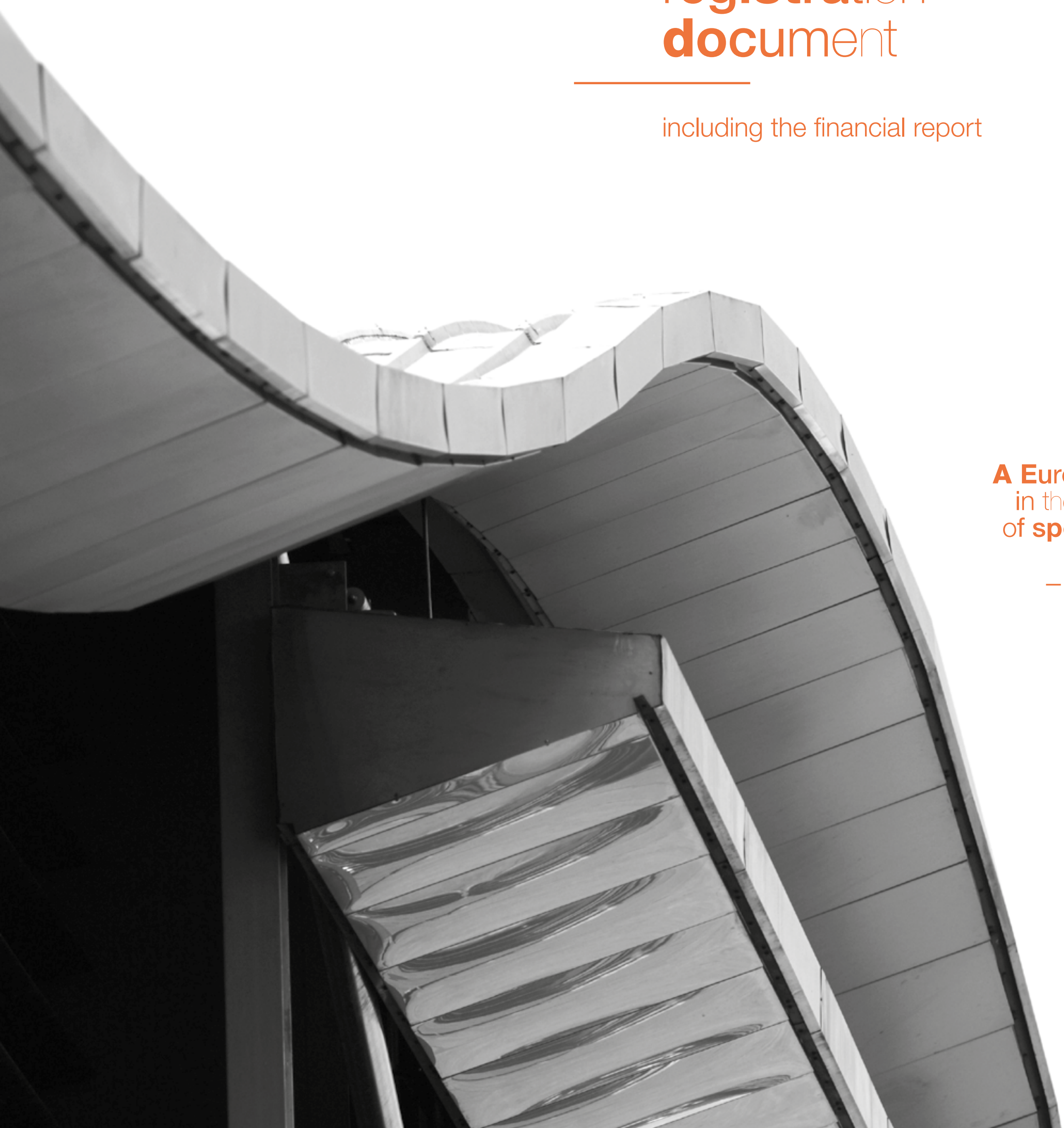
JACQUET METAL SERVICE

2019

Universal registration document

including the financial report



A European leader in the distribution of specialty steels

— **Euronext Paris Compartment B**

Universal registration document

2019

Press release dated March 11, 2020 : 2019 Annual results

> **Sales**	**€1,615 million**	(-7.5% vs. 2018)
> **EBITDA**	**€73 million**	(4.5% of sales)
> **Net income (Group share)**	**€25 million**	

On March 11, 2020 the Board of Directors, chaired by Éric Jacquet, approved the consolidated financial statements for the period ended December 31, 2019, which have been audited by the Statutory Auditors.

€m	Q4 2019 [1]	Q4 2018 PF [2]	2019 [1]	2018 PF [2]
Sales	**355**	**399**	**1,615**	**1,745**
Gross margin	86	94	374	422
% of sales	*24.3%*	*23.6%*	*23.2%*	*24.2%*
EBITDA [3]	**11**	**15**	**73**	**102**
% of sales	*3%*	*3.8%*	*4.5%*	*5.9%*
Adjusted operating income [3]	**4**	**14**	**43**	**88**
% of sales	*1%*	*3.5%*	*2.7%*	*5.0%*
Net income (Group share)	**5**	**9**	**25**	**62**

[1] In accordance with *IFRS 5 – Discontinued operations*, the contribution of Abraservice group, which was sold on October 31, 2019, is not included in the Group sales and operating income.
[2] For the sake of comparison with 2019 figures, the 2018 financial statements have been restated by removing the results of Abraservice group, sold on October 31, 2019, and the results of the businesses sold in 2018 (proforma data " PF ").
[3] Adjusted for non-recurring items. The definition of non-IFRS financial indicators and the methods used to calculate them are included in the Management report - Information on the Group.

Headlines

Market conditions in 2019 were mainly distinguished by an erosion of the demand, particularly from the second half onwards.

In this context, the Group generated sales of €1.6 billion, EBITDA of €73 million and operating cash flow of €59 million.

IMS group, the division specializing in the distribution of engineering steels, was particularly impacted by the slowdown in the European manufacturing sector, especially in Germany, its main market. As a result, sales were down 13% versus 2018 (Q4: -19%).

STAPPERT, which specializes in the distribution of stainless steel long products, posted a more moderate decline in its business, with sales down 3.9% versus 2018 (Q4: -3.2%).

JACQUET, which distributes stainless steel quarto plates and is active in more diversified markets than the other Group divisions, posted business growth (+3.5% in 2019; Q4: +2.1%).

Meanwhile, the Group pursued a sustained capital expenditure policy (€30 million) mainly aimed at strengthening its market positioning, particularly in North America.

Operating cash flow generated over the year and the October 2019 sale of the Abraservice group (sales of €78 million) improved the Group's financial position, resulting in a year-end debt to equity ratio (or gearing) of 46.1% versus 56.9% at 2018 year-end.

In 2020, market conditions have been challenging at the start of the first half and the Group does not expect to see the economic situation improve during the first half.

Group's business in China, which represents 1% of consolidated sales, was affected by the measures taken in face of the coronavirus crisis. Regarding the steel supply chain, the potential impact of production shutdowns should be limited, as less than 20% of Group purchases come from China.
In Italy (8% of consolidated sales and 20% of purchases), the Group has not noticed any business interruption and is unable at this stage to assess the potential impact of the coronavirus.
This also applies to the other markets in which the Group operates.

In this context, the Group will focus on improving operating efficiency and pursuing the capital expenditure and growth policy adapting it to the economic situation.

2019 sales and earnings

Sales amounted to €1,615 million, -7.5% compared to 2018 (Q4: -10.9%), including the following effects:

> volumes sold: -8% (Q4: -11.1%);
> prices: +0.5% (Q4: +0.2%). Q4 2019 prices were up +1% from Q3 2019.

Gross margin amounted to €374 million and represented 23.2% of sales (Q4: 24.3%) compared to €422 million in 2018 (24.2% of sales; Q4: 23.6%).

Operating expenses excluding non-recurring items amounted to €331 million compared to €334 million in 2018 (-0.8%).

EBITDA amounted to €73 million representing 4.5% of sales. The application of *IFRS 16–Leases* as from January 1, 2019 increased EBITDA by €17 million. Adjusted for this impact, EBITDA amounted to €56 million representing 3.5% of sales, compared to 5.9% in 2018.

Adjusted operating income amounted to €43 million (2.7% of sales) compared to €88 million (5% of sales) in 2018. The application of *IFRS 16–Leases* had no material impact on adjusted operating income.

After accounting for €9 million in capital gains on the sale of Abraservice, net income (Group share) came to €25 million (1.5% of sales), compared to €62 million in 2018 (3.5% of sales). The application of *IFRS 16–Leases* had no material impact on net income.

Financial position

The Group generated operating cash flow of €59 million in 2019.

As of December 31, 2019:

> operating working capital amounted to €417 million (including inventories of €442 million) and represented 25.8% of sales, compared to 24.5% as of December 31, 2018 (proforma operating working capital of €428 million including inventories of €478 million);
> net debt stood at €175 million compared to shareholders' equity of €379 million, resulting in a net debt to equity ratio or gearing of 46.1% compared to 56.9% as of December 31, 2018.

In December 2019, the Group signed a €70 million Schuldscheindarlehen (SSD) repayable at maturity in 5 years, thereby increasing cash and cash equivalents to €206 million at 2019 year-end.

Pursuant to *IFRS 16–Leases*, applied as from January 1, 2019, the Group balance sheet as of December 31, 2019 carries the following items:

> a right-of-use asset amounting to €84.9 million, €18.4 million of which was recorded under net non-current assets as of December 31, 2018;
> a lease liability amounting to €85.8 million, €15.8 million of which was recorded under borrowings as of December 31, 2018.

2019 earnings by division excluding IFRS 16 impacts

	JACQUET		STAPPERT		IMS group	
	Stainless steel quarto plates[3]		Stainless steel long products		Engineering steels[3]	
€m	**Q4 2019**	**2019**	**Q4 2019**	**2019**	**Q4 2019**	**2019**
Sales	**80**	**343**	**104**	**467**	**174**	**818**
Change vs. 2018	**+2.1%**	**+3.5%**	**-3.2%**	**-3.9%**	**-19.3%**	**-13.1%**
Price effect	+ 2.3%	+3.6%	+1.7%	-0.4%	-1.1%	-0.1%
Volume effect	-0.3%	-0.1%	-4.9%	-3.5%	-18.2%	-13.1%
EBITDA[1 2]	**4**	**23**	**2**	**14**	**(1)**	**14**
% of sales	*5.5%*	*6.8%*	*1.6%*	*3%*	*-0.5%*	*1.8%*
Adjusted operating income[2]	**3**	**16**	**1**	**12**	**(1)**	**11**
% of sales	*3.7%*	*4.8%*	*0.7%*	*2.6%*	*-0.7%*	*1.4%*

[1] Non-division operations (including Jacquet Metal Service SA) contributed €4 million to EBITDA in 2019 (Q4 2019: €2 million) and Group EBITDA benefited from a positive impact of €17 million due to the application of *IFRS 16 – Leases*.
[2] Adjusted for non-recurring items. The definition of non-IFRS financial indicators and the methods used to calculate them are included in the Management report - Information on the Group.
[3] For the sake of comparison with 2019 figures, the 2018 financial statements of JACQUET have been restated by removing the results of the Abraservice group, sold on October 31, 2019, and the IMS group businesses sold off in 2018.

JACQUET specializes in the distribution of stainless steel quarto plates. The division generates 67% of its business in Europe and 26% in North America.

Sales amounted to €343 million, up +3.5% from €332 million in 2018 (Q4: +2.1%):

- volumes: -0.1% (Q4: -0.3%);
- prices: +3,6% (Q4: +2.3% vs. Q4 2018 and +2.8% vs. Q3 2019).

Gross margin amounted to €105 million and represented 30.6% of sales (Q4: 32%) compared to €106 million in 2018 (31.9% of sales; Q4: 31.5%).

EBITDA amounted to €23 million (Q4: €4 million) representing 6.8% of sales compared to €28 million in 2018 (8.4% of sales; Q4: 6.4%).

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

Sales amounted to €467 million, down -3.9% from €487 million in 2018 (Q4: -3.2%):

- volumes: -3.5% (Q4: -4.9%);
- prices: -0.4% (Q4: +1.7% vs. Q4 2018 and +2.9% vs. Q3 2019).

Gross margin amounted to €92 million and represented 19.6% of sales (Q4: 21.2%) compared to €104 million in 2018 (21.3% of sales; Q4: 21.1%).

EBITDA amounted to €14 million (Q4: €2 million) representing 3% of sales compared to €26 million in 2018 (5.3% of sales; Q4: 3.8%).

IMS group specializes in the distribution of engineering steels, mostly in the form of long products. The division generates 46% of its sales in Germany, the largest European market.

Sales amounted to €818 million, down -13.1% from €941 million in 2018 (Q4: -19.3%):

- volumes: -13.1% (Q4: -18.2%);
- prices: -0.1% (Q4: -1.1% vs. Q4 2018 and -0.8% vs. Q3 2019).

Gross margin amounted to €177 million and represented 21.7% of sales (Q4: 22.1%) compared to €213 million in 2018 (22.6% of sales; Q4: 21.6%).

EBITDA amounted to €14 million (Q4: -€1 million) representing 1.8% of sales compared to €41 million in 2018 (4.4% of sales; Q4: 1.2%).

Key financial information

€m	Q4 2019[1]	Q4 2018 PF[2]	2019[1]	2018 PF[2]
Sales	**355**	**399**	**1 615**	**1 745**
Gross margin	**86**	**94**	**374**	**422**
% of sales	*24.3%*	*23.6%*	*23.2%*	*24.2%*
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Adjusted operating income[3]	**4**	**14**	**43**	**88**
% of sales	*1%*	*3.5%*	*2.7%*	*5.0%*
Operating income	**1**	**14**	**40**	**91**
Net financial expense	(2)	(3)	(11)	(11)
Corporate income tax	(3)	(3)	(13)	(20)
Net income from discontinued operations	9	2	12	5
Minority interests	(0)	(1)	(3)	(3)
Net income (Group share)	**5**	**9**	**25**	**62**

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Cash flow

€m	2019	2018 PF[1]
Operating cash flow before change in working capital	54	83
Change in working capital	4	(65)
Cash flow from operating activities	**59**	**19**
Capital expenditure	(30)	(21)
Asset disposals	25	15
Dividends paid to shareholders of Jacquet Metal Service SA	(17)	(17)
Interest paid	(12)	(11)
Other movements	14	(17)
Change in net debt	**40**	**(31)**
Net debt brought forward	**215**	**183**
Net debt carried forward	**175**	**215**

[1] For the sake of comparison with 2019 figures, the 2018 financial data have been restated by removing the results of the Abraservice group, sold on October 31, 2019, and the other businesses sold in 2018, excluding the net debt carried forward as of December 31, 2018, stated as previously reported (proforma " PF " data).

Balance sheet

€m	31.12.19	31.12.18
Goodwill	66	68
Net non-current assets	143	156
Right-of-use assets[1]	85	—
Net inventory	442	493
Net trade receivables	152	182
Other assets	91	100
Cash & cash equivalents	206	119
Total assets	**1,186**	**1,119**
Shareholders' equity	379	377
Provisions (including provisions for employee benefit obligations)	99	96
Trade payables	178	228
Borrowings	381	338
Other liabilities	63	80
Lease liabilities[1]	86	—
Total equity and liabilities	**1,186**	**1,119**

[1] Application of *IFRS 16 – Leases* as from January 1, 2019

Press release dated March 30, 2020 : Information related to the impact of covid-19 on Jacquet Metal Service Group operations

The Group's foremost preoccupations in dealing with this unprecedented situation are the health and safety of its employees. Measures have been adopted to reduce the risk of contamination in all Group's distribution centers (103 located in 25 countries) and sales offices.

Group operations have been disrupted to different degrees depending on the country. Activity level currently stands as follows:

> In China (1% of Group sales), operations have resumed after several weeks of interruption and are gradually getting "back to normal".

