capacity investments, in silicon steel (notably for electric engines) on the one hand, and photovoltaic glass on the other hand. New projects for high added value products, through technologies focused on energy performance and a reduction in carbon emissions, have also emerged in Europe in these two segments.

In cement, the North American market has been active. Significant orders were recorded in Mexico, which foresees to supply the United States with the required additional capacities to successfully implement its major infrastructure bill passed at the end of the year, and in Canada, where several industrial groups are at the forefront of carbon neutral production.

In primary aluminum, while several investment programs are being considered by leading producers, no major project was launched in 2021. Commercial activity was supported by significant growth in services and small retrofits, mainly in Canada and the Middle East.

In energy, order intake increased in the United States, due to the rise in oil prices and the industry's general positive performance. Activity in China was also supported by the liquefied natural gas (LNG) sector. The Group is also gaining a foothold in the hydrogen market: it notably announced, in early 2022, a partnership with Plug Power and Atlas Copco to develop hydrogen liquefaction factories.

In total, order intake for Process Technologies Activity stood at €702 million, up €212 million (+43%) compared to 2020. All market segments contributed to this improvement.

ORDER INTAKE BY GEOGRAPHICAL AREA

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

ORDER INTAKE BY ACTIVITY

€ millions	2019	2020	2021
Smart Automation Solutions	581.3	672.5	679.8
High Precision Machines	352.0	274.9	298.7
Process Technologies	761.4	490.0	702.1
Transversal activities and other activities	146.0	175.0	208.3
Total	**1,840.7**	**1,612.4**	**1,888.9**

Transversal activities and other activities

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

In transversal activities and other activities, the market fundamentals remained well aligned and continue to support business momentum. Yet the high number of orders placed reflects the one-time effect of the successful renewal of several large multi-year contracts in the industrial maintenance sector with major transport, logistics and defense companies. The reverse effect has been seen, to a lesser extent, in the nuclear pipes sector, where maintenance and multi-year service contracts were booked in 2020.

In this context, order intake in 2021 was €208 million, up €33 million from 2020 (€175 million).

2. FINANCIAL PERFORMANCE

2.1. Accounting principles and comparability elements

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

The retrospective effect of the elements described in note 3.2 "Year-on-year comparability" in the notes to the consolidated financial statements (€46k on profit from recurring operations and €72k on net profit) on the 2020 fiscal year was not restated in the figures below. The presented 2020 figures correspond to those published in the consolidated financial statements for the 2020 fiscal year, and not the restated comparison presented in the consolidated financial statements for the 2021 fiscal year.

The consolidation scope is comparable to the previous fiscal year.

The foreign exchange effect was unfavorable for order intake (-€16 million), sales (-€16 million) and EBITDA (-€1.2 million), primarily due to depreciation in the average dollar and yen rates against the euro between 2020 and 2021.

However it was favorable for the closing order book (+€45 million) and the net financial result (+€14 million), due to the appreciation in closing rates for most of the Group's functional currencies against the euro between December 31, 2020 and December 31, 2021.

Grants and temporary support measures (partial unemployment, social security waivers, etc.) put in place by governments due to the pandemic benefited the Group to the tune of €14 million (cost savings and proceeds from compensation) in 2021, compared to €35 million in 2020. These savings are recorded at €6 million in gross profit (€25 million in 2020), €1 million in general expenses (€6 million in 2020) and €7 million in other operating income and expenses (€4 million in 2020).

2.4. Group Results in 2021

Sales

Sales for 2021 amounted to €1.724 billion, up €114 million on 2020 (€1.61 billion), despite the unfavorable foreign exchange effect (-€16 million). This increase (+8% at a constant exchange rate) is linked to the Smart Automation Solutions division, and transversal activities to a lesser extent. Sales from the High Precision Machines and Process Technologies divisions fell, due to lower opening order book numbers.

Compared to 2019 (€1.999 billion), 2021 sales were 14% lower (€275 million), due to:

- Lower opening order book numbers (-€172 million), affected by the low order intake of 2020, due to the pandemic;
- An unfavorable foreign exchange effect (-€30 million);
- A slowdown in the progress of projects under execution, due to travel restrictions and limited access to some client sites in the first half of the year, and longer supply times (particularly for electronics components) in the second half of the year.

Gross margin

The 2021 gross margin rate was 19.3%, up 0.7 points compared to 2020 (18.6%). Gross margin included €6 million for temporary support measures put in place by governments due to the pandemic, compared to €25 million in 2020.

Despite the increased costs of raw materials and logistics, on the one hand, and operational disruption linked to travel restrictions in many countries on the other, project execution performance allowed the Group to achieve a gross margin in line with pre-Covid levels (19.3% in 2019).

General expenses

General expenses were €270 million in 2021, up €11 million compared to 2020. Excluding the favorable foreign exchange effect (€3 million) and proceeds from support measures put in place by governments due to the pandemic (€1 million in 2021, vs. €6 million in 2020), the €9 million increase is mainly due to the Smart Automation Solutions division, whose sales increased strongly.

Compared to 2019 (€302 million), general expenses fell €32 million (i.e., over 10%), due to:

- Structural savings (around €20 million) made in the High Precision Machines and Process Technologies divisions;
- The reduction in travel and hospitality expenses (€14 million), only a portion of which will need to be reinstated after the pandemic, with new digital working methods having demonstrated their effectiveness.

The favorable foreign exchange effect (€5 million) and proceeds from support measures put in place by governments due to the pandemic (€1 million) helped offset the majority of increased general expenses in the Smart Automation Solutions division.

Gross R&D expenses were €28 million in 2021. The Group's innovation programs support major current technological developments in hydrogen, industry decarbonation, e-mobility, urban logistics, digitalization and cybersecurity.

Other operating income and expenses

Other operating income and expenses, including employee profit-sharing and bonus schemes, totaled -€3 million in 2021, up €2 million compared to 2020, mainly due to a higher operating subsidy linked to support measures put in place due to the pandemic.

Compared to 2019 (-€12 million), the increase of €9 million is due to this subsidy (€7 million), plus downward revisions of impacts linked to the share-based compensation plan (€4 million), with both effects partially offset by various other elements (whose net impact is -€2 million).

EBITDA

Group EBITDA was €104 million in 2021, up €23 million compared to 2020, despite an unfavorable foreign exchange effect (-€1 million), a 30% increase at a constant exchange rate.

This is 6.0% of sales, one point above 2020, and at the same rate as in 2019, despite sales which are €275 million lower.

Profit from recurring operations (EBIT)

The Group's profit from recurring operations was €48 million in 2021, up €25 million on 2020 (€23 million) and €8 million below 2019 (€56 million).

Non-recurring operating profit

Non-recurring operating profit was €27 million in 2021, compared to a net expense of €8 million in 2020 and €18 million in 2019. It includes:

- A restructuring expense of €6 million, linked to the last cost reduction measures, following the plans initiated in 2019 (expense of €18 million) and continued in 2020 (expense of €8 million);
- Net proceeds of €33 million, from equity transactions between AddUp and its shareholders (Fives and Michelin) at the end of 2021, including Fives' contribution of 3D metal activities from the High Precision Machines division. As a reminder, AddUp's contribution to the Group's result is recorded under share of profit (loss) of associates (loss of €21 million in 2021).

Operating profit

The operating profit for 2021 was €76 million, up €61 million compared to 2020 (€15 million) and €38 million compared to 2019 (€38 million).

Net financial result

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

It was at a loss of €7 million in 2021, compared to a loss of €38 million in 2020.

	2019	2020	2021
Cost of net financial debt	(11,0)	(16,0)	(19,7)
Other financial items	0	(22,3)	12,9
- of which foreign exchange gains or losses	*1,7*	*(21,2)*	*14*
- of which others	*(1,7)*	*(1,1)*	*(1,1)*
Net financial result	**(11,0)**	**(38,3)**	**(6,8)**

The cost of net financial debt totaled €20 million, up €4 million on the previous year (€16 million), mostly due to the state-guaranteed loans recorded in the second semester of 2020.

The foreign exchange result was a gain of €14 million (compared to a loss of €21 million in 2020). This mainly came from the effects of changes in euro-dollar parities on the unhedged balance (due to long maturity) of dollar loans made by Fives to its American subsidiaries. Because of the dollar's significant appreciation against the euro between the close of 2020 (€1 = $1.23) and the close of 2021 (€1 = $1.13), an unrealized foreign exchange gain of €12 million was recorded in 2021.

As a reminder, due to the euro's appreciation against the Group's main functional currencies between the close of 2019 and the close of 2020, a foreign exchange loss, mostly unrealized, had been recorded in 2020 (including -€17 million on intra-group loans in dollars).

SUMMARY OF CONSOLIDATED FIGURES

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

SALES BY ACTIVITY

€ millions	2019	2020	2021
Smart Automation Solutions	582.7	542.1	688.5
High Precision Machines	414.1	288.2	249.5
Process Technologies	859.5	636.5	623.3
Transversal activities and other activities	142.6	143.4	162.6
Total	**1,998.9**	**1,610.2**	**1,723.9**

SALES BY GEOGRAPHICAL AREA

€ millions	2019	2020	2021
Americas	585.9	450.1	585.1
Asia and Oceania	447.8	390.9	360.1
Europe	797.4	643.9	689.2
The Middle East & Africa	167.8	125.3	89.5
Total	**1,998.9**	**1,610.2**	**1,723.9**
Contribution from mature economies	64%	70%	72%
Contribution from emerging countries	36%	30%	28%
Of which China	*9%*	*11%*	*10%*
Of which Others	*27%*	*19%*	*18%*

Group activity

Compared to 2019 (loss of €11 million), the net financial result for the 2021 fiscal year improved by €4 million, with the foreign exchange gain partially offset by the increase in the cost of net financial debt linked to the state-guaranteed loans put in place in 2020.

Income tax

The income tax expense for 2021 totaled €30 million, up €6 million on 2020 (-€24 million), due to the increase in profit from recurring operations. Note that equity transactions with AddUp were tax-free.

The income tax expense was €4 million higher compared to 2019, despite a lower operating profit, notably due to tax recorded on the foreign exchange gain in 2021.

Share of profit (loss) of associates

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

This extremely promising breakthrough technology is being adopted gradually, as it significantly disrupts established production methods. In this context, and with continued development efforts, AddUp's contribution to the Group's net result was a loss of €21 million, compared to losses of €27 million in 2020 and €24 million in 2019.

Net profit (loss)

Net consolidated result was a profit of €17 million in 2021, compared to a loss of €75 million in 2020 and €23 million in 2019.

3. FIVES GROUP PROSPECTS IN 2022

The closing order book in 2021 was €1.582 billion, an all-time high figure for the Group. It is up €210 million (including a favorable foreign exchange effect of €45 million) compared to 2020 (€1.372 billion), and €38 million compared to the previous record at the end of 2018 (€1.544 billion).

This order book offers all divisions excellent insight into their activity levels and workloads for the coming year, despite progress on orders under execution still expected to be affected by longer supply times linked to shortages of components and raw materials. The Group is thus confident about its ability to deliver results in line with pre-pandemic expectations from 2022 onwards.