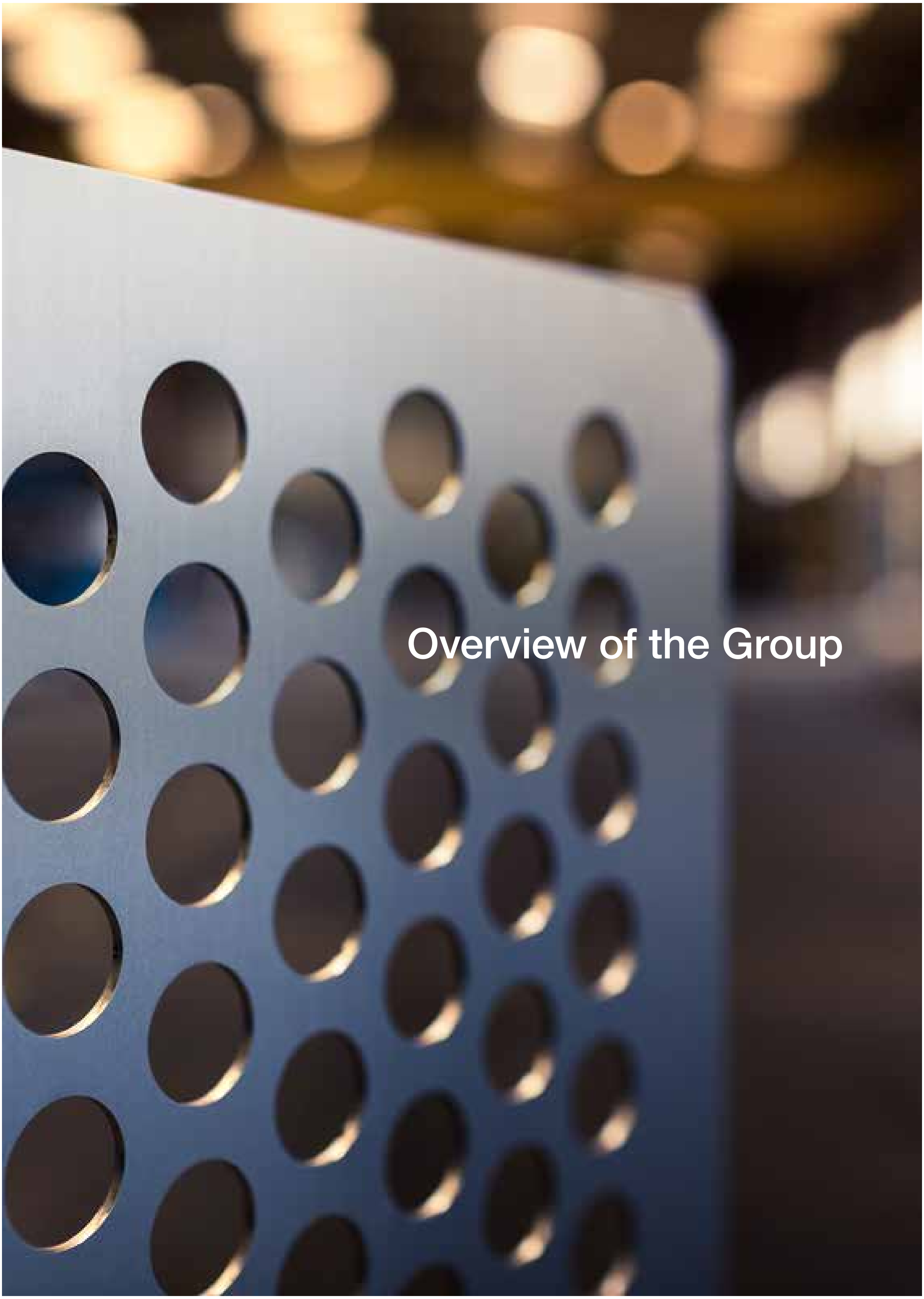
> Since mid-March 2020, the distribution centers in France, Italy and Portugal (18% of consolidated sales) have been gradually shut down following instructions issued by local authorities or due to logistical difficulties.

> All other Group distribution centers continue to operate at between 60-90% of full capacity. Given the spread of the pandemic, the Group expects to have to close other centers over the coming days or weeks, notably in Spain (7% of sales) and North America (6% of sales).

Operations are being coordinated country by country and center by center depending on the specific circumstances. Accordingly, the Group is taking all the required steps to minimize the impact of the pandemic on its operating income and cash position, including:
> short-time working arrangements in Europe and North America, currently affecting around 25% of the total workforce,
> reduction in non-essential expenditure,
> reduction or deferral of supply commitments.

As of February 29, 2020, with a debt to equity ratio (gearing) of 45%, around €250 million of cash and substantial lines of credit (€700 million, 59% of which has been drawn), the Group is in a solid financial position to weather the present situation.

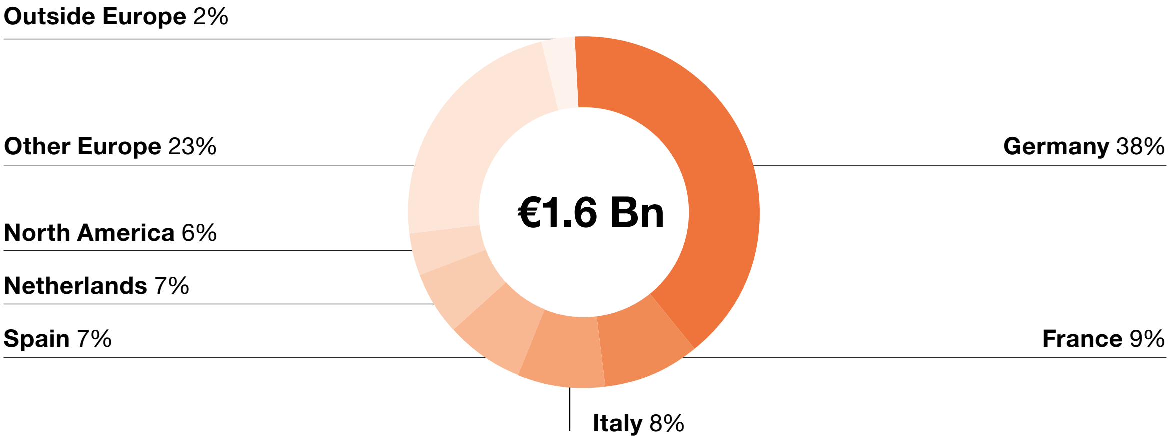
The Group will report regularly on developments in the situation.


Overview of the Group

1 A leading distributor of specialty steels

Jacquet Metal Service is a European leader in the distribution of specialty steels and is also active in Asia and North America.

Breakdown of sales



A global player

> Countries of operation	25
> Distribution centers	103
> Staff	3,039

2 History of the Group

Jacquet Metals

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

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

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

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

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

2006 > JACQUET Industries becomes Jacquet Metals.

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

2008-2009 > **Éric Jacquet and Jacquet Metals acquire a 33.19% stake in IMS.**

IMS

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

1983 > Usinor acquires full control of IMS.

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

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

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

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

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

2007 > Acquisition of the Cotubel Group.

2008 > Sale of the Astralloy subsidiary in the United States.

03.02.2010 > Jacquet Metals launches a public exchange offer (PEO) for IMS (including the IMS group, STAPPERT and Abraservice businesses).

20.07.2010 > **Merger by absorption between Jacquet Metals and IMS.**

2011-2012 > IMS becomes Jacquet Metal Service. Disposal of IMS France's aluminum and non-ferrous metals businesses and of Euralliage (France), Produr (France), Venturi (Italy) and Brescia Acciai (Italy)

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

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

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

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

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

3 Information on the Group's business

The market

In 2019, the global steel market amounted to around 1.9 billion tons, of which specialty steels accounted for around 5%.

As the specialty steels market covers a large number of product niches, geopolitical situations and types of distribution role, the Group has relatively little quantified information of an official nature.

The business

Jacquet Metal Service is a European leader in the distribution of specialty steels.

Specialty steels have chemical and mechanical properties suited to environments such as corrosion and changes in temperature and pressure and engineering specifications. Delivery times are longer than for general usage steels and generally range from 2 to 12 months.

The Group's main business activity consists in purchasing specialty steels in large quantities from producers, storing them and serving a very broad industrial customer base (60,000 active customers in 60 countries) within very short deadlines (below 1 week).

Jacquet Metal Service provides the following value-added between the producer and the end-customer:

> a wide range of products stored and delivered within short timeframes (order books rarely exceed a few weeks);
> security of supply and product traceability;
> managing requirements on a just-in-time basis (customized inventory, defined supply strategies);
> competitive sale prices;
> managing price fluctuations on the customer's behalf;
> cutting and finishing services.

In addition to selling its standard product range, the Group also offers a range of customized initial processing operations designed to meet end-user specifications. These services, which are performed at the Group's distribution centers, vary according to the products sold but usually involve light cutting, straightening and bending, folding or drilling operations. They provide a major commercial advantage, which enables the Group to increase customer loyalty by positioning itself as a single contact point, thereby avoiding the use of a sub-contractor.

The Group buys large quantities of steel from specialty steel producers:
> **20 suppliers account for 45% of Group purchases**
with lead times ranging from 2 to 12 months, and sells them to a fragmented customer base:
> **60,000 active customers, average invoice less than €3,000.**

The value chain

Suppliers

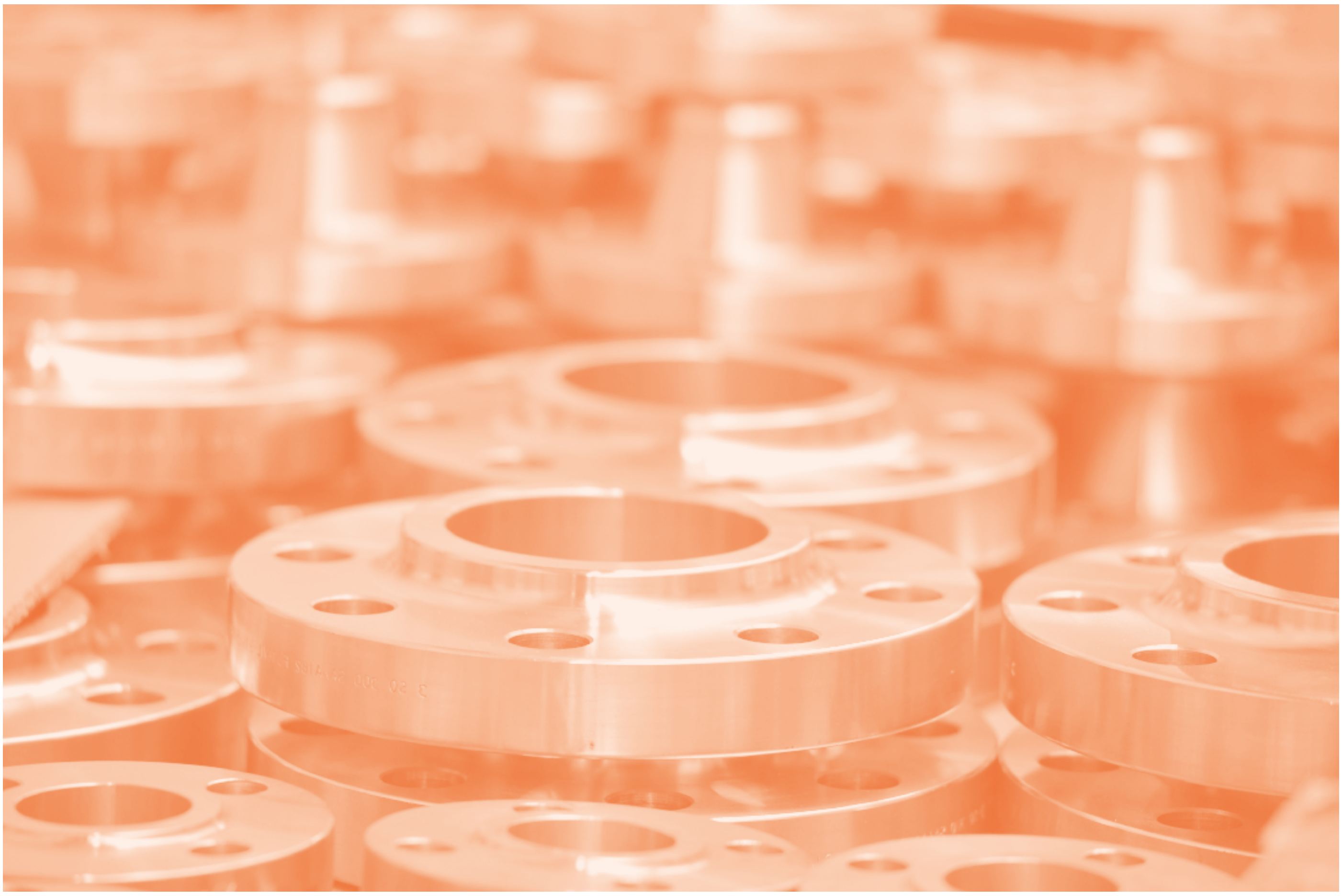
> 20 suppliers: 45% of purchases
> Delivery time: 2 to 12 months

Jacquet Metal Service

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

Customers

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



Purchases

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

By aggregating the volumes for each division, Jacquet Metal Service provides producers with greater visibility on their business volumes and on the organization of their production schedule. The Group benefits from optimal purchasing terms and conditions in return. The " framework terms and conditions " obtained in this way are passed on to the subsidiaries involved, which place their orders with the producers directly.

The Group is not dependent on a specific supplier and only uses sub-contractors on an occasional basis. A given supplier is only in a position to provide a limited number of stock items. In the case of so-called specialty products distributed on niche markets, the number of suppliers is also limited.

For certain niche products, the Group purchases its supplies primarily from producers with which it has a close relationship (VDM for nickel alloys, etc.). The Group also has exclusive agreements for some products and in certain countries.

Customers

Specialty steels are used for specific applications by a wide variety of industries. Larger end-users such as automotive manufacturers are supplied directly by producers.

Conversely, Jacquet Metal Service's core target market consists of a local network of small businesses operating in a wide variety of industrial sectors.

The Group supplies over 60,000 active customers operating in around 100 countries, while its commercial relationships are based on a large quantity of small orders (less than €3,000 on average). Accordingly, the Group is not dependent on any specific customer. Customers place their orders directly with the Group companies, with no call for tender process. Every customer order is invoiced once the products have been dispatched. Over 90% of sales are insured by various credit insurance companies.

The commercial relationships are recurring and involve a large quantity of small orders, which account for most of the Group's sales. The order book represents around one month's sales.

Strategy and objectives

The Group is a distributor independent of the specialty steels producers, enabling it to purchase all over the world, from any source, at the most competitive terms and conditions. To be in a position to get the best purchase terms and conditions is one of the main drivers of the Group's strategy.

Jacquet Metal Service markets its products through a portfolio of three brands organized into three divisions, each of which targets specific customers and markets.

The primary function of the parent company, Jacquet Metal Service SA (the "Company"), is to conduct – for the main products and main producers – the negotiation of the purchase conditions in collaboration with the manager of each division.

In order to increase the volumes purchased by division, and thus to optimize the purchase conditions, the Group develops the distribution networks of its divisions in Europe, in North America and in Asia, through external or organic growth.

In the medium term, the main areas of development are:

- Europe and more particularly Germany, Italy and the United Kingdom;
- North America, where only the Jacquet division operates.

Besides geographical development, the Group is also considering developing other product areas (e.g. aluminum, steels to the aeronautics market).

Each division is run by a chief executive officer, who is in charge of developing the division in accordance with the strategic options and goals defined by Jacquet Metal Service.

Central functions, the negotiation of purchasing terms, financial and legal affairs, information technology, credit insurance and communications are managed by Jacquet Metal Service SA, in close collaboration with the specialists from each division.

Stainless steel quarto plates

JACQUET

Stainless steel long products

STAPPERT

Engineering steels

ims GROUP

JACQUET > Stainless steel quarto plates

The stainless steel market

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

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

The stainless steel sector is characterized by regular adaptation of alloys to the increasingly stringent requirements of the various industrial sectors. JACQUET currently stocks several dozen varieties of stainless steel, in addition to nickel alloy varieties, whose corrosion resistance is even higher than that of stainless steel.

The stainless steel quarto plates market

The annual global stainless steel quarto plate market represents just over 1.49 million tons, i.e. around 3.3% of the global stainless steel market. As such, it is a classic niche market. This market is usually equally divided between projects (direct supply from the producer to the end-customer) and distribution. JACQUET is the leading global distributor of stainless steel quarto plates.

The competition

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

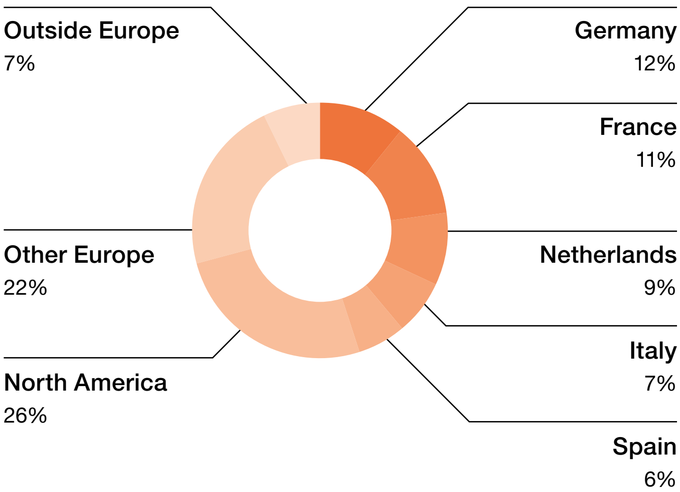
- in-house departments of large European steel groups (e.g. Outokumpu), which operate in several countries;
- family type businesses operating in a single country.

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

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

Geographical breakdown of sales

JACQUET operates in Europe, North America and Asia.



STAPPERT > Stainless steel long products

The stainless steel market

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

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

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

The stainless steel long products market

The annual global stainless steel long products market amounts to around 6.4 million tons. The global stainless steel rod market, which comprises most of STAPPERT's business activity, represents around 3.2 million tons, of which the European market represents around 800,000 tons. Distribution accounts for around 50% of the long stainless steel product market in Europe. STAPPERT is one of the leading European operators on the distribution market.

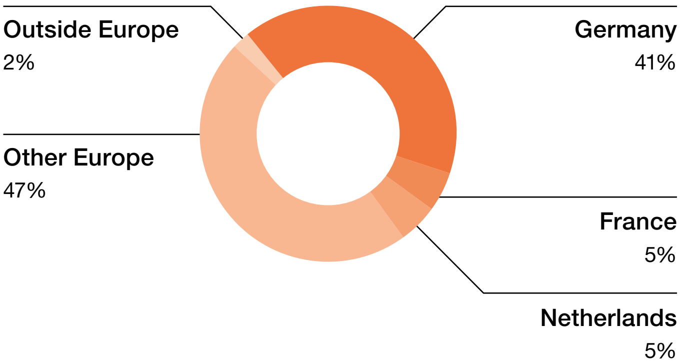
The competition

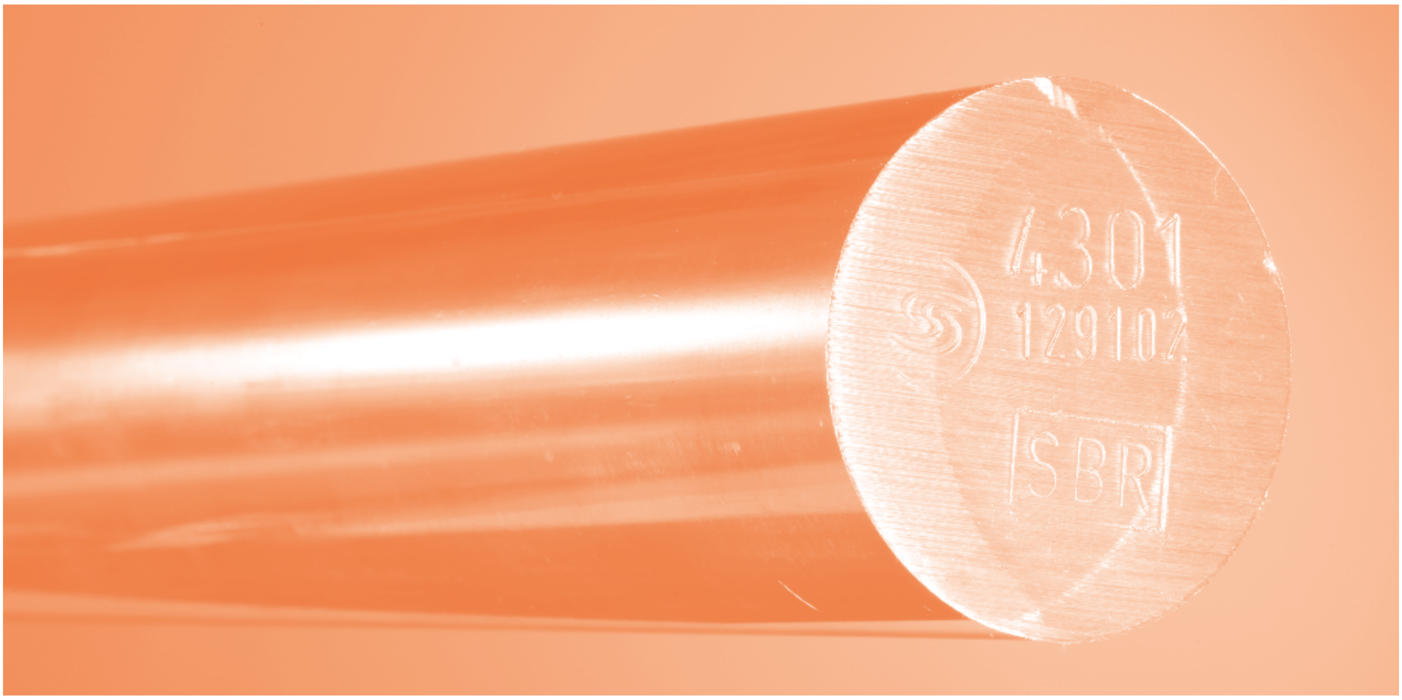
STAPPERT's competition breaks down between the following types of operator:

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

Geographical breakdown of sales

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





IMS group > Engineering steels

The market

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

They are used in many industrial sectors, including:

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

The engineering steels market includes many forms and categories of products. The annual European engineering steel alloy market is estimated at around 8 million tons. The two largest geographical markets are Germany and Italy, which together account for 60% of the market, followed by France and Spain, which account for 20% of the European market. The distribution sector's share of the engineering steel rod market is estimated at 50%. IMS group is a leading European distributor of engineering steels.

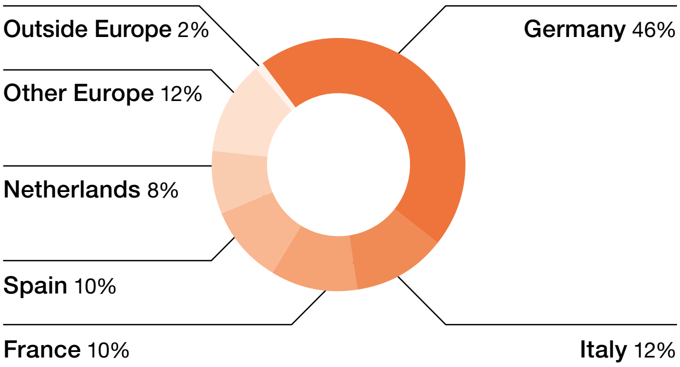
The competition

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

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

Geographic breakdown of sales

IMS group operates throughout Europe. It generates 46% of its sales in Germany, the largest European market.



4 ESG (Environmental, Social and Governance criteria)

Compliance with Environmental, Social and Governance criteria (ESG) is a top priority for the Jacquet Metal Service Group. It is committed to managing its business in a responsible manner.

Environmental

The Group regularly invests in energy transition programs such as the installation of solar panels and/or LED lighting at its distribution centers. These investments will continue over the coming years.

The Group also seeks to minimize the impact of its business operations on the environment:

- waste metal (offcuts from finishing operations) is from now on systematically recovered and recycled by specialist firms, then re-injected into the steel production cycle;
- the quantities of water and oils used by certain cutting machines is systematically collected and recycled.

Drachten, Netherlands

Social

The Group focuses on the quality of management and industrial relations, which underpins the stability of its workforce and organization.

Each subsidiary is responsible for its own human resources management, taking into account local needs, specificities or regulations and to ensure:

- the organization of working hours, training and industrial relations;
- health and safety at work;
- respect for human rights and children's rights and the elimination of discrimination.

The Group performs handling and finishing operations for steel products. As such, it is committed to protecting employee health and safety and has implemented a training and prevention policy, aiming to reduce the frequency and severity of workplace accidents.

Measures to improve safety are implemented regularly, including:

- dissemination of safety rules and instructions;
- regulatory checks of machines and equipment by external organizations;
- identifying, monitoring, and assessing industrial accidents;
- improvement of plant workstations.

Governance

The Company applies primarily the AFEP-MEDEF code of corporate governance for listed companies.

It also pays close attention to:

- maintaining a diverse range of experiences, backgrounds, and generations and a balanced gender mix on its Board of Directors and committees. As such, the Board of Directors comprises ten directors: seven independent directors, two German nationals, six men, and four women;
- ensuring transparent communication on criteria for variable remuneration paid to executive officers, as detailed in the " Corporate Governance Report " section of the annual report;
- compliance with ethics in the Group's business operations. A Group-wide Anti-Corruption Policy has been rolled out, defining the behavior to be adopted by each company with all of its partners, as well as an internal whistle-blowing procedure at each company, enabling situations or behaviors that contravene the Anti-Corruption Policy to be reported. The anti-corruption policy is presented in **§ 1.4** of the Risk management section.

5 Other information

5.1 IT systems

The Group develops its own business applications (Jac ERP) tailored to the different types of distribution (depending on whether the division distributes quarto plates or long products). These include the Finance V10 accounting application.

The companies belonging to the JACQUET division and most companies in the STAPPERT and IMS group divisions use the Jac ERP. All group entities should use the Jac ERP by the end of 2021.

These centralized tools are among the keys to an effective management of inventories and responsive management control process.

The dedicated IT tool provides solutions aimed at simplifying the sales process. It is also an essential tool for implementing purchasing systems based on pooled negotiations. The user interface benefits from the user-friendliness of full web mode. Every user can access all their division's inventories in real time. "Intra-group" sales are processed automatically. Commercial documents are published in the local language and comply with national presentation specifications.

The business application has been developed using state-of-the-art technologies (full web mode on a LAOP Linux-Apache platform, Oracle databases, PHP), while all Group websites are connected to the central website via an MPLS and VPN IPsec network. The chosen solution's high degree of scalability ensures that in-house developments are supported, regardless of the number of users or volumes handled.

5.2 Developments

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

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

All Group subsidiaries benefit from a set of resources placed at their disposal, including terms and conditions of purchase, a product/market information system tailored to their business, staff training and access to an information network. Every effort is made to enable them to focus on their main goal, i.e. generating profitable sales. Local managers manage their inventories in accordance with their own marketing policy.

The compensation paid to subsidiary managers is largely based on the subsidiary's results.

The Group invoices the subsidiary for services performed, primarily management and IT services. Where applicable, managers also receive dividends in proportion to the shares they hold.

5.3 Capital expenditure policy

This information is provided in the **§ 1.3** of the Management report - information on the Group / Cash flow.

The parent company does not depend on patents to carry out its business activities.

5.4 Infrastructure

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

The Group operates buildings with a total surface area of 655,689 sqm, of which 44% are fully owned.

in sqm	**Wholly-owned property**			**Rented property**			**Property under finance lease**		
Country	**Building surface area**	**Land surface area**	**Number of warehouses**	**Building surface area**	**Land surface area**	**Number of warehouses**	**Building surface area**	**Land surface area**	**Number of warehouses**
Germany	87,191	137,101	15	118,774	26,218	9	22,603	32,856	2
Austria	1,363	30,350	1	10,047	—	1	5,000	17,200	1
Belgium	17,946	33,133	1	3,414	9,700	1	—	—	—
Canada	—	—	—	7,493	9,772	3	—	—	—
China	5,459	20,118	1	2,142	—	1	—	—	—
Korea	—	—	—	227	1,778	1	—	—	—
Spain	2,259	10,295	1	59,430	38,954	9	—	—	—
United States	9,772	36,381	1	13,838	6,907	3	—	—	—
United Arab Emirates	—	—	—	27	—	—	—	—	—
Finland	2,333	23,064	1	59	—	—	—	—	—
France	70,552	299,228	7	38,414	74,585	7	—	—	—
Hungary	4,080	22,602	1	409	—	—	—	—	—
Italy	17,561	40,880	3	53,562	39,503	8	—	—	—
Netherlands	32,550	44,137	4	4,396	2,910	1	—	—	—
Poland	11,152	66,203	2	12,663	18,882	3	—	—	—
Portugal	1,700	4,960	1	7,084	13,625	2	—	—	—
Czech Republic	8,753	42,164	1	2,164	974	3	—	—	—
United Kingdom	2,900	17,000	1	45	—	—	—	—	—
Slovakia	3,828	20,974	1	—	—	—	—	—	—
Slovenia	4,747	7,402	1	—	—	—	—	—	—
Sweden	4,169	27,927	2	788	—	1	—	—	—
Switzerland	1,395	1,500	1	—	—	—	—	—	—
Turkey	—	—	—	3,400	6,514	1	—	—	—
Total	**289,710**	**885,419**	**46**	**338,376**	**250,322**	**54**	**27,603**	**50,056**	**3**

Number of warehouses	**31.12.19**
Wholly-owned sites	46
Rented sites	54
Sites under finance lease	3
Total	**103**

There are no environmental constraints that could impact the Group's use of its property, plant and equipment.

Disclosures concerning assets belonging directly or indirectly to executive corporate directors and used by the Group in the course of its business activities are given under **§ 5.7.2** of the notes to the Jacquet Metal Service SA parent company financial statements.

6 Main companies

Jacquet Metal Service SA FR

JACQUET division

JACQUET Holding SARL FR

- **JACQUET Metallservice** GmbH AT
- **JACQUET Benelux** SA BE
- **JACQUET Montréal** Inc. CA
- **Rolark Toronto** Inc. CA
- **Rolark Edmonton** Inc. CA
- **JACQUET Osiro** AG CH
- **JACQUET Chengdu** Co. Ltd. CN
- **JACQUET Shanghai** Co. Ltd. CN
- **JACQUET** Sro CZ
- **JACQUET Deutschland** GmbH DE
- **Quarto Deutschland** GmbH DE
- **JMS Danmark** ApS DK
- **JACQUET Ibérica** SA ES
- **JACQUET Finland** OY FI
- **Détail Inox** SAS FR
- **France Inox** SAS FR
- **JACQUET International** SAS FR
- **JACQUET Lyon** SAS FR
- **JACQUET Paris** SAS FR
- **OSS** SARL FR
- **Quarto International** SAS FR
- **JACQUET Centro Servizi** Srl IT
- **JACQUET Italtaglio** Srl IT
- **JACQUET Nova** Srl IT
- **JACQUET Korea** Co. Ltd. KR
- **Intra Metals** BV NL
- **JACQUET Nederland** BV NL
- **JACFRIESLAND** BV NL
- **JACQUET Polska** Sp. z o.o. PL
- **JACQUET Portugal** LDA PT
- **JACQUET Sverige** AB SE
- **JMS Metals Asia** Pte. Ltd. SG
- **JMS Adriatic** d.o.o. SI
- **Quarto Jesenice** d.o.o. SI
- **Intra Alloys** FZE UAE
- **Jacquet UK** Ltd UK
- **JACQUET Mid Atlantic** Inc. USA
- **JACQUET Houston** Inc. USA
- **JACQUET Midwest** Inc. USA
- **JACQUET West** Inc. USA
- **QUARTO North America** LLC USA

STAPPERT division

STAPPERT Deutschland GmbH DE

- **STAPPERT Fleischmann** GmbH AT
- **STAPPERT Intramet** SA BE
- **STAPPERT Ceská Republika** Spol Sro CZ
- **STAPPERT France** SAS FR
- **STAPPERT Magyarország** Kft HU
- **STAPPERT Noxon** BV NL
- **STAPPERT Polska** Sp. z o.o. PL
- **STAPPERT Sverige** AB SE
- **STAPPERT Slovensko** AS SK
- **STAPPERT UK** Ltd UK

IMS group division

IMS group Holding SAS FR

- **IMS Austria** GmbH AT
- **IMS Belgium** SA BE
- **Dr. Wilhelm Mertens** GmbH DE
- **Finkenholl Stahl Service Center** GmbH DE
- **Günther + Schramm** GmbH DE
- **Hoselmann Stahl** GmbH DE
- **IMS Bayern** GmbH DE
- **IMS Deutschland** GmbH DE
- **IMS Fellbach** GmbH DE
- **IMS Rhein-Main** GmbH DE
- **IMS Trade** GmbH DE
- **IMS Trossingen** GmbH DE
- **IMS Aceros** INT, SAU ES
- **IMS France** SAS FR
- **IMS** SpA IT
- **IMS Nederland** BV NL
- **IMS Portugal** SA PT
- **IMS Özel çelik** Ltd Şi. TR

7 Stock market information

General features

source: Jacquet Metal Service

- **Main indices** : CAC® All Shares, CAC® All-Tradable, CAC® Basic Materials, CAC® Mid & Small, CAC® PME, CAC® Small, Next 150
- **Market** : Euronext Paris - Compartment B
- **Listed on** : Euronext Paris
- **Code or ticker** : JCQ
- **ISIN code** : FR0000033904
- **Reuters** : JCQ.PA
- **Bloomberg** : JCQ : FP

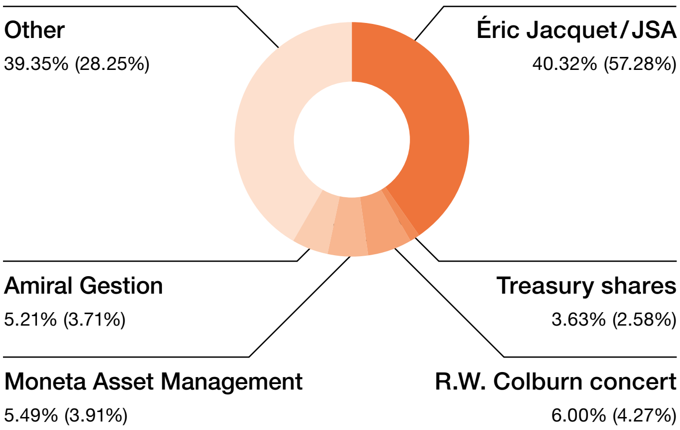
		2019	2018	2017	2016	2015
Number of shares at end of period	number of shares	24,028,438	24,028,438	24,028,438	24,028,438	24,028,438
Market capitalization at end of period	**€k**	**370,519**	**372,921**	**660,782**	**476,003**	**343,607**
High	€	18.46	32.90	29.61	20.63	20.24
Low	€	13.76	13.56	19.45	10.02	11.32
Price at end of period	**€**	**15.42**	**15.52**	**27.50**	**19.81**	**14.30**
Average daily trading volume	number of shares	34,833	27,351	24,330	23,718	28,679
Average daily traded capital	€	562,702	634,980	596,557	353,251	465,096

As of December 31, 2019, the Jacquet Metal Service (JCQ) share price was €15.42, with little change from the December 31, 2018 closing price. The share price was €11.20 on March 10, 2020.