The start of the war in Ukraine in February 2022 - a humanitarian crisis - has also caused major worldwide diplomatic and economic disruption. In line with its values, Fives does business with the greatest respect for people, clients and suppliers who might be impacted. The Group's direct exposure to Ukraine and Russia is low (2% of order book as of December 31, 2021), from export contracts mainly from certain European subsidiaries, which are being reviewed on a case-by-case basis in view of applicable laws and regulations.

While the war has not currently undermined the Group's prospects for 2022, it is still too early to ascertain all the indirect consequences in the medium term, notably the effect on global supply chains, themselves affected by the new COVID-19 outbreak in China.

In the long-term, Fives remains particularly well positioned to address underlying market trends in place for several years, whose momentum has been boosted by the pandemic:

- The increase in quantities of goods to be transported due to the extensive transformation of consumption and consumer shopping habits. This requires optimized flow management tailored to a diverse range of situations, and also increased facility automation in view of work drudgery and the risk of labor shortages. The offer developed by the Smart Automation Solutions division meets these requirements.
- Traditional benchmarks in terms of international trade have been significantly disrupted by travel restrictions and growing transport and supply difficulties, on top of the constraints imposed by different governments on customs duties. The major shortage of key components and dependency factors made clear in the wake of the war in Ukraine push national sovereignty issues to the forefront in industrial segments considered strategic, several of which are served by the High Precision Machines division.
- Industrial group awareness of climate issues and the need to reduce their carbon footprint, deepened by increasingly strict prospects in terms of regulations and finance, highlight the offer portfolio of the Process Technologies division, whose environmental and energy performance have been central to the Group's innovation strategy for over a decade.

ORDER BOOK BY ACTIVITY

€ millions	31.12.19	31.12.20	31.12.21
Order book at Dec. 31	1,402.1	1,372.2	1,582.4
Smart Automation Solutions	504.7	624.5	642.6
High Precision Machines	190.3	166.7	216.8
Process Technologies	611.9	454.4	550.2
Transversal activities and other activities	95.2	126.6	172.8
Total	**1,402.1**	**1,372.2**	**1,582.4**

ORDER BOOK BY GEOGRAPHICAL AREA

€ millions	31.12.19	31.12.20	31.12.21
Americas	275.7	365.1	505.0
Asia and Oceania	387.3	310.4	354.3
Europe	618.4	596.1	627.1
The Middle East & Africa	120.7	100.6	96.0
Total	**1,402.1**	**1,372.2**	**1,582.4**
Contribution from mature economies	62%	67%	68%
Contribution from emerging countries	38%	33%	32%
Of which China	*13%*	*12%*	*12%*
Of which Others	*25%*	*21%*	*20%*

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 on these issues, indicators have been developed to steer and monitor the Group's performance levels in the social, environmental, innovation fields. The reporting system in place makes it possible to measure the progress of the actions carried out within the Group and to report on changes on a regular basis.

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

SOCIAL INDICATORS

	2019	2020	2021	The Americas	France	Europe excl. France	Asia and Africa(*)
Employees	8,427	8,047	**8,175**	1,635	4,108	1,329	1,103
Workforce at year-end from acquisitions completed/ inputs in the year	0	0	**153**	0	153	0	0
Workforce at year-end of companies entering the consolidated scope	0	0	**10**	10	0	0	0
Number of new hires (all types of contracts)	950	877	**1,099[1]**	414	388	166	126
Workforce by gender							
Percentage of men	84%	84%	**84%**	84%	84%	84%	80%
Percentage of women	16%	16%	**16%**	16%	16%	16%	20%
Share of women in management - total	**17%**	**18%**	**18%[1]**				
Share of women among CEOs	3%	3%	**5%**				
Share of women on Management Committees	15%	20%	**18%**				
Share of women managers who report directly to a Management Committee member	18%	18%	**21%**				
Number of nationalities	65	79	**69**				
Employees by category							
Under 20	0%	0%	**0%**	0%	0%	0%	0%
From 20 to 29	12%	13%	**12%**	13%	12%	12%	10%
From 30 to 39	28%	28%	**27%**	22%	26%	23%	41%
From 40 to 49	26%	26%	**27%**	20%	28%	27%	31%
From 50 to 59	25%	25%	**25%**	25%	27%	29%	14%
60 and more	9%	7%	**9%**	19%	6%	8%	3%
Employees by length of service							
Under 5 years	42%	43%	**46%**	50%	44%	44%	48%
5 to 10 years	19%	16%	**22%**	18%	22%	20%	27%
11 to 15 years	12%	14%	**11%**	6%	12%	11%	14%
16 to 20 years	7%	8%	**6%**	4%	7%	4%	4%
21 to 25 years	6%	5%	**6%**	4%	6%	8%	3%
26 to 30 years	5%	5%	**3%**	4%	3%	4%	2%
31 to 35 years	4%	4%	**4%**	6%	4%	5%	1%
36 to 40 years	3%	3%	**2%**	2%	2%	2%	1%
41 years and more	2%	2%	**2%**	5%	0%	1%	0%

* Including the Middle East and Australia.

[1] Workforce at year-end from acquisitions completed/ inputs in the year.

	2019	2020	2021
Employees by region			
Americas	21%	19%	**20%**
France	50%	51%	**50%**
Europe (excluding France)	15%	16%	**16%**
Asia and Africa (including the Middle East and Australia)	14%	14%	**13%**
Employees by activity			
Smart Automation Solutions	18%	20%	**24%**
High Precision Machines	21%	22%	**17%**
Process Technologies	41%	40%	**37%**
Holding	2%	2%	**2%**
Others	18%	17%	**19%**
Skills and mobility management			
% of employees reviewed by the CEDRE[2] career management committee	67%	55%	**68%[1]**
% of employees receiving regular appraisal interview	76%	71%	**74%[1]**
% of employees having attended at least one training course	70%	63%	**72%[1]**
Number of employees shared between the companies[3]	154	228	**155[1]**
Number of people who underwent a starter interview[4]	559	468	**610[1]**

[1] Workforce at year-end from acquisitions completed/ inputs in the year.

[2] CEDRE: Career management committee (Human resources evaluation and development committee).

[3] Only French perimeter.

[4] Starter interviews: Assimilation reports completed 6 to 18 months after new hires arrive.

However, the proportion of women in the Group has been stable for many years, with slightly more than 16% of employees being women. In 2021, the number of female recruits has increased compared to the two previous years: 18% of new recruits (all contracts included) are women, an increase of 2 points compared to 2020 and 1 point compared to 2019. For permanent hires, women will account for 17% of new employees in 2021, up 3 points from 2020 (+2 points from 2019).

The Women@Fives program, launched in early 2021, has three objectives:

- Strengthen the development of women's careers and help female employees move into positions of responsibility within the Group's organizations.
- Promote their careers and skills by giving them a voice.
- Attract and recruit other female profiles by relying on this network of ambassadors.

The Women@Fives dynamic is well underway at Fives. The program has taken different forms in each part of the world: the formalization of a women's network in the United States, the development of mentoring in China, and the promotion of Fives' businesses to middle and high school girls and students in Italy and France.

Non-financial indicators

INNOVATION INDICATORS

	2019	2020	2021
R&D expenditure in millions of Euros	33.6	28.8	**28.3**
Breakdown of R&D expenditure			
Costs of patents and trademarks	8%	9%	**6%**
Standard design and formalization of know-how	7%	8%	**6%**
Continuous improvement of products and processes	25%	28%	**27%**
Development of new products and processes	46%	40%	**42%**
Research and radical innovation activities	14%	16%	**19%**
Patents and trademarks			
Number of patents and patents applications in force	1,952	2,016	**2,116**
Number of patent families in force	609	612	**627**
Number of first patents applications (new patented inventions)	46	50	**46**
Number of first patents applications relating to equipment energy and environmental performance	8	11	**12**
% of these patents relating to equipment energy and environmental performance	17%	22%	**26%**
Number of "product" trademarks registered or being registered	137	139	**141**
Number of R&D and test centers			
Number of research and test centers[1] *France: 13, Americas: 8, Europe (excl. France): 7, Asia: 3*	30	31	**31**

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

Despite the impact of the health crisis on the Group's results, the Research & Development effort remained significant in 2021.

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

R&D activities aim to strengthen Fives' skills to support the technological changes underway:
– Hydrogen and decarbonization of industry
– Electro-mobility
– Digitalization and cybersecurity
– Urban logistics.

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

Corporate Social Responsibility (CSR) reporting covered all sites with an average workforce of 10 or more in 2021, as well as all sites with an industrial activity.

CSR CROSS-SECTIONAL INDICATORS

	2019	2020	2021	The Americas	France	Europe excl. France	Asia and Africa (*)
Number of subsidiaries included in the scope of the CSR report	74	74	**73**	20	19	15	19
Subsidiaries acquired in n-1 that entered the CSR scope in n	0	0	**0**	0	0	0	0
Subsidiaries integrated into the CSR scope	2	0	**0**	0	0	0	0
Total number of sites	108	108	**104**	22	38	20	24
Industrial sites	43	44	**44**	12	17	8	7
Offices	31	31	**29**	5	10	6	8
Combined sites, test centers and regional facilities	34	33	**31**	5	11	6	9
Quality management system							
Number of sites with ISO 9001 certification	74	77	**71**	12	29	16	14
Number of sites with pending ISO 9001 certification	2	1	**3**	2	0	0	1

(*) Including the Middle East and Australia

The decrease in the number of sites is due to the reorganization of one of our activities in France. Moreover, two sites were unable to renew their ISO 9001 certification in 2021, in the context of the pandemic.

HEALTH & SAFETY INDICATORS

	2019	2020	2021
Number of industrial sites	43	44	44
Number of sites with safety certification*	29	33	32
Number of sites engaged in safety certification	1	2	3
Percentage of industrial sites with safety certification	33%	39%	39%
Percentage of subsidiaries with a written and distributed Health & Safety Policy	88%	88%	82%
Number of FTE[1] Health and Safety in the Group	71,4	68,8	67
Number of severe accidents**	3	3	2
Number of which were fatal	1	0(2[2])	0
Number of lost-time accidents (≥ 1 day)	54	37	41
Lost-time accident frequency rate (Number of lost-time accidents (≥ 1 day) x 1,000,000 / Number of hours worked)	3.39	2.65	2.92
Severity rate (Number of lost-time accidents (≥ 1 day) x 1,000 / Number of hours worked)	0.200	0.100	0.100

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

In 2021, the Group continued to be very active to ensure the health and safety of all employees, as part of its business continuity in the context of the COVID-19 crisis.

The lost-time accident frequency rate increased slightly from 2.65 to 2.92. However, it remains lower than the 2019 frequency rate, the year before the health crisis.

In 2022, the Group will continue to implement all the actions carried out with each of the subsidiaries to prevent risks and continue to enhance the safety culture of the teams.