Jacquet Metal Service shares are followed by Société Générale SGCIB, Oddo Securities and Portzamparc of BNP Paribas group.

Shareholder structure at March 31, 2020

% share capital (% voting rights)



Éric Jacquet and JSA (which is controlled by Éric Jacquet) held 40.32% of the share capital and 57.28% of the voting rights in the Company at March 31, 2020.

Information on the share capital

Share capital Article 6

Share capital amounts to €36,631,126.16 divided into 24,028,438 fully paid-up shares.

Form of shares Article 9

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

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

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

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

Share trading – Stock exchange

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

Breakdown of share capital and voting rights

A detailed presentation of the shareholder structure and the identity of shareholders exceeding the statutory thresholds is provided in **§ 4.8** of the Management Report – Information on the parent company.

Share buyback program

This information is provided in **§ 4.5** of the Management Report – Information on the parent company.

Convertible, exchangeable or equity-warrant bonds

None.

Securities not representing capital

None.

Shareholders' agreements and declared concert

To the Company's knowledge:

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

Liquidity agreement

This information is provided in **§ 4.7** of the Management Report – Information on the parent company.

8 Financial communication schedule

- **Q1 2020 results** : May 13, 2020
- **General meeting** : June 26, 2020
- **H1 2020 results** : September 9, 2020
- **Q3 2020 results** : November 18, 2020
- **2020 full year results** : March 2021

Investors and shareholders may obtain complete financial information from the Company's website at: **www.jacquetmetalservice.com**

Investor relations

- **Jacquet Metal Service** > Thierry Philippe > Chief Financial Officer > comfi@jacquetmetals.com
- **NewCap** > Emmanuel Huynh > **T** +33 1 44 71 94 94 > jacquetmetalservice@newcap.eu

1 Governance

1.1 The Board of Directors

On June 30, 2010, the Company adopted a governance model based on a Board of Directors.

The General Meeting of June 29, 2018 appointed the following individuals as directors for a two-year term of office expiring at the end of the General Meeting called to approve the financial statements for the financial year ended December 31, 2019:

Éric Jacquet > a French national, 61, has been Chairman and Chief Executive Officer of Jacquet Metal Service SA since July 20, 2010. He was previously Chairman and Chief Executive Officer of Jacquet Metals SA (formerly JACQUET Industries SA) from its foundation in 1994. Éric Jacquet was also Vice-Chairman of the Supervisory Board and a member of the Strategy Committee of IMS International Metal Service SA from June 16, 2009 to February 3, 2010.
Éric Jacquet has spent his entire career in the Jacquet Metal Service Group, where he has held positions including Sales Manager (1980-1985) and Marketing and Export Development Manager (1986-1993).
Éric Jacquet is also a member of the Lyon Commercial Court Association of Judges and Former Judges.
He was first appointed to the Board of Directors on
> *June 30, 2010*

Françoise Papapietro > (who is considered as an independent director), a French national, 55, spent most of her career in investment banking (Paribas and Barclays), where she gained expertise in financial transactions (mergers & acquisitions, equity capital transactions and tax engineering). She has also served as Head of Institutional and Financial Communications for Infogrames, Chief Executive Officer of Henri Germain and Chief Executive Officer of Loze Partners & Vostok.
Françoise Papapietro is a graduate of EM Lyon business school and speaks four languages. She is currently the representative of Christie's auction house for the Rhône-Alpes region.
She was first appointed to the Board of Directors on
> *June 29, 2012*

Gwendoline Arnaud > (who is considered as an independent director), a French national, 47, has been a lawyer since 1998. In 2003 she set up her own firm specializing in family and business law.
Gwendoline Arnaud holds a Master's Degree in Private Law and a Certificate of Legal Proficiency (CAPA).
She was first appointed to the Board of Directors on
> *June 26, 2014*

Jean Jacquet > (who is considered as an independent director), a French national, 87, served as Chairman of Faïence et Cristal de France until 2012, Chairman and Chief Executive Officer of SOMERGIE (the Metz urban public-private waste management company) until 2011 and Chairman and Chief Executive Officer of TCRM (Metz area public transport system) until 2010.
Jean Jacquet represented JSA as a member of the Supervisory Board and a member of the Appointment and Compensation Committee of IMS International Metal Service from June 16, 2009 to February 3, 2010.
Jean Jacquet began his career at the Renault Group, where he worked until 1984. He was then Chairman and Chief Executive Officer of Unimetal/Ascometal from 1984 to 1988 and Chairman of the Special Steel Dealers' Union (UNAS) from 1988 to 1999. He has also served as Chairman of the Supervisory Board of Winwise, Director of the Metz National Engineering School, Chairman of the Inter-Ministerial Development Mission for the development of the Longwy European Hub, Chairman of the Board of Directors of the Metz Power Plant, Deputy Vice-Chairman of the French National Association of Electricity Concessions and Vice-Chairman of the Metz Urban District (now the Metz Metropolitan Urban District Grouping). We would remind you that Jean Jacquet is not related to Éric Jacquet.
Jean Jacquet holds a law degree and is a graduate of the Paris Institute of Political Studies.
He was first appointed to the Board of Directors on
> *June 30, 2010*

Henri-Jacques Nougein > (who is considered as an independent director), a French national, 72, is an arbitration expert, mediator, amicable liquidation expert and insurance broker (specializing in corporate risk and liability).
He is also the Honorary President of the Lyon Commercial Court, former Chairman of the Inter-Professional Mediation and Arbitration Center and Joint Manager of the European Arbitration and Mediation Network. He is the founder and Joint Manager of the Franco-Argentinian Mediation and Arbitration Center, the Franco-Chinese Mediation Center (in partnership with the Shanghai government authorities) and the Franco-Indian Mediation and Arbitration Center (in partnership with the Indian Federation of Chambers of Commerce and Industry). Henri-Jacques Nougein was a lecturer at Lyon III University (Economic Procedural Law) and is the author of a number of legal and technical research publications.
He holds a degree in Private Law and a higher doctorate in law (1976) and is a graduate of the Lyon Legal Studies Institute and the French Advanced School of Private Law.
He was first appointed to the Board of Directors on
> *June 30, 2010*

Jacques Leconte > (who is considered as an independent director), a French national, 75, was the Director of the Crédit Agricole Sud Rhône-Alpes Business Center. He was primarily in charge of the financing activities for large companies, cooperatives and institutional investors for the Rhône-Alpes regional districts at the Crédit Agricole Regional Development Agency.
He has been a director of Jacquet Metals since 2009 and is also a member of the Strategy Committee of Thermcross SA. Jacques Leconte studied geography at university and is a graduate of the Lyon Institute of Political Studies.
He *was first appointed to the Board of Directors on*
> *June 30, 2010*

Wolfgang Hartmann > a German national, 65, spent most of his career at STAPPERT Deutschland (formerly STAPPERT Spezial Stahl), a company specializing in the distribution of stainless steel long products.
He joined STAPPERT Spezial Stahl's procurement department in 1977 and became a member of the Management Committee in 2004, CEO in 2005 and STAPPERT Group COO from 2010 to 2015.
He was first appointed to the Board of Directors on
> *May 5, 2015*

JSA > a limited liability company governed by Belgian law, controlled by Éric Jacquet and represented by his son, Ernest Jacquet. Ernest Jacquet, a French national, 22, is currently studying for a Bachelor's Degree in Business Administration at the Lyon European Business School (INSEEC).
JSA was first appointed to the Board of Directors on
> *June 30, 2010*

Séverine Besson-Thura > (who is considered as an independent director), a French national, 45, is the founding chairman of Ork-ID, an HR management consultancy firm serving manufacturing companies. She has spent most of her career in management in an industrial and international environment. She has held positions as a marketing consultant, International Sales and Marketing Director then Chairman and CEO of a small business operating in the chemicals industry. Séverine Besson-Thura holds a Master's Degree in Sales and Marketing, an Executive MBA from EM Lyon business school and a PhD in HR Management from Paris-Dauphine University. She is also the founding chairman of the ACQ4 TALENTS Academy and a Board member of INSA Lyon and Handicap International.
She was first appointed to the Board of Directors on
> *June 30, 2016*.

Alice Wengorz > (who is considered as an independent director), a German national, 53, is a corporate management consultant at her own firm. She specializes in corporate strategy, organization and processes, and human resources. She has also worked in this profession at Deloitte & Touche GmbH and Arthur Andersen & Co. GmbH. Alice Wengorz is also an Honorary Judge at the Frankfurt District Court, with responsibility for criminal matters. She holds a Degree in Economics.
She was first appointed to the Board of Directors on
> *June 30, 2016.*

To the knowledge of Jacquet Metal Service SA, no member of the Board of Directors has been the subject of an official public sanction, sentenced for fraud during the past five years, involved in any receivership, sanctioned by any statutory or regulatory authorities, including designated professional bodies, or the subject of any measure preventing them from directing, managing, administering or controlling a company during the past five years.

To the knowledge of Jacquet Metal Service SA, there is no potential conflict of interest between the private interests of the members of the Board of Directors and their duties to Jacquet Metal Service SA.

There are no arrangements or agreements with the main shareholders, or with customers or suppliers, pursuant to which a member of the Board of Directors might have been appointed as a director of Jacquet Metal Service SA.

1.2 Board committees

Appointment and Compensation Committee

Since June 29, 2018 the Appointment and Compensation Committee has comprised the following members:

- **Henri-Jacques Nougein**, Chairman
- **Alice Wengorz**
- **Gwendoline Arnaud**

Audit and Risk Committee

Since June 29, 2018 the Audit and Risk Committee has comprised the following members:

- **Jean Jacquet**, Chairman
- **Jacques Leconte**
- **Wolfgang Hartmann**

1.3 The Chief Executive Officer and the Deputy Chief Executive Officer

At its meeting on June 29, 2018, the Board of Directors reappointed Éric Jacquet as Chief Executive Officer and Philippe Goczol as Deputy Chief Executive Officer. Both individuals were appointed for the first time on July 20, 2010:

- Information regarding Éric Jacquet is provided in **§ 1.1**;
- Philippe Goczol, a Belgian national, 54, is the Deputy Chief Executive Officer of Jacquet Metal Service. He holds several mandates as a legal representative within the Jacquet Metal Service Group.

Philippe Goczol was a member of IMS International Metal Service's Supervisory Board from June 16, 2009 to February 3, 2010, the date on which he resigned.

He was Chief Development Officer for JACQUET Metals from 2001 to 2004 and Chief Executive Officer from 2004 to 2008. Before joining JACQUET Metals, he was CEO and a member of the Executive Board of Anysteel (2000-2001), and held positions as Sales Director (1999-2000), Proxy (1992-2000), and Commercial Engineer (1988-1992) at Industeel (formerly CLI-Fafer and Fafer). Philippe Goczol is a commercial engineer and holds a degree from Mons University (Belgium).

A list of the offices and positions held by the corporate officers, as well as information on the number of shares they hold in Jacquet Metal Service, is provided in **§ 2.1** of the Corporate governance report.

The compensation paid to the corporate officers is set out in **§ 2.5** of the Corporate governance report.

1.4 Senior management

Éric Jacquet	Chairman & Chief Executive Officer
Philippe Goczol	Deputy Chief Executive Officer
Thierry Philippe	Chief Financial Officer
David Farias	Chief Executive Officer, JACQUET
Hans-Josef Hoss	Chief Executive Officer, IMS group
Patrick Guien	Chief Organization and Process Officer
Cédric Chaillol	Brand Communications and Corporate Identity Manager

1.5 Governance

The work of the Board of Directors is prepared and organized in accordance with the statutory and regulatory provisions applicable to French corporations ("sociétés anonymes") with a Board of Directors, the Company bylaws, the Board's internal regulations and the recommendations of the AFEP-MEDEF corporate governance code.

1.5.1 Application of the AFEP-MEDEF code

The Company follows the AFEP-MEDEF corporate governance code for listed companies, revised in June 2018 and available for consultation on the MEDEF website, hereinafter referred to as the "Reference Code". The Company declares that it applies the recommendations of the Reference Code, except with regard to the staggered renewal of directors' appointments (Recommendation 13) in view of the short duration of Company directors' terms of office (two years).

1.5.2 Limitation of the powers of the Deputy Chief Executive Officer

At its meeting on June 29, 2018, the Board of Directors decided that the Deputy Chief Executive Officer would have no authority, power of control or responsibility in the area of finance, including with regard to the financial management of equity investments, management of subsidiary dividends, financial investments, current accounts, cash position and subsidiaries' financial commitments, these areas falling under the exclusive remit of the Chief Executive Officer. This decision is a matter of internal order and is not enforceable on third parties.

1.5.3 Board operation

Director independence criteria

In accordance with the provisions of its internal regulations, the Board of Directors ensures that at least half of its members are independent.

The independence of Board members is tested against the following criteria:

- not being or having been, over the past five years, an employee or corporate officer of the Company or of a Group company;
- not being a corporate officer of a company in which the Company directly or indirectly holds office as a director or member of the Supervisory Board;
- not being a corporate officer of a company in which an employee designated as such or a corporate officer of the Company (currently or during the past five years) holds office as a director or member of the Supervisory Board;
- not being a major customer, supplier, corporate banker, investment banker or adviser of the Company or Group or one for whom the Company or Group accounts for a material part of its business;
- not having close family ties with an executive officer of the Company or of a Group company;
- not having been a statutory auditor of the Company over the past five years;
- not being a Supervisory Board member or director for more than twelve years, on the understanding that the status of independent director will be forfeited when the twelve-year period expires;
- not being the principal shareholder of the Company or, where applicable, of the parent company that controls the Company within the meaning of Article L. 233-3 of the French Commercial Code.
- In the case of non-executive officers, not receiving variable compensation, whether in cash or shares, or any other compensation indexed to the Company's or Group's performance.

Even if a director complies with all of the foregoing criteria, the Board of Directors may nonetheless decide not to qualify them as independent in view of their particular situation. The independent member qualification is discussed each year by the Appointment and Compensation Committee and reviewed on a case-by-case basis each year by the Board of Directors, with reference to the foregoing criteria, prior to the publication of the annual report.

Criteria	Éric Jacquet	Ernest Jacquet *Permanent represen-tative JSA*	Henri-Jacques Nougein	Jacques Leconte	Françoise Papapietro	Gwendoline Arnaud	Jean Jacquet	Wolfgang Hartmann	Séverine Besson-Thura	Alice Wengorz
1 Employee/corporate officer over the past 5 years	×	∨	∨	∨	∨	∨	∨	×	∨	∨
2 Reciprocal corporate office	∨	∨	∨	∨	∨	∨	∨	∨	∨	∨
3 Material business relationship	∨	∨	∨	∨	∨	∨	∨	∨	∨	∨
4 Family relationship	∨	×	∨	∨	∨	∨	∨	∨	∨	∨
5 Statutory auditor	∨	∨	∨	∨	∨	∨	∨	∨	∨	∨
6 Holding office for > 12 years	∨	∨	∨	∨	∨	∨	∨	∨	∨	∨
7 Non-executive officer status	×	∨	∨	∨	∨	∨	∨	∨	∨	∨
8 Major shareholder	×	∨	∨	∨	∨	∨	∨	∨	∨	∨

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

Membership of the Board of Directors

The membership of the Board of Directors is outlined in **§ 1.1** "The Board of Directors".

The Board of Directors pays special attention to ensuring balanced membership of the Board and its committees. In this context, the Board seeks to maintain diversity of experience, background and age on the Board and each of the committees.

As of December 31, 2019, the Board comprised 10 members, including 4 women, 6 men, and 2 foreign nationals.

Board membership complies with the requirement set out in Article L. 225-18-1 of the French Commercial Code that each gender must represent at least 40% of the Board members.