ENVIRONMENTAL INDICATORS

	2019	2020	2021	The Americas	France	Europe excl. France	Asia and Africa (*)
Number of sites with ISO 14001 certification (all types of sites)	47	50	48	12	18	11	7
ISO 14001 certification for industrial sites							
Number of industrial sites	43	44	44	12	17	8	7
Number of industrial sites with ISO 14001 certification	34	35	34	9	13	8	4
Number of sites with ISO 14001 certification in progress	3	2	3	1	1	0	1
% of industrial sites with ISO 14001 certification	79%	80%	77%	75%	76%	100%	57%
ISO 14001 certification for other types of sites (offices, combined sites, test centers, regional facilities)							
Number of non-industrial sites with ISO 14001 certification	13	15	14	3	5	3	3
% of non-industrial sites certified	20%	23%	23%	30%	24%	21%	18%
Environmental management system							
% of sites that have written and distributed an Environment policy	67%	68%	67%	64%	63%	85%	58%
Number of FTE** Environment staff in the Group	25.2	22.4	24	6	9	5	4
Energy consumption in GWh							
Electricity consumption in GWh	63.8	61.5	63.2	25	21	7.2	10
Natural gas and heating oil consumption in GWh	62.7	56.4	58.8	27	20	10.5	1.3
Total energy consumption in GWh	126.4	117.9	122	52	41	17.7	11.3
Energy consumption in €							
Electricity consumption in €	6,625	6,156	6,381	2,104	2,162	867	1,248
Natural gas and heating oil consumption in €	1,970	1,746	2,075	461	879	670	65
Total energy consumption in €	8,595	7,901	8,456	2,565	3,041	1,537	1,313
Total Energy consumption kWh per hour worked (employees + temporary workers)	7.9	8.4	8.2	15.3	6.2	7.4	4.7
Greenhouse gas emissions (Scope 1 & 2)							
Scope 1 (tons of CO_2 eq.)	16,248	14,367	16,096				
Scope 2 (tons of CO_2 eq.)	18,272	18,926	18,907				
Scope 1 & 2 (tons of CO_2 eq.)	34,520	33,293	35,003				
Water consumption							
Water consumption (industrial sites) in m^3	99,204	86,420	97,038	22,316	21,202	15,878	37,642
Water consumption (industrial sites) in €	300	246	212	104	44	41	23
Total water consumption in liter per hour worked (employees + temporary workers)	7.7	7.7	7.6	7.3	4.3	8.3	16.6

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

In the context of the pandemic, two sites were not able to renew their ISO 14001 certification in 2021 (including one industrial site, for which certification was rescheduled for 2022).

Water and energy consumption per hour worked remained broadly stable between 2019 and 2021.

We are now able to report our greenhouse gas emissions, on scope 1 (consumption of natural gas, domestic fuel oil, heavy fuel oil and fuel) and scope 2 (electricity consumption).

The Group has the ambition to define a climate strategy by bringing together the various existing initiatives in its subsidiaries and by working on the definition of mid-term and long-term objectives and action plans.

Corporate governance

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, 62 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 so wishes, 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, 73 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, 39 years old, member of the Supervisory Committee.
Appointed on January 23, 2020, his term of office will expire at the end of the General Meeting called to approve the 2022 financial statements.

François Dufresne, 61 years old, member of the Supervisory Committee.
Reappointed on April 07, 2021, his term of office will expire at the end of the General Meeting called to approve the 2023 financial statements.

Dominique Gaillard, 62 years old, member of the Supervisory Committee.
Reappointed on April 07, 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, 50 years old, member of the Supervisory Committee.
Reappointed on April 07, 2021, her term of office will expire at the end of the General Meeting called to approve the 2023 financial statements.

Antonio Marcegaglia, 58 years old, member of the Supervisory Committee.
Reappointed on April 07, 2021, his term of office will expire at the end of the General Meeting called to approve the 2023 financial statements.

Jean-Georges Malcor, 65 years old, member of the Supervisory Committee.
Reappointed on April 07, 2021, his term of office will expire at the end of the General Meeting called to approve the 2023 financial statements.

Laurence Parisot, 63 years old, member of the Supervisory Committee.
Reappointed on April 07, 2021, her term of office will expire at the end of the General Meeting called to approve the 2023 financial statements.

Jean-Dominique Senard, 69 years old, member of the Supervisory Committee.
Appointed on Friday, May 24, 2019, his term of office will expire at the end of the General Meeting called to approve the 2021 financial statements.

Stéphane Guichard, 44 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, 62 years old, Chairman & Chief Executive Officer
Denis Mercier, 62 years old, Deputy General Manager of Fives
Suresh Abye, 43 years old, Finance Director
Raphaël Constantin, 52 years old, Deputy General Manager, President of the High Precision Machines Division
Alain Cordonnier, 61 years old, Deputy General Manager, President of the Cement & Minerals Division
Sébastien Gauguier, 46 years old, President of the Aluminium Division
Guillaume Mehlman, 57 years old, Deputy General Manager, President of the Steel & Glass Division
Céline Morcrette, 43 years old, Human Resources Director
Luigi Russo, 48 years old, Deputy General Manager, President of the Smart Automation Solutions Division
Michelle Shan, 56 years old, Country Director - China
Frédéric Thrum, 50 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, 62 years old, Chairman & Chief Executive Officer
Denis Mercier, 62 years old, Deputy General Manager of Fives
Suresh Abye, 43 years old, Finance Director
Raphaël Constantin, 52 years old, Deputy General Manager, President of the High Precision Machines Division
Alain Cordonnier, 61 years old, Deputy General Manager, President of the Cement & Minerals Division
Sébastien Gauguier, 46 years old, President of the Aluminium Division
Guillaume Mehlman, 57 years old, Deputy General Manager, President of the Steel & Glass Division
Céline Morcrette, 43 years old, Human Resources Director
Luigi Russo, 48 years old, Deputy General Manager, President of the Smart Automation Solutions Division
Michelle Shan, 56 years old, Country Director, China
Frédéric Thrum, 50 years old, Deputy General Manager, President of the Energy Division

And the following people:
Hervé Boillot, 52 years old, Mergers & Acquisitions, Strategy Director
Daniel Brunelli-Brondex, 61 years old, Country Director, India
Jean-Marie Caroff, 60 years old, International Development Director
Arnaud Lecœur, 51 years old, General Counsel
Frédéric Renaud, 69 years old, Country Director, Italy
Thierry Valot, 54 years old, Innovation and Digital Director

Corporate governance

THE COUNTRY COORDINATION AND STEERING COMMITTEES

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

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

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

They meet three or four times a year.

THE COUNTRY DIRECTOR

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

THE AUDIT COMMITTEE

This committee was created by the Supervisory Committee.

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

It meets at least four times a year.

Composition of the Audit Committee

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

INTERNAL CONTROL

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

Concerning the prevention and management of risks, the Group's organization is based on:
- the quality, personal involvement and accountability of management teams at each Group company;
- 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:
- 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 Pierre Jouanne, reappointed on June 28, 2018.
- **Deloitte & Associés**, represented by Pascal Colin, reappointed on June 28, 2018.

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

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

Financial and legal information

FINANCIAL AND LEGAL INFORMATION

FINANCIAL INFORMATION

Share capital

On December 31, 2021, 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 2021 the share capital was not subject to any changes.

Share ownership

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

Stock options and allocation of bonus shares

The company had not put in place any stock option plans or allocation of bonus shares as at December 31, 2021.

Dividends / Distribution of reserves

No dividends were paid in 2019, 2020 and 2021.

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, æronautics, 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, forms 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 statement approval process.

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

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

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

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

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

Legal documents

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

SOMMAIRE COMPTES CONSOLIDÉS

Consolidated financial statements at December 31, 2021

CONSOLIDATED INCOME STATEMENT

In thousands of euros	Notes	2021	2020*
Sales	5.2.	**1,723,916**	**1,610,235**
Cost of sales		(1,391,256)	(1,310,237)
Gross profit		**332,660**	**299,998**
Selling expenses		(96,567)	(91,346)
Administrative expenses		(154,052)	(146,617)
Research and development expenses	5.4.	(19,766)	(20,656)
Employee profit sharing and bonus schemes		(2,807)	(4,112)
Other operating income and expenses	5.5.	(36)	(1,011)
Amortization of intangible assets related to acquisitions	5.6.	(11,034)	(13,572)
Profit from recurring operations		**48,398**	**22,684**
Restructuring costs	5.7.	(6,313)	(8,343)
Impairment of fixed assets		(41)	431
Gain (loss) on disposals and acquisition costs	5.8.	33,673	(24)
Operating profit		**75,717**	**14,748**
Cost of net financial debt	5.9.	(19,741)	(15,996)
Other financial income and expense	5.9.	12,952	(22,236)
Net financial income (expense)		**(6,789)**	**(38,232)**
Profit (loss) before income tax		**68,928**	**(23,484)**
Income tax expense	5.10.	(29,989)	(24,363)
Share of profit (loss) of associates	5.11.	(21,462)	(26,856)
Profit (loss) for the year		**17,477**	**(74,703)**
Attributable to owners of the Group		17,262	(75,041)
Attributable to non-controlling interests		215	338

*Comparative data modified in accordance with the amendment to IAS 19 (See note 3.2)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros	Notes	2021	2020*
Profit (loss) for the year		**17,477**	**(74,703)**
Foreign currency translation differences		12,445	(9,704)
TOTAL Items subsequently recycled through profit and loss		**12,445**	**(9,704)**
Actuarial gains (losses)	5.23.	10,257	(3,044)
Deferred tax on actuarial gains and losses		(1,748)	648
Net change in fair value of financial assets		(976)	(105)
Deferred tax on net change in fair value of financial assets		501	14
TOTAL Items that may not be recycled through profit and loss		**8,034**	**(2,487)**
TOTAL Comprehensive income		**37,956**	**(86,894)**
Attributable to:			
- Owners of the Group		37,613	(87,195)
- Non-controlling interests		343	301

*Comparative data modified in accordance with the amendment to IAS 19 (See note 3.2)

CONSOLIDATED BALANCE SHEET

ASSETS

In thousands of euros	Notes	Dec. 31, 2021	Dec. 31, 2020*
Goodwill	5.12.	253,035	237,408
Intangible assets	5.13.	51,814	58,506
Property, plant and equipment	5.14.	207,030	200,978
Non-current financial assets	5.15.	50,701	30,344
Deferred tax assets	5.10.	30,424	34,426
Non-current assets		**593,004**	**561,662**
Inventories and work in progress	5.15.	158,804	149,647
Contract assets	5.17.	226,200	222,351
Trade receivables	5.18.	420,450	376,507
Other current assets	5.19.	106,952	102,316
Current financial assets	5.15.	58,958	31,833
Current tax assets		6,470	5,828
Cash and cash equivalents	5.20.	238,593	300,220
Current Assets		**1,216,427**	**1,188,702**
Total Assets		**1,809,431**	**1,750,363**

*Comparative data modified in accordance with the amendment to IAS 19 (See note 3.2)

SHAREHOLDERS' EQUITY AND LIABILITIES

In thousands of euros	Notes	Dec. 31, 2021	Dec. 31, 2020*
Share capital		102,724	102,724
Share premium and reserves		206,360	274,039
Foreign currency translation reserve		27,145	14,544
Profit (loss) attributable to owners of the Group		17,262	(75,041)
Shareholders' equity attributable to owners of the Group		**353,491**	**316,266**
Non-controlling interests		2,128	1,215
Shareholders' equity	5.22.	**355,619**	**317,481**
Non-current provisions	5.23.	53,643	66,425
Non-current financial debt	5.24.	283,776	335,991
Other non-current liabilities	5.25.	17,578	19,929
Deferred tax liabilities	5.10.	4,176	4,717
Non-current liabilities		**359,173**	**427,062**
Current provisions	5.23.	79,596	70,030
Current financial debt	5.24.	111,560	145,861
Contract liabilities	5.17.	304,838	230,812
Trade and related payables		417,209	395,984
Current tax liabilities		10,190	10,847
Other current liabilities	5.25.	171,245	152,287
Current liabilities		**1,094,639**	**1,005,821**
Total Shareholders' equity and liabilities		**1,809,431**	**1,750,363**

*Comparative data modified in accordance with the amendment to IAS 19 (See note 3.2)

Consolidated financial statements at December 31, 2021

CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros	Notes	2021	2020*
Cash and cash equivalents at January 1		**299,545**	**109,268**
Operating activities			
Profit (loss) for the year		17,477	**(74,703)**
Adjustments for:			
Change in non-current provisions		(5,830)	(3,248)
Amortization, depreciation and impairment		55,074	57,885
Net loss (gain) on disposals of assets and acquisition costs		(33,744)	(3,897)
Profit of equity-accounted associates		21,462	26,856
Other non-cash income and expense items		(6,136)	14,086
Income tax expense		29,989	24,363
Cost of net financial debt		19,741	15,996
Operating cash flow before change in working capital and income tax		98,033	57,337
Change in working capital	5.21.	56,504	(30,991)
Income tax paid		(25,914)	(26,093)
Net cash provided by operating activities		**128,623**	**253**
Investing activities			
Acquisitions of property, plant and equipment and intangible assets		(28,865)	(23,813)
Disposals of property, plant and equipment and intangible assets		2,998	5,907
Change in financial assets		(39,273)	(29,608)
Acquisitions of Subsidiaries after deduction of acquired cash		(751)	(946)
Net cash used in investing activities		**(65,891)**	**(48,460)**
Financing activities			
Dividends paid to owners of non-controlling interests		(65)	(289)
Net increase (decrease) in borrowings		(117,817)	247,522
Net interest paid		(12,436)	(10,164)
Net interest received		1,983	1,267
Net cash provided by / (used in) financing activities		**(128,335)**	**238,336**
Effect of exchange rate fluctuations		3,833	148
Net increase (decrease) in cash and cash equivalents		**(61,770)**	**190,277**
Cash and cash equivalents at December 31	5.21.	**237,775**	**299,545**

*Comparative data modified in accordance with the amendment to IAS 19 (See note 3.2)

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, 2020	**102,724**	**292,644**	**(20,124)**	**24,236**	**1,108**	**400,588**	**1,705**	**402,293**
Effect of amendment to IAS 2019		2,275				2,275	13	2,288
Shareholders' equity at January 1, 2020 - adjusted	**102,724**	**294,919**	**(20,124)**	**24,236**	**1,108**	**402,863**	**1,718**	**404,581**
Profit (loss) for the year		(75,041)				**(75,041)**	338	**(74,703)**
Other comprehensive income			(2,370)	(9,692)	(92)	**(12,154)**	(37)	**(12,191)**
Profit (loss) and other comprehensive income		**(75,041)**	**(2,370)**	**(9,692)**	**(92)**	**(87,195)**	**301**	**(86,894)**
Dividends paid							(289)	**(289)**
Share-based payment		903				**903**		**903**
Change in consolidation scope and other changes		(305)				**(305)**	(515)	**(820)**
Shareholders' equity at December 31, 2020	**102,724**	**220,476**	**(22,494)**	**14,544**	**1,016**	**316,266**	**1,215**	**317,481**

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

Consolidated financial statements at December 31, 2021

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 25, 2022. They will be final when approved by the shareholders at their General Meeting on April 6, 2022.

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, 2021 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, 2021. 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, 2021:
- Interest Rate Benchmark Reform - Phase 2 Amendments to IFRS 9 and IFRS 7 with the replacement of the interest rate benchmark (IBOR);
- Amendment to IFRS 16 COVID-19-Related Rent Concessions beyond 30 June 2021, adopted by the IASB in March 2021 and approved by the European Union in August 2021, extending the application period until June 30, 2022;
- The IFRIC's interpretation of IAS 38 on accounting for Configuration or Customization costs in a Cloud Computing or "Software as a Service (SaaS)" arrangement, which specifies the criteria for recognizing the costs as intangible assets or as an expense. These amendments and interpretations have no impact for the Group.
- The IFRIC's interpretation of IAS 19 issued in May 2021 on Attributing Benefit to Periods of Service. The interpretation called into question the method widely used by market players to attribute the obligation for defined benefit plans where the amount of the retirement benefit to which an employee is entitled is capped at a specified number of consecutive years of service.

The interpretation has an impact on the measurement of retirement benefits for the Group's French entities, where the benefits are capped at a specified number of consecutive years of service.
See note 2.24 on implementation and note 3.2 on the effect on the financial statements.

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, 2021:
- Updated References to the Conceptual Framework of IFRS;
- Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract;
- Amendments to IAS 1 - Presentation of Financial Statements - Classification of Liabilities as Current or Non-current;
- Amendments to IAS 16 - Property, plant and equipment - Proceeds before Intended Use;
- Amendments to IFRS 3 - Business Combinations - References to the Conceptual Framework;
- Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates;
- Annual improvements to IFRS: 2018-2020.

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:
http://data.europa.eu/eli/reg/2008/1126/2018-01-01

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 2021, as few development projects under way met all the conditions, the related development costs capitalized in the reporting period were not material.

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

2.11. Intangible assets

Separately acquired intangible assets are recognized at their acquisition cost.

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

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

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

2.12. Property, plant and equipment

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

The useful lives are generally the following:
- Main structure of buildings (shell and brickwork), depending on the type of construction: 30 to 50 years;
- Façades, roofing and secondary construction: 20 to 30 years;
- Technical and general improvements: 15 to 20 years;
- Fixtures and fittings: 10 to 15 years;
- Heavy industrial equipment, depending on the type of machinery: 10 to 25 years;
- Other components and light industrial equipment, machinery and tools: 5 to 15 years.

2.13. Finance leases

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

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

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

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

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

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

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

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

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

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

The discounted future cash flows are determined on the basis of management's economic assumptions and operating forecasts in accordance with the following principles:

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

Details of the assumptions used are provided in note 5.12.

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

2.15. Financial assets (excluding derivative instruments)

Initial measurement

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

Classification and measurement at the reporting date

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

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

Loans, receivables and held-to-maturity financial assets

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

Financial assets held for trading

This category of assets includes:

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

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

Other financial assets

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

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

2.16. Financial liabilities (excluding derivative instruments)

Loans and borrowings

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

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

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

Compound financial instruments

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

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

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

Earn-out clauses

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

Commitments to purchase non-controlling interests

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

2.17. Derivative instruments

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

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

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

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

Derivative instruments eligible for hedge accounting

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

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

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

Fair value hedges

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

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

Cash flow hedges

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

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

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

Derivative instruments not eligible for hedge accounting

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

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

2.18. Order book

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

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

At December 31, 2021, 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 dœs 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 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;
  The Group has applied the IFRIC decision of May 2021, which specifies that the retirement benefit obligation should be attributed only as of the date of each period of service used to calculate the employee's benefit entitlement instead of the date the employee joins the entity. This applies to defined benefit plans where employees are entitled to a lump sum benefit payment when they reach a specified retirement age provided they are employed by the entity at that time; and the amount of the retirement benefit to which an employee is entitled depends on the length of employee service before the retirement age and is capped at a specified number of consecutive years of service.
- 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 2021 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.

Consolidated financial statements at December 31, 2021

3. YEAR-ON-YEAR COMPARABILITY

3.1. COVID-19 pandemic

The Group's financial statements for 2020 were particularly affected by the COVID-19 pandemic.

The health crisis had a more limited effect on the Group's activity and performance in 2021. The figures reported reflect the upturn in the Group's business.

3.2. Change in accounting policies: IFRIC decision regarding IAS 19 – Employee Benefits

The Group has applied IFRIC's interpretation of IAS 19 issued in May 2021 on attributing benefit to periods of service, with retroactive effect as of January 1, 2020.

Consequently, the comparative data for the year ended December 31, 2020 have been modified as follows:
- €2,955 thousand decrease in retirement obligations for the French entities recognized under "Non-current provisions - Retirement" (see note 5.23);
- €739 thousand decrease in deferred tax assets;
- €2,288 thousand net increase in "Other reserves"; including €2,275 thousand attributable to owners of the Group;
- €46 thousand increase in profit from recurring operations;
- €72 thousand increase in profit for the year.

4. CONSOLIDATION SCOPE

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

The list of companies included in the consolidation scope at December 31, 2021 is provided in note 5.32.

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

5.1. Operating segment information

The Group's operating segments are as follows:

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

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

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

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

Segment information

	2021	2020
Smart Automation Solutions	679,803	672,578
High Precision Machines	298,672	274,916
Process Technologies	702,063	489,995
Other	208,341	174,954
Total order intake	**1,888,879**	**1,612,443**
Smart Automation Solutions	642,609	624,523
High Precision Machines	216,839	166,731
Process Technologies	550,169	454,287
Other	172,800	126,615
Total order book	**1,582,417**	**1,372,156**
Smart Automation Solutions	688,471	542,079
High Precision Machines	249,481	288,151
Process Technologies	623,368	636,543
Other	162,596	143,462
Total sales	**1,723,916**	**1,610,235**
Smart Automation Solutions	37,362	27,940
High Precision Machines	(16,642)	(13,740)
Process Technologies	16,633	1,418
Other	11,045	7,066
Total profit from recurring operations	**48,398**	**22,684**
Smart Automation Solutions	49,664	38,299
High Precision Machines	(1,798)	5,044
Process Technologies	36,352	22,253
Other	19,798	15,914
EBITDA (*)	**104,016**	**81,510**

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

Dec. 31, 2020	Smart Automation Solutions	High Precision Machines	Process Technologies	Other	Total
Goodwill	24,516	101,989	110,903		237,408
Intangible assets, property, plant and equipment	46,721	72,330	96,000	44,433	259,484
Total allocated assets	**71,237**	**174,319**	**206,903**	**44,433**	**496,892**
Other assets					1,253,471
Total assets					**1,750,363**

5.2. Sales

Sales comprised the following:

	2021	2020
Revenue recognized based on the percentage-of-completion method	1,400,160	1,319,583
Revenue recognized based on the completed-contract method	323,756	290,652
Total	**1,723,916**	**1,610,235**

Sales by geographical destination

	2021	2020
Europe	689,169	643,882
Africa and Middle East	89,540	125,313
Americas	585,081	450,078
Asia and Oceania	360,126	390,962
Total	**1,723,916**	**1,610,235**

Sales by geographical origin

	2021	2020
Europe	956,692	924,446
Africa and Middle East	27,767	25,101
Americas	496,804	412,472
Asia and Oceania	242,653	248,216
Total	**1,723,916**	**1,610,235**

Information on major customers

No single Group customer accounted for more than 6% of consolidated sales in the last two reporting periods.