Organization of the Board of Directors as defined by internal regulations

The Board of Directors adopted its internal regulations on July 20, 2010 and successively updated them on January 22, 2014, June 30, 2016, March 7, 2018 and March 13, 2019, mainly in order to take the various revisions of the Reference Code into account. The Board of Directors' internal regulations include and detail the operational and organizational rules applicable to it pursuant to the law and the Company's bylaws, as well as the operational rules of the standing committees that have been set up.

The internal regulations set forth:

- the competences and powers of the Board of Directors;
- the duties and obligations of its members with regard to the principles of confidentiality applicable to privileged information and the rules of independence and fairness;
- each member's duty to notify the Board of any actual or potential conflict of interests in which they may be directly or indirectly involved; in such a case, the relevant member shall refrain from participating in discussions and decisions on the issues concerned;
- the rules applying to transactions involving the Company's shares as set out in Article L. 621-18-2 of the French Monetary and Financial Code and Articles 222-14 and 222-15 of the General Regulation of the Autorité des marchés financiers (French market regulator or AMF).

The internal regulations specify that the Board of Directors should meet at least once a quarter and provide for the option of participating in meetings by means of videoconference or telecommunications technology, except for meetings called to approve the annual financial statements or to vote on the dismissal of the Board Chairman or Vice-Chairman.

The internal regulations also lay down the operational rules for the Board's two committees, the Audit and Risk Committee and the Appointment and Compensation Committee.

The internal regulations also provide that, at least once a year, the Board of Directors shall be convened by its Chairman to review and assess the Board's work.

Tasks and proceedings of the Board of Directors

The Board of Directors determines the Group's business strategy and monitors its implementation. It addresses all matters concerning the efficient running of the Company and settles issues, through its deliberations, over which it has authority.
In this context, the Board notably:

- deliberates on Group strategy and the operations ensuing from it and, more generally, on all material transactions, particularly those involving investments or divestments;
- appoints the Company's senior management and oversees its management;
- monitors the quality of information provided to the shareholders and to the stock market, especially the information provided via the financial statements and annual report or when material transactions are concluded.

Conclusion of the following transactions requires the prior authorization of the Board of Directors:

- all acquisitions or divestments of equity interests or business undertakings for an enterprise value of over €5 million per transaction;
- all material transactions falling outside the scope of the Company's published strategy;
- endorsements, sureties and guarantees, subject to the conditions provided for by applicable legislation.

The Chairman or, where applicable, the Vice-Chairman organizes and directs the work of the Board of Directors and reports to the General Meeting on the Board's work. The Chairman oversees the operation of the Company's bodies, in particular that of the Board's committees. The Chairman ensures that Board members are able to perform their duties and that the Board spends sufficient time on issues impacting the Group's future.

Senior management of the Company is exercised by the Chairman of the Board of Directors, who thus holds the positions of both Chairman and Chief Executive Officer.

Activity of the Board of Directors

In 2019, the Board of Directors of Jacquet Metal Service met six times. Every director receives invitations to Board meetings together with the agenda and technical documentation for the issues discussed, one week before the meeting.

In particular, the Board of Directors:

- reviewed the 2019 budget;
- authorized the Chairman to grant guarantees on behalf of the Company;
- allocated the attendance fees for 2018;
- carried out the annual review of its operations;
- reviewed and approved the quarterly, half-year and annual consolidated and parent company financial statements and reviewed the management forecasts;
- approved the corporate governance report;
- approved the reports and draft resolutions submitted by the Board of Directors to the June 28, 2019 General Meeting;
- amended the Company's internal regulations;
- exercised the authority granted by the General Meeting to purchase or transfer the Company's shares;
- reviewed all minutes of proceedings of the Audit and Risk Committee and the Appointment and Compensation Committee;
- in relation to issues currently affecting the Group, noted the progress made on current projects as well as events and transactions of significant importance for the Company.

The meetings of the Board of Directors lasted for one and a half hours on average. The average attendance rate was 95%.

The statutory auditors were invited to all Board meetings.

Assessment of the Board's work

In accordance with the recommendations of the Reference Code, the Board carries out an assessment of its own work every year and conducts a more in-depth review every three years.

Accordingly, once a year the Board assigns one item on its agenda to this assessment and holds a discussion on its work with a view to improving its efficiency, ensuring that important issues are adequately prepared and discussed by the Board and measuring each member's actual contribution to its work. The last three-year review was carried out during the March 11, 2020 Board meeting. The responses showed that most directors consider that the Company applies proper corporate governance rules. The Board of Directors concluded that the frequency and length of its meetings and the information provided in advance enabled it to duly perform its duties.

1.5.4 Standing committees

Each standing committee comprises no more than four members. All Appointment and Compensation Committee members and two of the three Audit and Risk Committee members are considered independent.

1.5.4.1 Audit and Risk Committee

The Audit and Risk Committee comprises three members:

- at the Board meeting on June 29, 2018, Jean Jacquet (Chairman), Jacques Leconte and Wolfgang Hartmann were appointed members of the committee for the duration of their term of office as directors, i.e. until the General Meeting called to approve the financial statements for the year ended December 31, 2019.

The Audit and Risk Committee's tasks are to:

- verify the appropriateness of the accounting methods applied in the preparation of the parent company and consolidated financial statements;
- investigate any problems encountered in the application of the accounting methods;
- before presentation to the Board of Directors, review the parent company and consolidated financial statements, budgets and forecasts and, to this end, review the annual, half-year and, where applicable, quarterly financial statements, the accounting principles and methods, the Company's audit and internal control principles and methods, and the analyses and reports concerning financial reporting, accounting policy and communications between the Chairman and CEO and the Company's statutory auditors;
- monitor the quality of, and compliance with, the internal control procedures and assess the information received from the Board of Directors, the Company's internal committees and the internal and external auditors;
- review and verify the rules and procedures applicable to conflicts of interest and to the identification and measurement of the main financial risks, verify the application of these rules and submit an annual assessment thereof to the Board of Directors;
- oversee the selection, appointment and re-appointment of the statutory auditors, provide an opinion on the amount of professional fees requested by the auditors, verify their independence and impartiality in the case of statutory auditors belonging to a network that provides both auditing and advisory services and submit the results of this work to the Board of Directors;
- review the schedule for the statutory auditors' inspections, the results of their audits, their recommendations and follow-up thereof;
- determine the rules concerning the engagement of the statutory auditors on assignments other than those related to the audit of the financial statements and entrust additional audit assignments to external auditors;
- guarantee the independence of the statutory auditors and, in particular, ensure that their professional fees and additional services have no impact on such independence; and
- more generally, review, control and evaluate anything that might affect the truth and accuracy of the financial statements.

To fulfill its duties, the Audit and Risk Committee has access to all accounting and financial documentation. It conducts interviews with the persons responsible for preparing the financial statements, the internal audit manager and the statutory auditors in order to obtain assurance that the auditors have had access to all the information required for their work, in particular with regard to the consolidated subsidiaries, and that they have made sufficient progress by the time the financial statements are due for approval so as to be able to communicate all material observations.

The rules governing the organization, operation, assignments and characteristics of the Audit and Risk Committee are specified in the internal regulations of the Board of Directors.

The Audit and Risk Committee meets at least three times a year, prior to Board meetings whose agenda includes the following items:

- review of the half-year and full-year parent company and consolidated financial statements including related audit reports;
- review of the budget.

The committee also monitors potential risks incurred by the Group. It reports to the Board of Directors on its work.

Activity of the Audit and Risk Committee

The Audit and Risk Committee met three times in 2019, on January 22, March 12, and September 17, and had an attendance rate of 89%. On average, its meetings lasted two hours.

Its work primarily consisted of:

- reviewing the Group and Company annual and half-yearly financial statements and the management forecasts;
- overseeing the proper application of the accounting principles;
- checking that the year-end procedure and review of the statutory auditors' findings following completion of their audits had been performed correctly; and
- reviewing the budget.

The Audit and Risk Committee reviewed the work of the internal audit department, particularly with regard to the follow-up of the statutory auditors' recommendations, as well as the department's conclusions on specific audit assignments and the proposed approach to the organization of internal control and the identification and monitoring of risks.

Besides, the Audit and Risk Committee checked on the progress of the different measures required by the general data protection regulation ("GDPR").

Assessment of the work of the Audit and Risk Committee

At their March 10, 2020 meeting, the members of the Audit and Risk Committee reviewed and assessed the work of the committee. This assessment was performed by committee members and primarily covered committee membership, frequency and length of meetings, the quality of the discussions, the work of the committee, communication of information to committee members, committee members' compensation and access to Group management.

The Audit and Risk Committee concluded that the frequency and length of its meetings and the information provided in advance to the committee and its members enabled it to duly perform its duties.

1.5.4.2 Appointment and Compensation Committee

The Appointment and Compensation Committee comprises three members:

- at the Board meeting on June 29, 2018, Henri-Jacques Nougein (Chairman), Alice Wengorz and Gwendoline Arnaud were appointed members of the committee for the duration of their term of office as directors, i.e. until the General Meeting called to approve the financial statements for the year ended December 31, 2019.

The Appointment and Compensation Committee's tasks are to:

- communicate to the Board of Directors all proposals regarding all compensation and benefits offered to executive officers, including all components thereof;
- issue an opinion on the hiring of new directors or CEO(s) and on the determination of and changes to all components of their compensation;
- prepare a succession plan for executive officers in order to propose solutions, particularly in the event of unforeseen vacancies;
- contribute towards the preparation of the annual report with regard to information for the shareholders on the compensation paid to corporate officers; and
- notify the Board of Directors of any recommendations it may have concerning all Company staff compensation and profit-sharing schemes, by any means, including employee savings plans, reserved issues of convertible securities and stock option allocations.

To this end, the Appointment and Compensation Committee sees that all requisite and useful information is communicated to it sufficiently in advance of the relevant committee meeting so that the members have sufficient time to review such information before the meeting. The committee conducts any interviews, with any persons, that may be necessary or useful with regard to the fulfillment of its duties.

Activity of the Appointment and Compensation Committee

The Appointment and Compensation Committee met twice in 2019, on March 13 and May 14, and had an attendance rate of 100%.

Its work primarily focused on reviewing:

- the wage policy with respect to Group company senior executives and the compensation awarded to executive officers in view of the Group' size and the recommendations of the AFEP-MEDEF corporate governance code;
- the amendments made to the AFEP-MEDEF corporate governance code in June 2018, including those regarding the powers of the Appointment and Compensation Committee and the independence of the directors;
- the executive officer succession plan;
- the membership of the Board of Directors and committees and the independence of the directors;
- the information sent to the shareholders on the compensation awarded to corporate officers; and
- the attendance fee budget allocated to the directors.

The Appointment and Compensation Committee reported to the Board of Directors on its work.

Assessment of the work of the Appointment and Compensation Committee

During its March 11, 2020 meeting, the committee assessed its operating procedures. This assessment was performed by committee members mainly based on a questionnaire given to all members primarily covering committee membership, frequency and length of meetings, the quality of the discussions, the work of the committee, communication of information to committee members, committee members' compensation and access to Group management.

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

1.5.5 Director attendance rates

	Board of Directors	Audit & Risk Committee	Appointment & Compensation Committee
Éric Jacquet Chairman of the Board of Directors	100%	n.a.	n.a.
JSA Director	83.33%	n.a.	n.a.
Henri-Jacques Nougein Director, Chairman of Appointment and Compensation Committee	100%	n.a.	100%
Françoise Papapietro Director	100%	n.a.	n.a.
Jacques Leconte Director, Member of Audit and Risk Committee	100%	100%	n.a.
Gwendoline Arnaud Director, Member of Appointment and Compensation Committee	100%	n.a.	100%
Jean Jacquet Director, Chairman of Audit and Risk Committee	83.33%	100%	n.a.
Wolfgang Hartmann Director, Member of Audit and Risk Committee	83.33%	66.67%	n.a.
Séverine Besson-Thura Director	100%	n.a.	n.a.
Alice Wengorz Director, Member of Appointment and Compensation Committee	100%	n.a.	100%

1.5.6 Changes in Board and committee membership during the 2019 financial year

There were no changes in the membership of the Board of Directors or the committees in 2019.

1.6 Shareholder participation in the General Meeting

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

2 Corporate governance report

In accordance with the provisions of Article L. 225-37 of the French Commercial Code, this report prepared by the Board of Directors is intended to inform the shareholders of the conditions for preparing and organizing the work of the Company's Board of Directors, as well as the conditions for fulfilling the corporate officers' duties.

This report has been prepared in consultation with the internal audit department, the legal department and the Appointment and Compensation Committee. It was approved by the Board of Directors on March 11, 2020.

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

	Nationality	Appointment/ renewal date	Term expires	Years of Board membership	Number of shares held	Committee membership	**Other offices** excluding offices held at Company subsidiaries
Éric Jacquet > *aged 61 - M* > Director and Chairman of the Board of Directors > Chief Executive Officer	French	30.06.10 29.06.12 26.06.14 30.06.16 29.06.18 30.06.10 29.06.12 26.06.14 30.06.16 29.06.18	2020 General Meeting 2020 General Meeting	9	39 530	—	Managing partner of JSA TOP Managing Director of JSA Managing Partner of SCI du Canal Managing Partner of SCI Rogna Boue Managing Partner of SCI Quede Managing Partner of SCI de Migennes Chairman of JERIC Managing Partner of SCI de la Rue de Bourgogne Managing Partner of Jacquet Bâtiments EURL Managing Partner of SCI des Brosses Managing Partner of SCI de Mantenay Managing Partner of SCI Cité 44 Managing Partner of SCI Le Petit Sauzaye Managing Partner of SCI Les Chênes Saint Fortunat Chairman of SAS JML
Jean Jacquet > *aged 87 - M* > *Deemed independent* > Vice-Chairman of Board of Directors	French	30.06.10 29.06.12 26.06.14 30.06.16 29.06.18	2020 General Meeting	9	2 000	Chairman of the Audit and Risk Committee	—
Françoise Papapietro > *aged 55 - F* > *Deemed independent* > Director	French	29.06.12 26.06.14 30.06.16 29.06.18	2020 General Meeting	7	710	—	Chairwoman of Parthénon Conseil SAS
Gwendoline Arnaud > *aged 47 - F* > *Deemed independent* > Director	French	26.06.14 30.06.16 29.06.18	2020 General Meeting	5	0	Member of the Appointment and Compensation Committee	Managing Partner of Cabinet Gwendoline Arnaud et Associés SELARL Managing Partner of SCI PNRAS Managing Partner of SCI LSCG Managing Partner of SCM 2G
Wolfgang Hartmann > *aged 65 - M* > Director	German	05.05.15 30.06.16 29.06.18	2020 General Meeting	4	9 000	Member of the Audit and Risk Committee	—
Jacques Leconte > *aged 75 - M* > *Deemed independent* > Director	French	30.06.10 29.06.12 26.06.14 30.06.16 29.06.18	2020 General Meeting	9	500	Member of the Audit and Risk Committee	Member of the Strategy Committee of Thermcross SA
Henri-Jacques Nougein > *aged 72 - M* > *Deemed independent* > Director	French	30.06.10 29.06.12 26.06.14 30.06.16 29.06.18	2020 General Meeting	9	510	Chairman of the Appointment and Compensation Committee	Chairman of the Supervisory Board of SCPI "Buroboutic" Vice-Chairman of the Supervisory Board of SCPI "Ficommerce" Managing Partner of Cabinet Nougein
JSA > Director > Company represented by Ernest Jacquet *aged 22 - M*	French	30.06.10 29.06.12 30.06.16 29.06.18	2020 General Meeting	9	9 648 941	—	—
Séverine Besson-Thura > *aged 45 - F* > *Deemed independent* > Director	French	30.06.16 29.06.18	2020 General Meeting	3	500	—	Chairwoman of the SAS Ork-ID
Alice Wengorz > *aged 53 - F* > *Deemed independent* > Director	German	30.06.16 29.06.18	2020 General Meeting	3	700	Member of the Appointment and Compensation Committee	—
Philippe Goczol > *aged 54 - M* > Deputy Chief Executive Officer	Belgian	20.07.10 29.06.12 26.06.14 30.06.16 29.06.18	2020 General Meeting	n.a.	2 431	—	Joint Managing Partner of SCI des Acquits

2.2 Agreements entered into between a senior executive or major shareholder and a subsidiary – Agreements entered into in the ordinary course of business on arm's length terms

2.2.1 Agreements entered into between a senior executive or major shareholder and a subsidiary

None.

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

In accordance with Article L. 225-39 of the French Commercial Code, the Board of Directors has established a procedure for periodically assessing whether the agreements held to be entered into in the ordinary course of business on arm's length terms duly meet these criteria.