5.3. Personnel expenses and headcount

Personnel expenses

	2021	2020
Personnel expenses	576,594	547,666
Total headcount at reporting date	8,179	8,047

Headcount at December 31 by type of contract

	2021	2020
Permanent contracts	7,685	7,574
Fixed-term contracts	300	305
Apprenticeships and internships	194	168
Total	**8,179**	**8,047**

5.4. Research and development costs

	2021	2020
Research and development expenses, gross	(28,256)	(28,766)
Research tax credits and grants received	8,490	8,110
Total	**(19,766)**	**(20,656)**

5.5. Other operating income and expense

	2021	2020
Share-based payment transactions		
- equity-settled share-based payment transactions	(602)	(834)
- cash-settled share-based payment transactions	310	116
Other	256	(293)
Total	**(36)**	**(1,011)**

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:

	2021	2020
Included in cost of sales	(15,101)	(16,607)
Included in overheads and other operating items	(28,883)	(27,812)
Amortization of intangible assets related to acquisitions	(11,034)	(13,572)
Total	**(55,018)**	**(57,991)**

In application of IFRS 16, amortization and depreciation allowances for right-of-use assets relating to leases amounted to €15.7 million at December 31, 2021. They were included in overheads.

5.7. Restructuring costs

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

5.8. Gain or loss on disposals and acquisition costs

	2021	2020
Gain (loss) on disposals	34,097	3,276
Costs from internal disposals		(3,092)
Acquisition costs	(424)	(208)
Total	**33,673**	**(24)**

Capital transactions between AddUp and its partners at the end of 2021, including the contribution of our High Precision Machines division's 3D Metal business to AddUp, accounted for €34 million of the amount recognized under "Gain (loss) on disposals" for 2021.

5.9. Net financial income and expense

Cost of net financial debt

	2021	2020
Financial expenses relating to:		
- bank loans	(17,496)	(13,175)
- lease liabilities	(3,435)	(2,942)
Other interest expense	(328)	(799)
Deferred transaction costs	(436)	(322)
Interest and related expenses	**(21,695)**	**(17,238)**
Financial income from marketable securities	1,127	438
Other interest	826	804
Interest and related income	**1,954**	**1,242**
Total	**(19,741)**	**(15,996)**

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

Other financial income and expense

	2021	2020
Income from associates	180	134
Foreign exchange gains (losses)	14,022	(21,247)
- Foreign exchange gains (losses)	*14,786*	*(20,319)*
- Impact of forward points on changes in fair value of foreign exchange derivatives	*(764)*	*(928)*
Expenses for retirement and related benefits	(514)	(824)
Net financial provisions	(174)	12
Other financial items	(562)	(311)
Total	**12,952**	**(22,236)**

The Group's net financial income and expense includes unrealized foreign exchange gains of €11.1 million, mainly arising from changes in EUR/USD parities on the unhedged balance (because of their long maturity) of intercompany loans in US dollars granted by Fives to its American Subsidiaries.

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

5.10. Current and deferred tax

Analysis of income tax expense

	2021	2020
French value-added business tax (CVAE) and Italian production tax (IRAP)	(3,150)	(4,408)
Current tax	(23,616)	(18,738)
Subtotal current tax	**(26,766)**	**(23,146)**
Deferred tax	(3,223)	(1,217)
Total	**(29,989)**	**(24,363)**

Effective tax rate

	2021	2020
Profit before income tax	**68,928**	**(23,484)**
Parent company tax rate	*26,50%*	*28,00%*
Theoretical tax expense	(18,266)	6,575
Effect of:		
French value-added business tax (CVAE) and Italian production tax (IRAP)	(3,150)	(4,408)
Tax rate differences	(1,559)	(1,629)
Change in unrecognized deferred tax assets and unrecognized losses	(12,005)	(26,446)
Badwill and value adjustments		
Permanent differences and other items	4,991	1,545
Income tax expense	**(29,989)**	**(24,363)**

Consolidated tax groups

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

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

Deferred tax

The offsetting methods used are described in note 2.27.

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

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

	Dec. 31, 2020						Dec. 31, 2021	
	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	12,716		(510)	(1,748)	254	(293)	10,418	
Tax loss carryforwards	35,941		1,649		101	5,767	43,458	
Revaluations[1]	10,577	(22,026)	(2,832)		(741)	(484)	8,881	(24,386)
Other temporary differences	19,495	(4,981)	412	501	302	(3,746)	17,149	(5,165)
Deferred tax assets (liabilities), gross	**78,729**	**(27,007)**	**(1,280)**	**(1,247)**	**(84)**	**1,243**	**79,905**	**(29,551)**
Deferred tax asset limit	(22,012)		(1,944)		(177)	29	(24,104)	
Offsetting	(22,290)	22,290					(25,374)	25,374
Deferred tax assets (liabilities), recognized	**34,426**	**(4,717)**	**(3,225)**	**(1,247)**	**(261)**	**1,272**	**30,424**	**(4,176)**
Net deferred tax	**29,710**						**26,250**	

[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 2021 was negative, as in 2020. It is presented under "Share of profit (loss) of associates".

5.12. Goodwill

	Dec. 31, 2020 Net	Change in consolidation scope	Transfer	Impairment	Translation differences and other	Dec. 31, 2021 Net
Smart Automation Solutions	24,516		5,745		359	30,620
High Precision Machines	101,989		(5,745)		7,766	104,010
Process Technologies	110,903				6,307	117,210
Other		1,195				1,195
Total	**237,408**	**1,195**			**14,432**	**253,035**

In compliance with IAS 36, an impairment test was performed at December 31, 2021 on each operating segment CGU.

The cash flows used for each CGU are based on Management's best estimates, updated at December 31, 2021.

The following assumptions were used:
- 2022-2027 medium-term plan;
- Terminal value growth rate: 2% (identical to assumptions used in the 2020 test);
- Discount rate: 8.2% (identical to assumptions used in the 2020 test).

The test did not result in the recognition of impairment at December 31, 2021.

Sensitivity analysis

Smart Automation Solutions CGU:
- Discount rate sensitivity: an 8.7% discount rate would not change the conclusions of the analysis;
- Long-term growth rate sensitivity: a 1.5% long-term growth rate would not change the conclusions of the analysis;
- Long-term cash flow sensitivity: a 10% decrease in long-term cash flow would not reduce the fair value of the CGUs to below their carrying amount.

High Precision Machines CGU:
- Discount rate sensitivity: an 8.7% discount rate would generate an impairment loss of €7.9 million;
- Long-term growth rate sensitivity: a 1.5% long-term growth rate would generate an impairment loss of €2.9 million;
- Long-term cash flow sensitivity: a 10% decrease in long-term cash flow would generate an impairment loss of €7.5 million;

Process Technologies CGU:
- Discount rate sensitivity: an 8.7% 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: an 8.7% 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.

Consolidated financial statements at December 31, 2021

5.13. Intangible assets

The analysis of changes in intangible assets was as follows:

	Dec. 31, 2021			Dec. 31, 2020		
	Gross	Accum. amort. / Impairment	Net	Gross	Accum. amort. / Impairment	Net
Technologies and R&D acquired	110,797	(88,525)	22,272	105,215	(75,038)	30,177
Brands acquired	26,188	(25,535)	653	24,799	(24,146)	653
Customer relationships, order book and other intangibles	72,468	(69,863)	2,605	67,619	(65,019)	2,600
Concessions, patents and licenses	58,064	(43,739)	14,325	57,915	(42,473)	15,442
Other intangible assets	27,166	(15,207)	11,959	23,136	(13,502)	9,634
Total	**294,683**	**(242,869)**	**51,814**	**278,684**	**(220,178)**	**58,506**

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

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

At December 31, 2020, the analysis of changes in intangible assets was as follows:

	Gross	Accumulated amortization / Impairment	Net
Balance at December 31, 2019	**279,645**	**(211,554)**	**68,090**
Acquisitions	8,187		8,187
Deconsolidations and disposals	(1,382)	1,495	114
Amortization / Impairment		(19,315)	(19,315)
Reclassified items	740	(748)	(8)
Change in consolidation scope	4,925	(2,000)	2,925
Translation differences	(13,431)	11,944	(1,487)
Balance at December 31, 2020	**278,684**	**(220,178)**	**58,506**

5.14. Property, plant and equipment

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

	Dec. 31, 2021			Dec. 31, 2020		
	Gross	Accum. amort. / Impairment	Net	Gross	Accum. amort. / Impairment	Net
Land and developments	25,188	(173)	25,016	25,765	(161)	25,604
Buildings	153,513	(91,962)	61,550	149,650	(85,254)	64,396
Plant, equipment and machinery	218,164	(167,921)	50,243	202,476	(153,533)	48,943
Other assets	65,931	(51,447)	14,484	62,920	(48,529)	14,391
Right-of-use assets (leases)	89,224	(43,028)	46,195	78,586	(35,922)	42,664
Assets under construction	8,110		8,110	4,722		4,722
Advances on fixed assets	1,432		1,432	258		258
Total	**561,561**	**(354,531)**	**207,030**	**524,377**	**(323,399)**	**200,978**

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

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

The line item "Depreciation / Impairment" includes the depreciation of right-of-use assets under lease contracts for €15.7 million, following the application of IFRS 16.

At December 31, 2020, the analysis of changes in property, plant and equipment was as follows:

	Gross	Accumulated depreciation / Impairment	Net
Balance at December 31, 2019	**531,919**	**(312,725)**	**219,194**
New right-of-use assets	13,017		13,017
Acquisitions	15,792		15,792
Deconsolidations and disposals	(24,937)	21,670	(3,267)
Depreciation / Impairment		(38,676)	(38,676)
Reclassified items	2,373	(2,799)	(426)
Change in consolidation scope	1,304		1,304
Translation differences	(15,091)	9,131	(5,960)
Balance at December 31, 2020	**524,377**	**(323,399)**	**200,978**

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, 2021			Dec. 31, 2020		
	Current	Non-current	Total	Current	Non-current	Total
Financial assets measured at amortized cost						
Loans related to investments in associates	683	22,280	**22,963**	710	16,130	**16,840**
Other financial assets	55,196	3,797	**58,993**	28,068	3,439	**31,507**
Financial assets measured at fair value through other comprehensive income						
Other long-term investments		7,433	**7,433**		8,527	**8,527**
Financial assets measured at fair value through profit and loss						
Derivatives	1,313		**1,313**	2,351		**2,351**
Other financial assets	1,766	981	**2,747**	704	1,154	**1,859**
Equity-accounted associates		16,210	**16,210**		1,093	**1,093**
Financial assets	**58,958**	**50,701**	**109,659**	**31,833**	**30,344**	**62,177**

AddUp (see note 5.11) accounted for €17 million of loans related to investments in associates.

The change in gross value of other long-term investments includes a €684 thousand decrease in fair value, net of deferred tax, at December 31, 2021.

At December 31, 2021, the repayment and maturity schedule for non-current financial assets (excluding other long-term investments and equity-accounted associates) was as follows:

	Dec. 31, 2021		
	Carrying amount	Between 1 and 5 years	More than 5 years
Loans related to investments in associates	22,280	22,280	
Other financial assets	4,778		4,778
Total	**27,058**	**22,280**	**4,778**

5.16. Inventories and work in progress

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

	Dec. 31, 2021			Dec. 31, 2020		
	Gross	Impairment	Net	Gross	Impairment	Net
Raw materials	93,486	(13,071)	80,415	85,289	(13,342)	71,947
Work in progress under completed-contract method	53,696	(2,537)	51,159	51,502	(2,378)	49,124
Intermediate and finished goods	36,317	(9,088)	27,230	38,116	(9,540)	28,576
Total	**183,499**	**(24,696)**	**158,804**	**174,907**	**(25,260)**	**149,647**

5.17. Contract assets and liabilities

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

	Dec. 31, 2021	Dec. 31, 2020
Contracts recognized on a percentage-of-completion basis		
Contract assets	226,200	222,351
Contract liabilities	(230,543)	(184,203)
Net	**(4,343)**	**38,148**
Contracts recognized on a completed-contract basis		
Contract liabilities	(74,296)	(46,609)

5.18. Trade receivables

Gross and net trade receivables were as follows:

	Dec. 31, 2021			Dec. 31, 2020		
	Gross	Impairment	Net	Gross	Impairment	Net
Total trade receivables	427,371	(6,921)	420,450	383,632	(7,125)	376,507
Total	**427,371**	**(6,921)**	**420,450**	**383,632**	**(7,125)**	**376,507**

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

	Opening balance	Allowances	Reversals	Translation differences	Other	Closing balance
2021	(7,125)	(1,057)	1,437	(173)	(3)	(6,921)
2020	(7,319)	(1,067)	743	178	340	(7,125)

At December 31, 2021, 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
2021	420,450	316,557	43,634	30,874	29,385
2020	376,507	302,378	31,633	20,428	22,068

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, 2021	Dec. 31, 2020
Tax receivables	59,791	54,196
Advances and progress payments	22,329	24,006
Other receivables	11,624	11,176
Prepaid expenses	13,208	12,938
Total	**106,952**	**102,316**

5.20. Cash and cash equivalents

	Dec. 31, 2021	Dec. 31, 2020
Cash equivalents	7,299	16,389
Cash	231,294	283,831
Total cash and cash equivalents	**238,593**	**300,220**

Cash equivalents comprise money market funds, 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

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

At December 31, 2020, the breakdown of cash and cash equivalents was as follows:

	Euro	USD	GBP	CNY	JPY	CAD	Other	Total
Cash equivalents	168					11,515	4,706	16,389
Cash	163,378	36,056	1,844	44,759	27,748	3,840	6,206	283,831
Total at Dec. 31, 2020	**163,546**	**36,056**	**1,844**	**44,759**	**27,748**	**15,355**	**10,912**	**300,220**
Foreign exchange swaps	33,565	(26,600)	(8,161)	1,196				
Total at Dec. 31, 2020 (before swaps)	**197,111**	**9,456**	**(6,317)**	**45,955**	**27,748**	**15,355**	**10,912**	**300,220**

Cash and cash equivalents are mainly held in major currencies and are available for use by the Group.

5.21. Statement of cash flows

Cash net of bank overdrafts

	31.12.21	31.12.20
Cash equivalents	7,299	16,389
Cash	231,294	283,831
Total cash and cash equivalents	**238,593**	**300,220**
Bank overdrafts	(818)	(675)
Total	**237,775**	**299,545**

Working capital requirements and current provisions

	Dec. 31, 2021	Dec. 31, 2020	Changes	
			Due to business activity	Other*
Inventories and work in progress	(158,804)	(149,647)	(841)	(8,316)
Contract assets	(226,200)	(222,351)	1,690	(5,540)
Trade receivables	(420,450)	(376,507)	(31,718)	(12,225)
Other current/non-current assets incl. in working capital	(107,257)	(102,656)	(332)	(4,269)
Contract liabilities	304,838	230,812	64,060	9,966
Trade and related payables	417,209	395,984	9,608	11,617
Other current/non-current liabilities incl. in working capital	187,571	170,732	7,596	9,242
Working capital requirements before current provisions	**(3,094)**	**(53,633)**	**50,063**	**475**
Current provisions	79,596	70,030	6,441	3,125
Working capital requirements	**76,503**	**16,397**	**56,504**	**3,600**

* 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, 2021, 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, 2020	Allowance	Utilization	Unutilized reversals	Translation difference	Other	Dec. 31, 2021
Warranties	29,356	26,081	(15,233)	(7,448)	1,095	6,140	39,991
Contract litigation	3,510	1,351	(567)	(286)	69	617	4,694
Future losses on contracts	901	564	(147)	(381)	41	(1)	977
Completed contract expenses	23,072	15,427	(7,691)	(6,972)	714	(1,931)	22,619
Other provisions - current portion	13,191	8,805	(4,067)	(2,995)	70	(3,689)	11,315
Total current provisions	**70,030**	**52,228**	**(27,705)**	**(18,082)**	**1,990**	**1,136**	**79,596**
Retirement benefits	55,243	3,587	(5,739)	(726)	1,505	(9,504)	44,366
Other post-employment benefits	5,433	637	(566)	(180)	(13)	(217)	5,094
Other provisions - non-current portion	5,749	1,842	(3,289)	(415)	(12)	308	4,183
Total non-current provisions	**66,425**	**6,066**	**(9,594)**	**(1,321)**	**1,480**	**(9,413)**	**53,643**

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.

Consolidated financial statements at December 31, 2021

Actuarial assumptions

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

Dec. 31, 2020	France	United Kingdom	United States of America	Japan	Germany	India
Discount rate	0.6%	1.3 - 1.4%	1.9%	0.3%	0.6%	6.3 - 6.6%
Expected return on plan assets	NA	1.3 - 1.4%	NA	NA	NA	6.3 - 6.6%
Salary increase rate	1.7%	NA	NA	2%	NA	5 - 8.5%

The present value of the Defined Benefit Obligations amounted to €107,949 thousand at December 31, 2021. Given the fair value of all plan assets, the net obligation at December 31, 2021 totaled €44,366 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 €2,178 thousand, of which €1,676 thousand were recognized in profit from recurring operations, and €502 thousand were recognized in financial expense.

Net actuarial gains and losses generated during the reporting period and recognized directly in items of other comprehensive income amounted to €10,257 thousand, excluding tax, resulting from an overall increase in the discount rate compared with December 31, 2020.

	Retirement benefit obligations	Complementary retirement obligations 2021					Total
	France	USA	United Kingdom	Eurozone	Japan	India	
CHANGE IN PRESENT VALUE OF OBLIGATION							
Present value of obligation at Jan. 1, 2021*	25,817	6,173	73,234	3,144	1,479	718	110,565
Current service cost	1,954		310	17	62	40	2,383
Interest cost	157	114	910	14		8	1,203
Plan curtailments / settlements		(693)	(0)			(14)	(707)
Newly consolidated / Deconsolidations	757						757
Benefits paid	(1,974)	(542)	(1,285)	(87)	(312)		(4,200)
Actuarial (gain) loss	(2,813)	(505)	(3,691)	(229)		26	(7,212)
Foreign exchange gains and losses and other		443	4,710		(43)	50	5,160
Present value of obligation at Dec. 31, 2021	**23,898**	**4,990**	**74,188**	**2,859**	**1,186**	**828**	**107,949**
CHANGE IN FAIR VALUE OF PLAN ASSETS							
Fair value of plan assets at Jan. 1, 2021*			54,727			595	55,322
Net return on plan assets			3,716			19	3,735
Employer contributions paid			2,129			13	2,142
Employee contributions paid						11	11
Benefits paid			(1,285)				(1,285)
Foreign exchange gains and losses and other			3,613			45	3,658
Fair value of plan assets at Dec. 31, 2021			**62,900**			**683**	**63,583**
COMPONENTS OF AMOUNTS RECOGNIZED IN THE FINANCIAL STATEMENTS							
Net obligation (obligation less plan assets)	23,898	4,990	11,288	2,859	1,186	145	44,366
Net provision recognized in the balance sheet at Dec. 31, 2021	**23,898**	**4,990**	**11,288**	**2,859**	**1,186**	**145**	**44,366**
COMPONENTS OF NET EXPENSE RECOGNIZED FOR FINANCIAL YEAR 2021							
Current service cost	1,954		310	17	62	40	2,383
Interest cost	157	114	910	14		8	1,203
Expected return on plan assets			(671)			(30)	(701)
(Gain) / loss on plan curtailments / settlements		(693)				(14)	(707)
Net expense recognized in the income statement for FY 2021	**2,111**	**(579)**	**549**	**31**	**62**	**4**	**2,178**
CHANGE IN PROVISIONS FOR RETIREMENT AND OTHER							
Provisions recognized in the balance sheet at Jan. 1, 2021*	25,817	6,173	18,507	3,144	1,479	123	55,243
Employer contributions paid			(2,129)			(13)	(2,142)
Net expense recognized	2,111	(579)	550	31	62	4	2,179
Benefits paid directly by the employer	(1,974)	(542)		(87)	(312)		(2,915)
Newly consolidated / Deconsolidations	757						757
Net actuarial (gains) and losses	(2,813)	(505)	(6,736)	(229)		26	(10,257)
Foreign exchange gains and losses		443	1,096		(43)	5	1,501
Provisions recognized in the balance sheet at Dec. 31, 2021	**23,898**	**4,990**	**11,288**	**2,859**	**1,186**	**145**	**44,366**

*Comparative data modified in accordance with the amendment to IAS 19 (See note 3.2).