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

- both criteria regarding ordinary course of business and arm's length terms must be satisfied;
- given that ordinary agreements entered into on arm's length terms are excluded from the regulated agreement authorization procedure provided for by Article L. 225-38 of the French Commercial Code, it is necessary to verify periodically that the criteria for classification as such agreements are duly met;
- agreements entered into between the Company and Group companies in which the Company directly or indirectly holds all of the share capital (less the minimum number of shares required to meet statutory requirements, where applicable) are excluded from this assessment procedure given that they are by definition excluded from the regulated agreement procedure pursuant to Article L. 225-39, paragraph 1 of the French Commercial Code.

With regard to the annual assessment procedure:

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

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

The following authorization granted to the Board of Directors by the General Meeting on June 29, 2018 is still in effect:

Delegation of authority	General Meeting	Maturity	Maximum authorized amount per transaction	Total maximum authorized amount
1 > Delegation of authority to increase the Company's share capital by capitalization of premiums, reserves, profits or other items. > *Resolution 25*	29.06.18	29.08.20	8 000 000 €	8 000 000 €
2 > Delegation of authority to increase the Company's share capital by issuance of shares with preferential subscription rights and/or convertible securities and/or securities granting the right to allotment of debt securities. > *Resolutions 26 & 31*	29.06.18	29.08.20	> **Capital increase:** €8,000,000 > **Issuance of debt securities:** €180,000,000	> **Capital increase*:** €12,000,000 > **Issuance of debt securities:** €250,000,000
3 > Delegation of authority to increase the Company's share capital by issuance, in the form of a public offering without preferential subscription rights, of shares and/or convertible securities and/or securities granting the right to allotment of debt securities. > *Resolutions 27 & 31*	29.06.18	29.08.20	> **Capital increase:** €8,000,000 > **Issuance of debt securities:** €180,000,000	> **Capital increase*:** €12,000,000 > **Issuance of debt securities:** €250,000,000
4 > Delegation of authority to decide to increase the Company's share capital by issuance, without a public offering or preferential subscription rights, of shares and/or convertible securities. > *Resolutions 28 & 31*	29.06.18	29.08.20	> **Capital increase:** €8,000,000 > **Issuance of debt securities:** €180,000,000	> **Capital increase*:** €12,000,000 > **Issuance of debt securities:** €250,000,000
5 > Authorization, in the event of an increase in the share capital by issuance, without preferential subscription rights, of shares and/or convertible securities, to set the issue price according to the procedure defined by the General Meeting. > *Resolutions 29 & 31*	29.06.18	29.08.20	10% of the share capital	> **Capital increase*:** €12,000,000 > **Issuance of debt securities:** €250,000,000
6 > Authorization to increase the number of securities to be issued in the event of a capital increase with or without preferential subscription rights. > *Resolutions 30 & 31*	29.06.18	29.08.20	Subject to the cap provided for in the resolution concerning the relevant issue	> **Capital increase*:** €12,000,000 > **Issuance of debt securities:** €250,000,000
7 > Delegation of powers to the Board of Directors to issue shares or convertible securities without preferential subscription rights as consideration for in-kind contributions in the form of equity securities or convertible securities. > *Resolution 32*	29.06.18	29.08.20	10% of the share capital	10% of the share capital
8 > Delegation of authority to the Board of Directors to issue shares and/or convertible securities in the event of a public exchange offer initiated by the Company. > *Resolution 33*	29.06.18	29.08.20	> **Capital increase:** €8,000,000 > **Issuance of debt securities:** €180,000,000	> **Capital increase:** €8,000,000 > **Issuance of debt securities:** €180,000,000
9 > Delegation of authority to increase the Company's share capital by issuance of shares or convertible securities reserved to the beneficiaries of employee savings plans, without preferential subscription rights. > *Resolution 36*	29.06.18	29.08.20	1% of the number of shares comprising the share capital	1% of the number of shares comprising the share capital
10 > Authorization to award existing or future bonus shares of the Company to employees and executive officers of the Company and related companies. > *Resolution 34*	29.06.18	29.08.21	> 3% of the share capital > 1% of the share capital for executive officers	> 3% of the share capital > 1% of the share capital for executive officers
11 > Authorization to grant stock options in Company shares to employees and/or corporate officers of the Company and related companies. > *Resolution 35*	29.06.18	29.08.21	> 3% of the share capital > 1% of the share capital for executive officers	> 3% of the share capital > 1% of the share capital for executive officers

* joint caps for Resolutions 26 to 30

The Board of Directors has not exercised the foregoing powers and authorizations during 2019 fiscal year.

2.4 Factors liable to impact a takeover bid

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

2.5 Compensation paid to corporate officers

2.5.1 Compensation paid to executive officers

2.5.1.1 Compensation paid to executive officers

The executive corporate officers since July 20, 2010 are Éric Jacquet in the capacity of Chairman and Chief Executive Officer and Philippe Goczol in the capacity of Deputy Chief Executive Officer. The compensation amounts shown below are for the 2018 and 2019 financial years. Éric Jacquet and Philippe Goczol receive no compensation from any other company belonging to the consolidated Group.

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

Gross amounts (€k)	2019	2018
Compensation payable for the financial year	797	1,214
Valuation of options awarded during the year	—	—
Valuation of performance shares awarded during the year	—	—
Total	**797**	**1,214**

Of which:

€k	2019		2018	
Gross amounts	**Amount payable**	**Amount paid**	**Amount payable**	**Amount paid**
Fixed compensation	650	650	600	600
Variable compensation	123	592[1]	592	226
Exceptional compensation	—	—	—	200
Attendance fees	12	12	12	12
Post-employment benefits	12	12	10	10
Benefits in kind	—	—	—	—
Total	**797**	**1,266**	**1,214**	**1,048**

[1] in accordance with the vote at the Company's General Meeting on June 28, 2019 (Resolution 9)

Philippe Goczol, Deputy Chief Executive Officer

Gross amounts (€k)	2019	2018
Compensation payable for the financial year	367	376
Valuation of options awarded during the year	—	—
Valuation of performance shares awarded during the year	—	—
Total	**367**	**376**

Of which:

€k	2019		2018	
Gross amounts	**Amount payable**	**Amount paid**	**Amount payable**	**Amount paid**
Fixed compensation	205	205	202	202
Variable compensation	107	149[1]	149	103
Exceptional compensation	50	20[1]	20	10
Attendance fees	–	–	–	–
Post-employment benefits	5	5	5	5
Benefits in kind	–	–	–	–
Total	**367**	**379**	**376**	**320**

[1] In accordance with the vote at the Company's General Meeting on June 28, 2019 (Resolution 10)

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

- **Quantitative criteria** the variable compensation based on quantitative criteria depends on the Group's profitability; the calculation is based on the ratio of net income (Group share) to consolidated sales. There are no fixed targets;
- **Qualitative criteria** the variable compensation based on qualitative criteria is left to the discretion of the Appointment and Compensation Committee, which submits the level of annual compensation payable to senior managers to the Board of Directors, and may recommend the payment of an exceptional compensation amount, where applicable.

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

Contractual status of corporate officers

	Employment contract		Supplementary pension scheme		Indemnities and benefits[1]		Indemnities relating to a non-competition clause	
Executive officers	**yes**	**no**	**yes**	**no**	**yes**	**no**	**yes**	**no**
Éric Jacquet, Chief Executive Officer since 20.07.10		X	X			X		X
Philippe Goczol, Deputy Chief Executive Officer since 20.07.10		X		X	X		X	

[1] Compensation amounts or benefits payable or likely to be payable as the result of termination or a change in duties.

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

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

2.5.1.2 Stock options granted to each executive officer during the financial year

None.

2.5.1.3 Stock options exercised by executive officers during the financial year

None.

2.5.1.4 Performance shares granted to each corporate officer

None.

2.5.1.5 Performance shares reaching end of lock-in period during the financial year for executive corporate officers

None.

2.5.1.6 Bonus shares

None.

2.5.1.7 Other information

The following facilities directly or indirectly owned by Éric Jacquet are rented by Jacquet Metal Service SA and used for the Group's operations:

€k	Sites	2019 rent (excl. VAT)	2018 rent (excl. VAT)
JERIC SARL	Saint Priest - France	633	620
	Villepinte - France	205	200
SCI Cité 44	Lyon - France	509	413
SCI de Migennes	Migennes - France	221	213

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

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

Conditions for awarding the indemnity

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

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

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

Calculation of indemnity amount according to performance criteria

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

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

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

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

- The benchmark salary used to calculate the indemnity corresponds to the gross average fixed and variable compensation (PBMG, attendance bonus and any other variable compensation that the Deputy Chief Executive Officer may receive during his term of office) payable for the last three financial years and available as of the departure date ("Salary"). Compensation does not include stock options or bonus share allocations;
- The TEV will be assessed every year using the following formula: TEV = average market capitalization + average Group debt, where:

  - average market capitalization is equal to the number of shares (recorded at the end of the benchmark period for the year of departure) multiplied by the average of the average daily volume-weighted share price over the benchmark period,
  - average debt is calculated on the basis of the average net debt at the end of the last two benchmark periods;
- The benchmark period is determined on the basis of the departure date, as follows:
  - If departure occurs before the date of the Board of Directors' meeting called to review the half-year financial statements for the year of departure (year N), and no later than September 1 of year N, the benchmark period for the year of departure will correspond to the most recent full financial year (N-1). The two previous benchmark periods are therefore financial years N-2 and N-3;
  - If departure occurs after the date of the Board of Directors' meeting called to review the half-year financial statements for the year of departure (year N), but before the date on which the Board of Directors reviews the full-year financial statements for the same year (which must be prior to March 1), the benchmark period for the year of departure will correspond to the 12 months preceding the half-year closing date (N). The two previous benchmark periods will be determined in the same way for the 12 months preceding the first-half closing dates for the two prior years.

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

2.5.1.9 Non-compete clause

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

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

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

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

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

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

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

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

The following ratios were calculated on the basis of fixed and variable compensation paid during the respective years.

	2019	2018	2017	2016	2015
Chairman & CEO					
Ratio over average compensation	8	7	5	7	7
Ratio over median compensation	19	16	10	13	12
Deputy Chief Executive Officer					
Ratio over average compensation	2	2	2	2	2
Ratio over median compensation	6	5	4	4	4

2.5.2 Compensation paid to non-executive officers (Board members)

€k	2019		2018	
Gross amounts	Amount payable	Amount paid	Amount payable	Amount paid
Jean Jacquet	18.9	20.3	20.3	18.6
Henri-Jacques Nougein	18.1	17.5	17.5	16.3
Xavier Gailly	–	9.0	9.0	14.5
Jacques Leconte	17.0	16.5	16.5	15.9
Françoise Papapietro	12.3	15.0	15.0	15.9
Gwendoline Arnaud	15.4	15.0	15.0	12.6
JSA	10.2	4.0	4.0	11.7
Wolfgang Hartmann	13.4	16.5	16.5	15.9
Alice Wengorz	15.4	12.0	12.0	11.7
Séverine Besson Thura	12.3	12.0	12.0	11.7
Stéphanie Navalon	–	4.0	4.0	11.7
Total	**132.9**	**141.8**	**141.8**	**156.5**

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

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

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

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

On the basis of this report, it is proposed that the June 26, 2020 General Meeting approve the executive officer compensation policy for 2020 via a number of resolutions. It is specified that, with regard to the executive officer compensation policy for 2020, no changes have been made to the policy previously submitted and approved by the General Meeting of the Company's Shareholders held on June 28, 2019.

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

General principles

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

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

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

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

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

In accordance with the recommendations of the AFEP-MEDEF code, the fixed compensation awarded to executive officers is only reviewed at relatively long time intervals.

For example:

- in March 2019, the fixed compensation awarded to the Chief Executive Officer and set at €600,000 upon the renewal of his appointment in June 2018 was increased by 8.3% to €650,000 with effect from January 1, 2019 and has remained unchanged since then;
- the fixed compensation awarded to the Deputy Chief Executive Officer and set at €202,200, with effect from January 1, 2018, upon the renewal of his appointment in June 2018 was increased by 1.4% to €205,030 with effect from January 1, 2019, i.e. €205,030, then by 1.2% with effect from 1 January 2020, i.e. €207,490.

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

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

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

- **quantitative criteria** the variable compensation based on quantitative criteria depends on the Group's profitability; the calculation is based on the ratio of net income (Group share) to consolidated sales. There is no fixed target;
- **qualitative criteria** the variable compensation based on qualitative criteria is left to the discretion of the Appointment and Compensation Committee, which submits the level of annual compensation payable to senior managers to the Board of Directors, and may recommend the payment of an exceptional compensation amount, where applicable.

In accordance with the recommendations of the AFEP-MEDEF code, the gross annual variable portion of compensation based on quantitative criteria is capped at 150% of the annual fixed compensation for the Chief Executive Officer and 100% for the Deputy Chief Executive Officer.

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

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

Long-term compensation awarded to executive officers

The June 29, 2018 General Meeting of Shareholders authorized the Board of Directors to (i) award existing or future bonus shares and (ii) grant stock options in Company shares to employees and/or corporate officers of the Company and related companies for a 38-month term.

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

Compensation related to termination of office

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

Non-compete indemnity payable to Philippe Goczol

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

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

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

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

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

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

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

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

Conditions for awarding the indemnity

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

- decision by the Board of Directors to terminate Philippe Goczol's duties as Deputy Chief Executive Officer;

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

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

Calculation of indemnity amount according to performance criteria

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

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

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

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

> the benchmark salary used to calculate the indemnity corresponds to the gross average fixed and variable compensation (PBMG, attendance bonus and any other variable compensation that the Deputy Chief Executive Officer may receive during his term of office) payable for the last three financial years and available as of the departure date ("Salary"). Compensation does not include stock options or bonus share allocations;

> the TEV will be assessed every year using the following formula: TEV = average market capitalization + average Group debt, where:
  > average market capitalization is equal to the number of shares (recorded at the end of the benchmark period for the year of departure) multiplied by the average of the average daily volume-weighted share price over the benchmark period,
  > average debt is calculated on the basis of the average net debt at the end of the last two benchmark periods;

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

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

Retirement benefits

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

Unemployment insurance

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

2.5.3.2 Draft resolutions on compensation paid or awarded to executive officers in respect of the 2019 financial year

In accordance with Article L. 225-37-2 of the French Commercial Code, the principles and criteria for determining, dividing, and allocating the fixed and variable and exceptional components that make up the total compensation and benefits of any kind awarded to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer for performing their duties for the 2019 financial year, and which amount to the compensation policy that concerns them, were submitted to the shareholders for approval, and approved by the Company's General Meeting on June 28, 2019 under Resolutions 9 and 10.

Pursuant to Article L. 225-100 of the French Commercial Code, the amounts resulting from the implementation of these principles and criteria will be submitted to the shareholders for approval at the General Meeting called to approve the financial statements for 2019, namely:

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

Gross amounts awarded (€k)	2019
Compensation payable for the financial year	785

Of which:

Gross amounts (€k)	Amounts payable in respect of 2019	Amounts paid in 2019
Fixed compensation	650	650 in respect of 2019
Variable compensation	123[1]	592 in respect of 2018
Exceptional compensation	—	—
Attendance fees	12	12 in respect of 2018
Total	**785**	**1,254**

1 Pursuant to Article L. 225-37-2 of the French Commercial Code, the payment of all variable compensation has been subject to approval by the Ordinary General Meeting of Shareholders.

Philippe Goczol, Deputy Chief Executive Officer

Gross amounts awarded (€k)	2019
Compensation payable for the financial year	362

Of which:

Gross amounts (€k)	Amounts payable in respect of 2019	Amounts paid in 2019
Fixed compensation	205	205 in respect of 2019
Variable compensation	107[1]	149 in respect of 2018
Exceptional compensation	50[1]	20 in respect of 2018
Attendance fees	—	—
Total	**362**	**374**

1 Pursuant to Article L. 225-37-2 of the French Commercial Code, the payment of all variable compensation has been subject to approval by the Ordinary General Meeting of Shareholders.

3 Persons responsible for auditing the financial statements

Regular statutory auditors

> ERNST & YOUNG et Autres

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

Appointment renewed: June 30, 2017

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

> Grant Thornton

Represented by: Françoise Mechin
Cité Internationale
44, quai Charles de Gaulle
69463 Lyon cedex 06

First appointment: June 26, 2014

Term: 6 years. Term expires at the close of the General Meeting called to approve the financial statements for the year ended December 31, 2019.

Alternate statutory auditors

> IGEC

3, rue de Léon Jost
75017 Paris

First appointment: June 26, 2014

Term: 6 years. Term expires at the close of the General Meeting called to approve the financial statements for the year ended December 31, 2019.

4 Person responsible for financial reporting and investor relations

> Thierry Philippe

Chief Financial Officer
T +33 4 37 42 79 14
comfi@jacquetmetals.com

Risk management

1 Main risk factors

In consultation with the division managers, the Company regularly reviews the main risks that could have a material adverse effect on its business activities, financial position and results (or on its ability to meet its targets).