	Retirement benefit obligations	Complementary retirement obligations 2020					Total
	France	USA	United Kingdom	Eurozone	Japan	India	
CHANGE IN PRESENT VALUE OF OBLIGATION							
Present value of obligation at Jan. 1, 2020*	24,392	6 481	70 009	3 180	1 617	700	106,379
Current service cost	1,731		297	16	60	63	2,167
Interest cost	243	180	1 381	19		35	1,858
Plan curtailments / settlements	(110)		(297)	(12)			(419)
Newly consolidated / Deconsolidations	193						193
Benefits paid	(1,471)	(458)	(2 447)	(89)	(143)		(4,608)
Actuarial (gain) loss	844	536	8 120	30		(5)	9,525
Foreign exchange gains and losses and other	(5)	(566)	(3 829)		(55)	(75)	(4,530)
Present value of obligation at Dec. 31, 2020	**25,817**	**6,173**	**73,234**	**3,144**	**1,479**	**718**	**110,565**
CHANGE IN FAIR VALUE OF PLAN ASSETS							
Fair value of plan assets at Jan. 1, 2020*			50,509			564	51,072
Net return on plan assets			7,494			21	7,515
Employer contributions paid			2,253			75	2,328
Plan curtailments / settlements			(297)				(297)
Benefits paid			(2,447)				(2,447)
Foreign exchange gains and losses and other			(2,785)			(65)	(2,850)
Fair value of plan assets at Dec. 31, 2020			**54,727**			**595**	**55,322**
COMPONENTS OF AMOUNTS RECOGNIZED IN THE FINANCIAL STATEMENTS							
Net obligation (obligation less plan assets)	25,817	6,173	18,507	3,144	1,479	123	55,243
Net provision recognized in the balance sheet at Dec. 31, 2020	**25,817**	**6,173**	**18,507**	**3,144**	**1,479**	**123**	**55,243**
COMPONENTS OF NET EXPENSE RECOGNIZED FOR FINANCIAL YEAR 2020							
Current service cost	1,731		297	16	60	63	2,167
Interest cost	243	180	1,381	19		35	1,858
Expected return on plan assets			(1,013)			(21)	(1,034)
(Gain) / loss on plan curtailments / settlements	(110)			(12)			(122)
Net expense recognized in the income statement for FY 2020	**1,864**	**180**	**665**	**23**	**60**	**77**	**2,869**
CHANGE IN PROVISIONS FOR RETIREMENT AND OTHER							
Provisions recognized in the balance sheet at Jan. 1, 2020*	24,392	6,481	19,500	3,180	1,617	137	55,307
Employer contributions paid			(2,253)			(76)	(2,329)
Net expense recognized	1,864	180	665	23	60	77	2,869
Benefits paid directly by the employer	(1,471)	(458)		(89)	(143)		(2,161)
Newly consolidated / Deconsolidations	193						193
Net actuarial (gains) and losses	844	536	1,639	30		(5)	3,044
Foreign exchange gains and losses	(5)	(566)	(1,044)		(55)	(10)	(1,680)
Provisions recognized in the balance sheet at Dec. 31, 2020	**25,817**	**6,173**	**18,507**	**3,144**	**1,479**	**123**	**55,243**

*Comparative data modified in accordance with the amendment to IAS 19 (See note 3.2).

Plan assets by investment type

	2021		2020	
	Amount	%	Amount	%
Shares	36,410	57%	44,136	80%
Bonds and other debt securities	23,036	36%	9,854	18%
Money market investments	3,443	5%	723	1%
Diversified funds	694	1%	609	1%
Fair value of invested plan assets	**63,583**	**100%**	**55,322**	**100%**

Present value of obligation

	Dec. 31, 2021	Dec. 31, 2020
Present value of obligation	107,949	110,565
Fair value of invested plan assets	(63,583)	(55,322)
Present value of obligation	**44,366**	**55,243**

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:

	2021		2020	
	In thousands of euros	DBO as a %	In thousands of euros	DBO as a %
France	762	3.19%	978	3.41%
USA	183	3.66%	115	1.86%
United Kingdom	3,633	4.90%	3,781	5.16%
Germany	105	3.68%	132	4.19%
Japan	1	0.08%	1	0.07%
India	4	0.46%	3	0.43%

5.24. Current and non-current financial debt

	Dec. 31, 2021			Dec. 31, 2020		
	Non-current	Current	Total	Non-current	Current	Total
Bank loans	249,420	87,353	336,774	306,128	121,092	427,220
Deferred transaction costs	(1,523)		(1,523)	(1,777)		(1,777)
Finance leases	35,879	12,464	48,343	31,640	12,585	44,225
Other bank loans and borrowings		8,202	8,202		8,635	8,635
Accrued interest		1,292	1,292		1,814	1,814
Derivative instruments, liabilities		1,431	1,431		1,060	1,060
Bank overdrafts		818	818		675	675
Total financial debt	**283,776**	**111,560**	**395,337**	**335,991**	**145,861**	**481,852**

At December 31, 2021, the line item "Bank loans" included:

- An €80 million loan taken out at preferential conditions in 2018 with the European Investment Bank, €2.9 million of which were repaid at end-December 2021, recognized at an estimated fair value of €69.5 million. The operating grant thus created contributed to the Group R&D effort from 2018 to 2021 and is consequently recognized over the same period.
- The drawdown of the revolving credit facility ("RCF") of €19.5 million (compared with €113 million at December 31, 2020), which is presented under the current portion of financial debt. The revolving credit facility, with a maximum principal amount 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. The first €50 million may be freely drawn down; drawdowns above €50 million are subject to a quarterly net leverage ratio test.
- Loans entered into in 2020 as part of government liquidity relief programs in France, Italy and the United States in the context of the COVID-19 pandemic.

In France, in April 2021, the Group exercised its option to extend the State-guaranteed loan of €200 million for five more years, until 2026. This loan will be repaid in equal instalments over the remaining five years, beginning in July 2022. Taken out under preferential conditions in accordance with the law of March 23, 2020, this loan was recognized at a fair value of €185.6 million at December 31, 2021. The grant thus created has been used to support Group operations and is recognized over the loan term. It amounted to €6.8 million for 2021 (compared with €4.1 million for 2020).

Change in financial debt, by type

	Dec. 31, 2021	Dec. 31, 2020			Breakdown of other changes						
			Changes included in financing flows	Other changes	Scope	Translation	IFRS 9 measurement effect	New finance leases	Capitalization of interest at the effective interest rate (EIR)	Other	Interest expense
Bank loans	336,774	427,220	(101,847)	11,401		2,120			8,726	555	
Deferred transaction costs	(1,523)	(1,777)	(165)	419		(42)					461
Finance leases	48,343	44,225	(15,372)	19,489	236	1,154		18,613		(513)	
Other bank loans and borrowings	8,202	8,635	(433)								
Other financial debt											
Accrued interest	1,292	1,814	(12,436)	11,914		1,802			(8,726)		18,838
Derivative instruments, liabilities	1,431	1,060		371		68	302				
Bank overdrafts	818	675									
Total financial debt	**395,337**	**481,852**	**(130,253)**	**43,593**	**236**	**5,103**	**302**	**18,613**		**42**	**19,299**

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

	Dec. 31, 2021			Dec. 31, 2020		
	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
Bank loans	214,979	121,795	336,774	264,513	162,707	427,220
Deferred transaction costs	(1,523)		(1,523)	(1,777)		(1,777)
Finance leases	48,343		48,343	44,225		44,225
Other bank loans and borrowings	402	7,800	8,202		8,635	8,635
Accrued interest	1,292		1,292	1,814		1,814
Total financial debt	**263,493**	**129,595**	**393,088**	**308,775**	**171,342**	**480,117**

Breakdown of financial liabilities by currency

	Dec. 31, 2021				Dec. 31, 2020			
	Euros	USD	Other	Total	Euros	USD	Other	Total
Bank loans	296,443	18,327	22,004	336,774	382,669	28,110	16,441	427,220
Deferred transaction costs	(978)	(545)		(1,523)	(1,278)	(499)		(1,777)
Finance leases	29,456	10,928	7,959	48,343	29,099	8,234	6,892	44,225
Other bank loans and borrowings	8,202			8,202	8,635			8,635
Accrued interest	1,220	53	19	1,292	1,568	182	64	1,814
Total financial debt	**334,343**	**28,763**	**29,982**	**393,088**	**420,693**	**36,027**	**23,397**	**480,117**

5.25. Other current and non-current liabilities

Other non-current liabilities

Other non-current liabilities comprised the following:

	Dec. 31, 2021	Dec. 31, 2020
Payroll-related payables	2,154	3,892
Other liabilities	481	449
Prepaid income	14,943	15,588
Total	**17,578**	**19,929**

Other current liabilities

Other current liabilities comprised the following:

	Dec. 31, 2021	Dec. 31, 2020
Tax and social security payables	135,375	122,048
Amounts due on acquisitions of fixed assets	1,121	988
Other liabilities	34,749	29,251
Total	**171,245**	**152,287**

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 immaterial discount relating to counterparty risk, comprised the following:

	Dec. 31, 2021		Dec. 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Foreign exchange derivative instruments				
Fair value hedging derivative instruments	1,313	1,431	2,351	1,060
Derivative instruments not eligible for hedge accounting				

There were no interest rate hedging derivatives at December 31, 2021 or at December 31, 2020.

Liquidity risk

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

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

Expected future cash flows are calculated on the basis of the contractual maturities of the associated financial liabilities. Future floating-rate interest payments are set on the basis of the most recent coupon for the current period and on the basis of the rates applicable at the reporting date for cash flows relating to future dates.

The future cash flows presented below have not been discounted.

	Balance sheet carrying amount	< 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	> 5 years
Non-derivative financial instruments							
Bank loans	344,976	95,557	65,112	63,863	67,180	37,878	15,386
Finance leases	48,343	12,464	10,2281	8,072	6,184	3,738	7,657
Total gross non-current financial liabilities	**393,319**	**108,021**	**75,340**	**71,935**	**73,364**	**41,616**	**23,043**
Deferred transaction costs	(1,523)	(482)	(452)	(433)	(137)	(8)	(11)
Total non-current financial liabilities	**391,796**	**107,539**	**74,888**	**71,502**	**73,227**	**41,608**	**23,032**
Interest on non-current financial liabilities		7,809	7,006	5,246	3,382	1,353	874

The analysis excludes financial assets such as cash and cash equivalents and trade receivables, which amounted to €238.6 million and €420.5 million, respectively, at December 31, 2021.

The Group benefits from a €115 million revolving credit line which matures in December 2024, of which €19 million had been drawn down at December 31, 2021. The first €50 million may be freely drawn down; drawdowns above €50 million are subject to a quarterly leverage ratio test.

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 will then be repayable in equal yearly instalments over the period of the extension, with the first instalment due in July 2022.

Interest rate risk

The loan granted by the European Investment Bank in 2018 for an aggregate €80 million bore fixed-rate interest. €148 million of the €200 million State-guaranteed loan taken out in France in 2020 bore fixed-rate interest.

Consequently, the majority of the Group's debt bears fixed-rate interest and is denominated in euros.

Loans and borrowings at floating rates amount to €130 million, including €98 million denominated in euros with a zero floor; cash and cash equivalents amount to €239 million, i.e. 184% of floating-rate debt.

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 2022 earnings to interest rate risk was based on the following assumptions:
- The amount of loans and borrowings at December 31, 2021 less repayments due during 2022, without additional hedging;
- Cash and cash equivalents, per currency and exchange rate, remain constant year on year.

The sensitivity analysis was performed by increasing the interest rate by 1% and decreasing the rate by 1%. The analysis did not factor in the zero floor on loans and borrowings denominated in euros, in the current context of negative interest rates.

	Sensitivity analysis effect	
	- 1%	+ 1%
Floating rate debt	-	(917)
Sensitivity of profit	-	**(917)**

2022 profit would not be significantly impacted by a 1% decrease in interest rates, as most loans and borrowings are denominated in euros and there is a zero floor on floating-rate debt.

A 1% increase in interest rates would have a negative impact of €0.9 million, not taking into account the cushioning effect of the prevailing contractual floors at zero, which would absorb the first part of the euro interest rate rise from negative territory. The yield on cash was not taken into account in the analysis.