The primary purpose of their quarterly meetings is to review results, monitor targets and identify growth opportunities and risks.

In addition, a half-yearly report on risks identified is issued by the subsidiary managers.

In addition to the specific risks of Jacquet Metal Service group listed herefater, the impacts of the health crisis linked to the Covid-19 at the date of the filing of this document are described in **§ 1.5**.

1.1 Operational risks

1.1.1 Risks of supply

The very nature of Jacquet Metal Service's business allows the Company to avoid being dependent on any given supply contract. The diversified procurement policy and supplier selection process are aimed at avoiding dependence on one or more suppliers.

Transactions with third parties such as customers and suppliers are approved by a manager of appropriate seniority and are formalized via contracts or orders that comply with applicable local legislation. The negotiation of purchase term and conditions with the main producers is conducted by Jacquet Metal Service SA management, working together with the Chief Operating Officers of each division. These terms and conditions are then passed on to the subsidiaries of the various divisions.

By way of illustration, the Group's 20 main suppliers account for less than 50% of Group purchases.

1.1.2 Purchase price elasticity risk

The Group's main business is the purchase, storage, and delivery of various categories of products to a primarily local customer base consisting of small and medium-sized industrial companies.

Purchase prices for stainless steels (JACQUET and STAPPERT) and engineering steels (IMS group) may generally be broken down into two separate components:

- the base price, which is the outcome of negotiations at the time when the order is placed with each producer;
- a more variable portion which depends on the trend in commodity prices. This includes, for example, the scrap surcharge for engineering steels or the alloy surcharge for stainless steels. The alloy surcharge is usually determined at the time of delivery, in accordance with a calculation formula specific to each producer, which factors in the cost of nickel, chromium, titanium, molybdenum and scrap metal, the euro-US dollar exchange rate, etc.

Furthermore, delivery lead times are a major factor when determining the price. In fact, lead times are usually not adhered to and generally range from 2 to 12 months.

Given the fluctuations in commodity prices that affect the value chain, purchase prices may therefore be subject to adjustment clauses depending on compliance with delivery lead times. Some agreements may also provide for the final price to be adjusted depending on the actual rather than theoretical delivery date, while the base price may be revised ex post facto by the producer, etc.

Lastly, annual price reductions may be provided for in accordance with volumes purchased and the producer's overall performance.

The Group's gross margin ratios as a percentage of sales vary in accordance with the following factors:

- changes in the business mix (relative contributions of divisions to sales, in view of differences between individual division margin rates);
- price level (absolute value);
- impact of price changes on inventory drawdown.

Changes in base steel prices and the prices of certain metals used in alloys (nickel, molybdenum, chromium, etc.) also impact the gross margin as a percentage of sales.

Accordingly, Group policy and industry practice tend to pass on any purchase price increases directly to customers, with immediate effect if possible. Conversely, if prices decrease, the Group's competitive positioning requires it to pass on these price decreases within variable timeframes. The option of whether to pass on price increases and decreases is reflected in an inventory price effect and a gross margin effect.

1.1.3 Risk of changes in metal prices

The Group does not use any financial instruments to hedge fluctuations in the price of the raw materials used as components in the steels that it markets. In the case of some of the metals used (especially molybdenum and chromium), this is due to the lack of a market allowing such a hedging process. In the case of nickel, the lack of hedging is a management decision, as the Group currently considers that such a policy would not necessarily be effective and could even be financially counter-productive, as the related costs may be higher than the profits likely to result. The advisability of such a hedging policy is subject to periodic reviews. To date, the policy has been to remain exposed to fluctuations in metal prices.

The Group is unable to provide relevant and reliable quantified information regarding the elasticity and sensitivity of prices and margins, due to the large number of factors taken into account when setting raw material purchase and sale prices.

1.1.4 IT system risk

Most Group companies use the Integrated Management Program (IMP) developed by Jacquet Metal Service. This program includes a business application and a localized accounting solution. IT systems play an essential support role in the management and development of Jacquet Metal Service's business activities in an international, decentralized environment.

In this context, the Group considers that the main IT system risks concern cybersecurity and potential IT system architecture failure (computer infrastructures and software).

Several initiatives to improve cybersecurity were organized in 2019:

- establishment of a cybersecurity roadmap and implementation of dedicated resources;
- system and network auditing;
- system and network security enhancement measures.

The cybersecurity drive will continue in 2020 in the form of organizational and technical measures.

Jacquet Metal Service protects its IT architecture against risks of outage or major incidents by using several IT rooms. Every item of equipment is installed in two separate inter-connected rooms, which enables ongoing real-time data duplication in both locations. The IT rooms are hosted in data centers that provide a high level of service and access security as well as broadband Internet access.

1.2 Financial risks

1.2.1 Currency risk

The subsidiaries mainly purchase raw materials in euros, given their geographical location. The Group's exposure to currency risk primarily concerns purchases made by European subsidiaries from producers based outside the euro zone and euro purchases made by subsidiaries based outside the zone. Other cash flows are denominated in the functional currency of each subsidiary.

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

The finance department assesses the currency positions every month, per currency and per subsidiary, and then arranges the hedges required. The most frequently used hedging instruments are forward currency purchases or sales.

1.2.2 Interest rate risk

Financial assets and liabilities may be exposed to changes in interest rates.

Cash investments primarily consist of term deposits where the interest rate risk is limited. Therefore, exposure to interest rate risk primarily relates to floating rate debt.

The Group limits the risk of changes in interest rates by setting up hedging instruments: as of December 31, 2019, 61% of floating rate debt was hedged via swap and cap contracts.

1.2.3 Liquidity risk

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

As of December 31, 2019, this ratio was 46.1%.

The finance department regularly conducts a specific liquidity risk review.

1.2.4 Credit and counterparty risk

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

The Group is not in a position of commercial dependence on specific customers.

Furthermore, thanks to the Group's credit insurance policy, credit and counterparty risk applies solely to uninsured trade receivables.

As of December 31, 2019, 95% of trade receivables were insured.

1.3 Legal and regulatory risks

The Company and its subsidiaries may be involved in legal proceedings brought by third parties or an administrative or regulatory body. Likewise, they may be subject to tax or customs audits.

With assistance from specialized law firms, the Company and its subsidiaries regularly monitor changes in legislation in order to ensure that their practices comply with laws and regulations.

There are no pending or imminent government, judicial or arbitration proceedings, including any proceedings of which the Company is aware, likely to have a material impact on the Group's financial structure.

1.4 Non-financial risks

1.4.1 Impact of business activity on the environment

The Group is conscious of limiting the impact of its business activity on the environment, particularly with regard to greenhouse gas (GHG) emissions and pollution.

The Group has therefore introduced periodic assessment of its main suppliers in order to measure their exposure to environmental risk and assess the integration of CSR criteria within their organization.

This assessment mainly consists of ensuring that suppliers adhere to the Group Supplier Policy and obtaining copies of their CSR reports, where applicable.

At present, 85% of these main suppliers have adhered to the Group Supplier Policy.

Furthermore, in 2019 the Group circulated all major suppliers in order to be able to measure the carbon footprint of the products purchased. The Group plans to include this criterion in its procurement policy.

1.4.2 Quality of supplies

Group exposure mainly concerns the quality of supplies (product traceability, ISO standards, etc.) which guarantee product reputation for the end-customer.

The nature of the Group's business activities entails that it only purchases products that fulfill strict predefined standards. Each supplier must ensure the one-to-one correspondence between the product certificate and the material delivered.

All Group supplies are traceable. The aim is to maintain this high standard.

1.4.3 Human rights and anti-corruption measures

The Group ensures that human rights are respected (in accordance with local legislation) at all facilities in all countries of operation. It also sees that its main suppliers have the same high standards.

The Group has established a supply chain map based on business volumes and geographical location. Suppliers are thus ranked by risk level.

On this basis, the Group procurement department asks suppliers exposed to the risk of violation of human rights to adhere to the Group Supplier Policy, which sets out the Group's values, particularly with regard to the defense of human rights.

The Group has also implemented the following measures to assess the risk of corruption:

- an Anti-Corruption Policy that defines the behavior to be adopted by each Group company with all of its partners, customers, suppliers and service providers. The Group's suppliers must be selected on the basis of objective criteria such as quality, reliability, price, performance or service;
- an internal whistle-blowing procedure at each company that enables situations or behaviors that contravene the Anti-Corruption Policy to be reported;
- an assessment of suppliers exposed to this risk, which is approved by the Group procurement department;
- adherence to the Anti-Corruption Policy by suppliers exposed to risk.

The percentage of exposed suppliers who have adhered to the policies is shown below:

	adherence rate*
Supplier policy	78%
Anti-corruption policy	84%

* (nb of suppliers having adhered / nb of suppliers exposed) × 100

Additional measures are implemented pending supplier response: request for information, on-site visits, etc.

The Group's aim is to have the Group Supplier Policy and Anti-Corruption Policy signed by all of these suppliers.

1.4.4 Circular economy

1.4.4.1 Efficient use of materials

The Group carries out initial "customized" processing operations for its customers as part of its business activities. These services usually involve light finishing operations such as cutting, straightening and bending, folding or drilling.

The Group seeks to improve its performance by optimizing material use, accordingly minimizing the production of discarded material and waste.

The Group monitors the efficiency of material use with regard to discarded materials generated by its finishing operations. The waste metal resulting from cutting operations amounts to around 17,000 tons per year, which is a low discard rate in view of the extent of the Group's operations. The discard rate is monitored individually for each entity.

The Group aims to keep this rate as low as possible.

1.4.4.2 Waste recycling

The Group's business activity is based on a circular economy involving the sale of steel mainly derived from recycled products. Waste metal is systematically recovered and recycled by specialist firms, then re-injected into the steel production cycle.

In addition, some cutting machines consume a certain amount of oils and water, which the subsidiaries systematically recycle and recover under the responsibility of the subsidiary manager.

This procedure allows waste to be recycled and reduces the risks of direct impact on the environment.

The Group plans to maintain a high level of recycling for waste generated by its operations.

1.4.5 Health and safety at work

Group operations include the handling of steel products weighing several tons and finishing operations. The Group strives to maintain its employees in good health and ensure safety at work. Accordingly, it applies a training and prevention policy aimed at reducing the number and severity of industrial accidents.

Measures to improve safety have been taken by each subsidiary manager, including:

- periodic dissemination of safety rules and instructions;
- agreements signed with external organizations responsible for regulatory auditing of machinery and equipment;
- identifying, monitoring, and assessing industrial accidents that have occurred;
- improvement of plant workstations.

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

The industrial accident frequency and severity ratios are set out below.

	2019	2018
Frequency[1]	30.28	28.84
Severity rate[2]	0.69	0.51

[1] Industrial accident frequency rate
= (no. of accidents with stoppage / hours worked) × 1,000,000.
[2] Industrial accident severity rate
= (no. of days lost by temporary inactivity / hours worked) × 1,000

These indicators will be periodically analyzed in order to implement any required corrective measures and minimize the values.

1.4.6 Human resources management

The Group focuses on the quality of management and industrial relations, which underpins the stability of the workforce and organization in general.

Group policy is implemented at company level in order to make allowance for local regulations. Accordingly, human resources are managed by the subsidiary managers in accordance with the subsidiaries' requirements and specific local conditions. The subsidiary managers are responsible for ensuring compliance with applicable legislation in their respective countries, in particular with regard to:

- working hours organization, training and industrial relations;
- health and safety at work;
- respect for human rights and children's rights;
- elimination of discrimination.

There is no system for centralizing agreements signed with employee representative organizations, as these agreements depend on local regulations and the organizational structure of each subsidiary.

However, Group management is notified in advance of all major locally negotiated agreements. In each company, industrial relations are governed by the applicable statutory provisions in force in that country.

The Group is not aware of any material breach of its staff obligations.

The Group has identified the short-term absenteeism rate (less than three days) as a risk indicator. A Group-wide procedure to monitor the number of absences has been set up.

	2019
Brief absenteeism rate*	0.75%

* (no. of days' absence <3 days / no. of days' worked during year) × 100

This indicator is periodically analyzed in order to implement any required corrective measures and minimize the value.

1.5 Impacts of the Covid-19 on the main risk factors

It is difficult to quantify at this stage the effects of the pandemic linked to the Covid-19. The impacts on the main risk factors are estimated at the date of the filing of this universal registration document.

Without being exhaustive, they are the following:

- disruption of the activity in order to address the potential impacts on the health and safety of the employees (cf. **§ 1.4.5** Health and safety at work);
- disruption of the supply chain (cf. **§ 1.1.1** Risk of supply);
- impact of a potential economic slowdown on the price of raw materials (cf. **§ 1.1.2** Purchase price elasticity risk and **§ 1.1.3** Risk of changes in metal prices) as well as on the counterparty risk (cf. **§ 1.2.4** Credit and counterparty risk).

At the date of the filing of this universal registration document, the Group pays special attention to the evolution of this pandemic and issued a press release on March 30, 2020, presented in page 6.

2 Insurance and risk coverage

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

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

The Company considers that its insurance cover complies with French and European professional third-party liability insurance standards and is sufficiently broad to cover the standard risks inherent in its operations.

However, it cannot guarantee that these policies will cover all the claims that the Group may face.

No material potential risk whose consequences were not already included in the 2019 financial statements had been identified at December 31, 2019.

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

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

3.1 Definition and objectives of internal control

Internal control is a system that aims to ensure:

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

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

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

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

3.2 Control environment

ISO procedure manuals

ISO certification for the main subsidiaries requires an annual external review by an independent assessor to verify that procedures are being applied correctly. This review is the basis of a formal report including recommendations. The report is circulated directly to the managers of the relevant subsidiaries.

Group general regulations

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

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

3.3 Contributors to internal control

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

Board of Directors

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

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

Audit and Risk Committee

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

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

Group Finance Department

The Chief Financial Officer is responsible for the core competences of (i) finance and treasury, (ii) consolidation and financial control, (iii) legal matters and insurance, (iv) audit and internal control, (v) taxation, (vi) investor relations and (vii) mergers & acquisitions. These responsibilities are exercised or delegated as follows:

Finance Department

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

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

Internal Audit Department

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

Legal Department

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

3.4 Summary of internal control procedures

Information and reporting

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

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

Identification and assessment of risks

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

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

Internal control management

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

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

Reporting planning, management and processes

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

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

Accounts closing procedures

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

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

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

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

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

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

Control activities

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

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

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

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

Accounting and financial reporting

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

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

Control procedures for accounting and financial information are based on:

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

4 Non-financial statement

French decree no. 2017-1265 of August 9, 2017 on the publication of non-financial information

4.1 Business model

Cross-reference table

1	**Description of the Group's business**	
	Description of business activity and divisions	see overview of the Group - § **3** Information on the Group's business
	Key figures	see 2019 annual results
	Organization chart of main entities	see overview of the Group - § **6** Main companies
	Description of products	see overview of the Group - § **3** Information on the Group's business
2	**Description of the business model**	
	Market positioning	see overview of the Group - § **3** Information on the Group's business
	Key resources/production factors used	see overview of the Group - § **3** Information on the Group's business
	Value contributed to the various customer segments and other stakeholders	see overview of the Group - § **3** Information on the Group's business
	Margin analysis	see overview of the Group - § **3** Information on the Group's business

Staff information

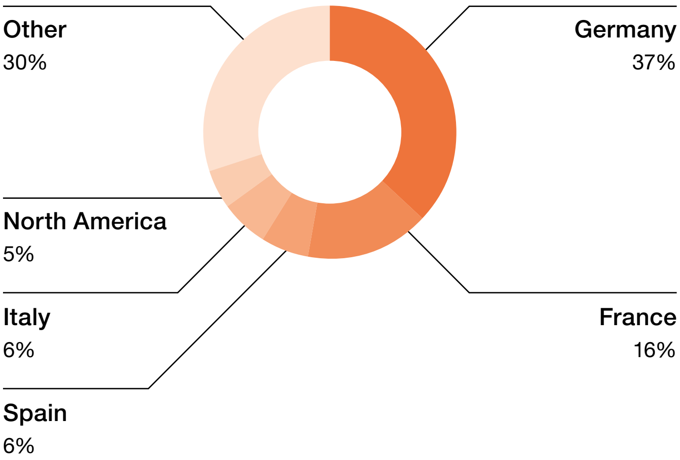
Group headcount at December 31, 2019 amounted to 3,039 full-time equivalent (FTE) employees and 142 temporary workers.

498 people left the Group (including 91 redundancies) and 485 new staff were hired during the year.

Change in headcount:

	2019	2018
FTE at year-end	3,039	3,069
FTE – Warehousing and logistics	1,433	1,441
	47.2%	47.0%
FTE - Sales staff	1,145	1,167
	37.7%	38.0%
FTE – Support (procurement, IT, administration)	461	462
	15.2%	15.0%

The headcount breakdown by region is as follows:



Total 2019 payroll came to €164.2 million, down 3.2% from 2018 (€169.7 million excluding Abraservice).