Currency risk

Loans and borrowings denominated in foreign currencies

The Group initially mainly financed the acquisition of the North American companies in euros, its reporting currency. 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.

The outstanding loan principal exposed to currency risk on intercompany loans denominated in USD issued by France amounted to USD 173.2 million at December 31, 2021.

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, 2021, in principal and interest projection for 2022

Principal of acquisition loans issued by France and denominated in USD totaled USD 173.2 million at December 31, 2021, with 2022 projected interest income of USD 8.7 million, and no hedging in place at December 31, 2021.

Total exposure amounted to USD 181.9 million, or €160.6 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 2022:

	ER-10bp	ER	ER+10bp
USD loans			
Exchange rate at Dec. 31	*1,0326*	*1,1326*	*1,2326*
Net debt after hedging (EUR)	176,1	160,6	147,6
Effect on 2022 profit	15,5		(13,0)

On USD loans: net exposure at December 31, 2021, and estimated cash flows for 2022

Expected cash flows in 2022 relating to intercompany acquisition loans denominated in USD (interest payments and repayment of principal), assessed in accordance with contractual repayment schedules, amount to USD 42.2 million.

Cash exposure on expected cash flows in USD in 2022 is therefore USD 42.2 million, or €37.3 million after translation using the exchange rate effective at the reporting date.

Sales contracts

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

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

Credit risk

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

Consolidated financial statements at December 31, 2021

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, 2021, 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, 2021	Dec. 31, 2020
Commitments given	251,356	235,734
Commitments received	19,509	33,974

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 2021, the aggregate direct and indirect remuneration paid by Fives and its Subsidiaries to the Chairman and members of Fives' Management Board, 9 people in total, amounted to €3,932 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, 2021 and 2020, amounted to:

	2021			2020		
	Statutory audit	Other work	Total	Statutory audit	Other work	Total
Deloitte	614	127	**741**	699	135	**833**
Ernst & Young	649	77	**726**	743	122	**865**
Other	620		**620**	528		**528**
Total	**1,884**	**204**	**2,088**	**1,970**	**256**	**2,227**

5.31. Subsequent events

The crisis broke out in Ukraine between the reporting date of December 31, 2021, and March 25, 2022, when the Chairman approved the financial statements, with economic sanctions subsequently taken against Russia.

The direct exposure of the Group's operations in Ukraine and Russia is limited (2% of order book at December 31, 2021), arising primarily from European Subsidiaries' export contracts, each of which is currently being analyzed in light of applicable laws and regulations.

5.32. Consolidated companies at December 31, 2021

Consolidated companies	Location	Consolidation method	Percentage Controlling/ownership	Percentage interest
HOLDINGS AND SUBSIDIARIES NOT ALLOCATED TO OPERATING SEGMENTS				
Fives *	Paris, France		Parent company	
FI 2006 *	Paris, France	FC	100.00	100.00
Fives UK Holding Ltd.	United Kingdom	FC	100.00	100.00
Fives Inc.	United States	FC	100.00	100.00
Fives Italy S.r.l.	Italy	FC	100.00	100.00
Fives Engineering (Shanghai) Co., Ltd.	China	FC	100.00	100.00
Shanghai Fives Automation & Processing Equipment Co., Ltd.	China	FC	100.00	100.00
Fives Japan KK	Japan	FC	100.00	100.00
Eiffel RE	Luxembourg	FC	100.00	100.00
Fives Maintenance *	Montévrain, France	FC	100.00	100.00
Fives Nordon *	Nancy, France	FC	100.00	100.00
AddUp SAS	Cébazat, France	EM	50.00	46.33
Fives Real Estate *	Paris, France	FC	100.00	100.00
Fives RE Nancy	Paris, France	FC	100.00	100.00
Fives RE Héricourt	Paris, France	FC	100.00	100.00
Fives RE Val d'Europe	Paris, France	FC	100.00	100.00
Fives RE Golbey	Paris, France	FC	100.00	100.00
Fives RE Ronchin	Paris, France	FC	100.00	100.00
Fives RE Le Bignon	Paris, France	FC	100.00	100.00
Fives RE Capdenac	Paris, France	FC	100.00	100.00
Fives RE Mios	Paris, France	FC	100.00	100.00
Fives RE Lorient	Paris, France	FC	100.00	100.00
Fives RE Plœmeur	Paris, France	FC	100.00	100.00
Fives RE Givors	Paris, France	FC	100.00	100.00
Fives RE Martillac	Paris, France	FC	100.00	100.00
Fives RE Technopole du Château Gombert	Paris, France	FC	100.00	100.00
Fives RE Soultz	Paris, France	FC	100.00	100.00
SMART AUTOMATION SOLUTIONS				
Fives Intralogistics SAS *	Chasse-sur-Rhône, France	FC	100.00	100.00
Fives Syleps *	Lorient, France	FC	100.00	100.00
Fives Conveying *	Montévrain, France	FC	100.00	100.00
Fives Conveying Iberica	Spain	FC	100.00	100.00
Fives Cinetic *	Héricourt, France	FC	100.00	100.00
FI 2011 *	Paris, France	FC	100.00	100.00
Fives Intralogistics S.P.A.	Italy	FC	100.00	100.00
Fives Intralogistics Corp.	United States	FC	100.00	100.00
Fives Cinetic Corp.	United States	FC	100.00	100.00
Fives DyAG Corp.	United States	FC	100.00	100.00
Fives Cinetic Mexico SA de CV	Mexico	FC	100.00	100.00
Fives Intralogistics K.K.	Japan	FC	100.00	100.00
Fives Filling & Sealing *	Le Bignon, France	FC	100.00	100.00
Fives Filling & Sealing K.K.	Japan	FC	100.00	100.00
HIGH PRECISION MACHINES				
Fives Landis Corp.	United States	FC	100.00	100.00
Fives Grinding Mexico SAPI de CV	Mexico	FC	51.00	51.00
Fives Machining Systems Inc.	United States	FC	100.00	100.00
Fives Lund LLC	United States	FC	100.00	100.00
Fives Liné Machines Inc.	Canada	FC	100.00	100.00
4192567 Canada Inc.	Canada	FC	100.00	100.00
Sogelire Inc.	Canada	FC	100.00	100.00
Fives Landis Limited	United Kingdom	FC	100.00	100.00
Fives Landis GmbH	Germany	FC	100.00	100.00

Consolidated companies	Location	Consolidation method	Percentage Controlling/ownership	Percentage interest
Fives Giustina S.r.l.	Italy	FC	100.00	100.00
Fives Machining *	Capdenac-Gare, France	FC	100.00	100.00
Daisho Seiki Corporation	Japan	FC	100.00	100.00
Daisho Seiki Korea Co., Ltd.	South Korea	FC	85.46	85.46
Daisho Seiki American Corporation	United States	FC	100.00	100.00
Fives Machining Systems Korea Inc.	South Korea	FC	100.00	100.00
Fives Machining Systems (Shanghai) Co., Ltd.	China	FC	100.00	100.00
Cincinnati Machine International, LLC	United States	FC	100.00	100.00
Fives Giddings & Lewis, LLC	United States	FC	100.00	100.00
PROCESS TECHNOLOGIES				
Fives FCB *	Villeneuve d'Ascq, France	FC	100.00	100.00
Fives FCB Services Mexico S.A. de C.V.	Mexico	FC	99.90	99.90
Fives Pillard	Marseilles, France	FC	85.20	85.20
Fives Pillard España S.A.U.	Spain	FC	100.00	85.20
Fives Pillard Deutschland GmbH	Germany	FC	47.50	40.47
Fives Combustion Systems Private Ltd.	India	FC	100.00	100.00
Fives Cail *	Ronchin, France	FC	100.00	100.00
Fives Cail KCP Ltd.	India	EM	40.00	40.00
Fives Lille do Brasil Ltda.	Brazil	FC	100.00	100.00
Fives North American Combustion France SAS*	Marseilles, France	FC	100.00	100.00
Fives North American Combustion Netherlands BV	Netherlands	FC	100.00	100.00
Fives North American Combustion Spain S.L.	Spain	FC	100.00	100.00
Fives North American Combustion UK, Ltd.	United Kingdom	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 Orsay tax group.

FC: fully consolidated
EM: accounted for by the equity method

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Financial year ending December 31, 2020

DELOITTE & ASSOCIÉS
Tour Majunga - 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 the company Fives,

Opinion

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

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

Basis for opinion

Audit Framework

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

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

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from January 1, 2020 to the date of our report.

Emphasis of Matter

We draw attention to the following matter described in Note 3.2 "Change in accounting policies: IFRIC decision regarding IAS 19 – Employee Benefits" to the consolidated financial statements which exposes the consequences of the application of the IFRIC interpretation on attributing benefit to periods of service as of 1 January 2020.

Our opinion is not modified in respect of this matter.

Justification of Assessments

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

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

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

- Goodwill are subject to impairment test according to the method described in the notes 2.5, 2.9, 2.14 and 6.12 to the consolidated financial statements. We have examined the implementation of this impairment test, the estimation of the future cash flows and the assumptions made, and we have ensured that notes 2.5, 2.9 and 2.14 to the consolidated financial statements provide adequate information in this regard.

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

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

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

Specific verifications

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

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

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

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

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

These consolidated financial statements have been approved by the Chairman.

Responsibilities of statutory auditors regarding audit of the consolidated financial statements

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

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

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

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

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

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

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

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

Paris-La Défense, March 29, 2021
The Statutory Auditors

DELOITTE & ASSOCIES
Pascal Colin

ERNST & YOUNG et Autres
Pierre Jouanne

SOLE SHAREHOLDER DECISIONS

First decision

The Sole Shareholder, after taking note of:

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

- the annual financial statements,

approves the company's financial statements for the financial year ended on December 31, 2021 as presented to them and the transactions reflected in these financial statements or mentioned in these reports, which show a profit of €97,420,725.68.

The Sole Shareholder also approves the total amount of certain non-tax-deductible expenses, €54,520, and the corresponding tax of €14,448.

Second decision

The Sole Shareholder, following the proposal by the Chairman & Chief Executive Officer, hereby allocates the entire annual profit of €98,420,725.68 to the balance of retained earnings, bringing it to €309,076,456.50.

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, 2021 as presented to them and the transactions reflected in these financial statements or mentioned in the reports, which show net income for the Group of €17,262k.

Fourth decision

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

Fifth decision

The Sole Shareholder, on the basis of the preceding resolutions, fully and unreservedly discharges the Chairman & Chief Executive Officer from his management duties in respect of the financial year ended December 31, 2021.

Sixth decision

The Sole Shareholder, in compliance with Article 16.1 of the Company's Articles of Association, decides to renew the term of office of Mr. Jean-Dominique Senard, member of the Supervisory Committee, for three financial years, that is to say until after the decisions made by Sole Shareholder who will approve the 2024 financial statements.

Seventh decision

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

Fives

Simplified joint stock company
Share capital €102,723,764
Registered office: 3 rue Drouot, 75009 Paris (France)
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