4.2 Description of non-financial risks and impacts

The description of the main non-financial risks is set out in **§ 1.4** of the Risk management section.

Given the nature of its business and the working conditions inherent to handling operations, the Group considers that the following issues listed in Article L. 225-102-1 (III) of the French Commercial Code do not constitute major CSR risks and do not require explanation in this report: prevention of food waste and food insecurity, defense of animal well-being and a responsible, fair and sustainable food system.

Furthermore, the Group is not exposed to the risk of tax evasion given that it has no operations in countries blacklisted as tax havens by the European Commission.

4.3 Risk management processes

The processes of managing the main non-financial risks are described in **§ 1.4** of the section entitled Risk management.

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

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

> **ERNST & YOUNG et Associés**
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S.A.S. à capital variable
449 142 348 R.C.S. Nanterre
—
Statutory Auditor
Member of Compagnie Régionale de Versailles

Jacquet Metal Service
Year ended December 31, 2019

To the Annual General Meeting,

In our quality as an independent verifier, accredited by the COFRAC under the number n° 3-1681 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the statutory auditors of your entity (hereafter "entity"), we present our report on the consolidated non-financial statement established for the year ended on the 31st December 2019 (hereafter referred to as the "Statement"), included in the management report pursuant to the requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

The entity's responsibility

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

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

Independence and quality control

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

Responsibility of the independent third party

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

> the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
> the fairness of the information provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").
However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

Nature and scope of the work

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

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225 102 1 III as well as information regarding compliance with human rights and anti corruption and tax avoidance legislation;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (anti corruption, tax avoidance, responsible procurement), our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities: STAPPERT Deutschland and IMS Deutschland;
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1 , we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 15% and 17% of the consolidated data relating to the key performance indicators and outcomes selected for these tests (15 %of discarded materials, 17% of headcount);
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

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

Means and resources

Our verification work mobilized the skills of 2 people and took place between November 2019 and March 2020 on a total duration of intervention of about three weeks.

We conducted about ten interviews with the persons responsible for the preparation of the statement including in particular the general management, administration and finance, internal audit, human resources, health and safety, environment and purchasing.

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

Conclusion

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

Paris-la Défense, April 1, 2020

Independent third party French original signed by:

> **ERNST & YOUNG et Associés**

—
Christophe Schmeitzky
Partner, Sustainable Development

—
Jean-François Bélorgey
Partner

Appendix 1 The most important information

Social information

Quantitative information (including key performance indicators)	**Qualitative information** (actions or results)
> Frequency and severity rate of accidents at work. > Short-term absenteeism rate.	> The OHS policy and the entity's improvement measures. > Organization, human resources management policies and measures.

Environmental information

Quantitative information (including key performance indicators)	**Qualitative Information** (actions or results)
> Tons of waste generated during cutting.	> Policy and actions to optimize the material and waste recovery process.

Societal Information

Quantitative information (including key performance indicators)	**Qualitative Information** (actions or results)
> Percentage of suppliers exposed to environmental risk who have adhered to the Group's supplier code of conduct. > Percentage of suppliers exposed to human rights risks who have signed up to the Group's supplier code of conduct. > Percentage of suppliers exposed to the risk of corruption who have adhered to the Group's anti-corruption code of conduct.	> Deployment of the supplier charter and procedures for periodic supplier evaluation (climate change, corruption and human rights). > Circularization of the main suppliers in order to know their carbon footprint. > Application of the anti-corruption code of conduct and deployment of the alert procedure.

1 Management report – Information on the Group

1.1 Group sales and earnings as of December 31, 2019

Group results as of December 31, 2019

The results as of December 31, 2019 are compared to the full-year results for 2018, which may be consulted in the 2018 Registration Document filed with the Autorité des Marchés Financiers (French market regulator or AMF) on April 11, 2019 (filing no. D.19-0307) and in the December 31, 2018 activity report.

On October 31, 2019, the Group sold Abraservice, a group specializing in the distribution of wear-resistant steels. Abraservice has 10 distribution centers in 11 countries, mainly in Europe, and generated €78 million in revenue.

In accordance with *IFRS 5 – Discontinued operations*, as of December 31, 2019 the contribution of Abraservice for the period from January 1 to October 31, 2019 (10 months) is not included in Group sales and operating income. The net income from this business activity and the proceeds of the sale are presented under "Net income from discontinued operations".

For the sake of comparison with 2019 figures, the 2018 financial statements have been restated by removing the results of Abraservice and the results of the businesses sold in 2018 (proforma "PF" data).

€k	Q4 2019	Q4 2018 PF	2019	2018 PF
Sales	**355,150**	**398,568**	**1,614,637**	**1,744,960**
Gross margin	**86,274**	**94,246**	**373,921**	**421,693**
% of sales	*24.3%*	*23.6%*	*23.2%*	*24.2%*
Operating expenses	(75,462)	(79,460)	(302,674)	(320,867)
Net depreciation and amortization	(8,655)	(4,482)	(34,162)	(17,987)
Net provisions	(1,453)	3,835	2,152	4,457
Gains/(losses) on disposals of non-current assets	91	(269)	325	3,829
Operating income	**795**	**13,870**	**39,562**	**91,125**
Net financial expense	(1,627)	(2,635)	(10,831)	(10,669)
Income before tax	**(832)**	**11,235**	**28,731**	**80,456**
Corporate income tax	(2,872)	(2,757)	(13,169)	(20,463)
Net income from discontinued operations	8,858	1,597	12,016	4,988
Consolidated net income	**5,154**	**10,075**	**27,578**	**64,981**
Net income (Group share)	**4,774**	**9,201**	**24,545**	**61,627**
Earnings per share in circulation (€)	**0.20**	**0.38**	**1.02**	**2.56**
Operating income	**795**	**13,870**	**39,562**	**91,125**
Non-recurring items and gains / losses on disposals	2,789	269	3,234	(3,329)
Adjusted operating income	**3,584**	**14,139**	**42,796**	**87,796**
% of sales	*1.0%*	*3.5%*	*2.7%*	*5.0%*
Net depreciation and amortization	8,655	4,482	34,162	17,987
Net provisions	1,453	(3,835)	(2,152)	(4,457)
Non-recurring items	(2,880)	481	(1,473)	840
EBITDA	**10,812**	**15,267**	**73,333**	**102,166**

Headlines

Market conditions in 2019 were mainly distinguished by an erosion of the demand, particularly from the second half onwards.

In this context, the Group generated sales of €1.6 billion, EBITDA of €73 million and operating cash flow of €59 million.

IMS group, the division specializing in the distribution of engineering steels, was particularly impacted by the slowdown in the European manufacturing sector, especially in Germany, its main market. As a result, sales were down 13% versus 2018 (Q4: -19%).

STAPPERT, which specializes in the distribution of stainless steel long products, posted a more moderate decline in its business, with sales down 3.9% versus 2018 (Q4: -3.2%).

JACQUET, which distributes stainless steel quarto plates and is active in more diversified markets than the other Group divisions, posted business growth (+3.5% in 2019; Q4: +2.1%).

Meanwhile, the Group pursued a sustained capital expenditure policy (€30 million) mainly aimed at strengthening its market positioning, particularly in North America.

Operating cash flow generated over the year and the October 2019 sale of the Abraservice group (sales of €78 million) improved the Group's financial position, resulting in a year-end debt to equity ratio (or gearing) of 46.1% versus 56.9% at 2018 year-end.

In 2020, market conditions have been challenging at the start of the first half and the Group does not expect to see the economic situation improve during the first half.

Group's business in China, which represents 1% of consolidated sales, was affected by the measures taken in face of the Covid-19 crisis. Regarding the steel supply chain, the potential impact of production shutdowns should be limited, as less than 20% of Group purchases come from China. In Italy (8% of consolidated sales and 20% of purchases), the Group has not noticed any business interruption and is unable at this stage to assess the potential impact of the Covid-19. This also applies to the other markets in which the Group operates.

In this context, the Group will focus on improving operating efficiency and pursuing the capital expenditure and growth policy adapting it to the economic situation.

Sales

Sales amounted to €1,615 million, -7.5% compared to 2018 (Q4: -10.9%), including the following effects:

- volumes sold: -8% (Q4: -11.1%);
- prices: +0.5% (Q4: +0.2%). Q4 2019 prices were up +1% from Q3 2019.

€m	Q4 2019	Q4 2018 PF	2019	2018 PF
Sales	**355**	**399**	**1,615**	**1,745**
Change vs. 2018	**-10.9%**		**-7.5%**	
Price effect	+0.2%		+0.5%	
Volume effect	-11.1%		-8.0%	

The various effects are calculated as follows:

- volume effect = (Vn - Vn-1) × Pn-1, where V = volumes and P = average sale price converted into euros at the average exchange rate;
- price effect = (Pn - Pn-1) × Vn;
- the exchange rate effect is included in the price effect.

There was no significant impact in 2019;

- change in consolidation (current year acquisitions and disposals):
  - acquisitions: change in consolidation corresponds to the contribution (volumes and sales) of the acquired entity since the acquisition date;
  - disposals: change in consolidation corresponds to the contribution (volumes and sales) made by the sold entity in the year preceding disposal from the date falling one year before the disposal date until the end of the previous year;
- change in consolidation (previous year acquisitions and disposals):
  - acquisitions: the impact of the change in consolidation scope corresponds to the contribution (volumes and sales) of the acquired entity in the current year from January, 1st until the anniversary of the acquisition;
  - disposals: the impact of the change in consolidation scope corresponds to the contribution (volumes and sales) of the sold entity from January, 1 the previous year until the date of disposal..

Gross margin

Gross margin amounted to €374 million and represented 23.2% of sales (Q4: 24.3%) compared to €422 million in 2018 (24.2% of sales; Q4: 23.6%).

€m	Q4 2019	Q4 2018 PF	2019	2018 PF
Sales	**355.1**	**398.6**	**1,614.6**	**1,745.0**
Cost of goods sold	**(268.9)**	**(304.3)**	**(1,240.7)**	**(1,323.3)**
Incl. purchases consumed	(268.3)	(306.7)	(1,241.2)	(1,314.9)
Incl. inventory impairment	(0.5)	2.4	0.5	(8.4)
Gross margin	**86.3**	**94.2**	**373.9**	**421.7**
% of sales	*24.3%*	*23.6%*	*23.2%*	*24.2%*

Operating income

Operating expenses excluding non-recurring items amounted to €331 million compared to €334 million in 2018 (-0.8%).

First-time application of *IFRS 16 – Leases* resulted in a decrease in operating expenses (rental payments) and an increase in depreciation, amounting to €17 million and €16 million respectively.

EBITDA amounted to €73 million representing 4.5% of sales. The application of *IFRS 16 – Leases* as from January 1, 2019 increased EBITDA by €17 million. Adjusted for this impact, EBITDA amounted to €56 million representing 3.5% of sales, compared to 5.9% in 2018.

EBITDA includes a €2.1 million adjustment for non-recurring expenses (cash items).

Adjusted operating income amounted to €43 million (2.7% of sales) compared to €88 million (5% of sales) in 2018. The application of *IFRS 16 – Leases* had no material impact on adjusted operating income.

Operating income amounted to €40 million, including €0.3 million gain on disposal of non-current assets and 3.6 million non-recurring expenses (€1.5 million non-cash items and €2.1 million cash items).

Net financial expense

After accounting for a €1.7 million interest expense related to first-time application of *IFRS 16 – Leases*, net financial expense amounted to €(10.8) million. Restated for this impact, it amounts to €(9.1) million versus €(10.7) million in 2018.

The average gross debt ratio as of December 31, 2019 (excluding the impact of IFRS 16 and changes in consolidation scope) was 2% versus 2.4% in 2018.

€m	Q4 2019	Q4 2018 PF	2019	2018 PF
Net cost of debt	**(2.1)**	**(2.7)**	**(8.8)**	**(7.9)**
Expenses related to application of IFRS 16	*(0.4)*	–	*(1.7)*	–
Other financial items	0.5	0.1	(2.0)	(2.8)
Net financial expense	**(1.6)**	**(2.6)**	**(10.8)**	**(10.7)**

Net income

After accounting for a €9 million capital gain on the sale of Abraservice, net income (Group share) amounted to €25 million (1.5% of sales) versus €62 million in 2018 (3.5% of sales). The application of *IFRS 16 – Leases* had no material impact on net income.

The higher tax rate was due to the reduced use of tax loss carryforwards.

€m	Q4 2019	Q4 2018 PF	2019	2018 PF
Income before tax	**(0.8)**	**11.2**	**28.7**	**80.5**
Corporate income tax	(2.9)	(2.8)	(13.2)	(20.5)
Income tax rate	n.a.	24.5%	45.8%	25.4%
Net income from discontinued operations	8.9	1.6	12.0	5.0
Consolidated net income	**5.2**	**10.1**	**27.6**	**65.0**
Minority interests	(0.4)	(0.9)	(3.0)	(3.4)
Net income (Group share)	**4.8**	**9.2**	**24.5**	**61.6**
% of sales	*1.3%*	*2.3%*	*1.5%*	*3.5%*

1.2 Sales and earnings by division excluding IFRS 16 impacts

	JACQUET Stainless steel quarto plates[3]		STAPPERT Stainless steel long products		IMS group Engineering steels[3]	
€m	**Q4 2019**	**2019**	**Q4 2019**	**2019**	**Q4 2019**	**2019**
Sales	**80**	**343**	**104**	**467**	**174**	**818**
Change vs. 2018	**+2.1%**	**+3.5%**	**-3.2%**	**-3.9%**	**-19.3%**	**-13.1%**
Price effect	+2.3%	+3.6%	+1.7%	-0.4%	-1.1%	-0.1%
Volume effect	-0.3%	-0.1%	-4.9%	-3.5%	-18.2%	-13.1%
EBITDA[1 2]	**4**	**23**	**2**	**14**	**(1)**	**14**
% of sales	5.5%	6.8%	1.6%	3%	-0.5%	1.8%
Adjusted operating income[2]	**3**	**16**	**1**	**12**	**(1)**	**11**
% of sales	3.7%	4.8%	0.7%	2.6%	-0.7%	1.4%

[1] Non-division operations (including Jacquet Metal Service SA) contributed €4 million to EBITDA in 2019 (Q4 2019: €2 million) and Group EBITDA benefited from a positive impact of €17 million due to the application of *IFRS 16 – Leases*.
[2] Adjusted for non-recurring items. The definition of non-IFRS financial indicators and the methods used to calculate them are included in the Management report - Information on the Group.
[3] For the sake of comparison with 2019 figures, the 2018 financial statements of JACQUET have been restated by removing the results of the Abraservice group, sold on October 31, 2019, and the IMS group businesses sold off in 2018.

JACQUET > Stainless steel quarto plates

The division specializes in the distribution of stainless steel quarto plates. The division generates 67% of its business in Europe and 26% in North America.

Sales amounted to €343 million, up +3.5% from €332 million in 2018 (Q4: +2.1%):

- volumes: -0.1% (Q4: -0.3%);
- prices: +3,6% (Q4: +2.3% vs. Q4 2018 and +2.8% vs. Q3 2019).

Gross margin amounted to €105 million and represented 30.6% of sales (Q4: 32%) compared to €106 million in 2018 (31.9% of sales; Q4: 31.5%).

EBITDA amounted to €23 million (Q4: €4 million) representing 6.8% of sales compared to €28 million in 2018 (8.4% of sales; Q4: 6.4%).

€m	Q4 2019	Q4 2018 PF	2019	2018 PF
Sales	80.4	78.8	343.5	332.0
Change vs. 2018	+2.1%		+3.5%	
Price effect	+2.3%		+3.6%	
Volume effect	-0.3%		-0.1%	
Gross margin	25.7	24.8	105.1	105.8
% of sales	*32.0%*	*31.5%*	*30.6%*	*31.9%*
EBITDA	4.4	5.0	23.4	27.9
% of sales	*5.5%*	*6.4%*	*6.8%*	*8.4%*
Adjusted operating income	2.9	3.0	16.5	21.3
% of sales	*3.7%*	*3.8%*	*4.8%*	*6.4%*

STAPPERT > Stainless steel long products

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

Sales amounted to €467 million, down -3.9% from €487 million in 2018 (Q4: -3.2%):

- volumes: -3.5% (Q4: -4.9%);
- prices: -0.4% (Q4: +1.7% vs. Q4 2018 and +2.9% vs. Q3 2019).

Gross margin amounted to €92 million and represented 19.6% of sales (Q4: 21.2%) compared to €104 million in 2018 (21.3% of sales; Q4: 21.1%).

EBITDA amounted to €14 million (Q4: €2 million) representing 3% of sales compared to €26 million in 2018 (5.3% of sales; Q4: 3.8%).

€m	Q4 2019	Q4 2018 PF	2019	2018 PF
Sales	103.6	107.0	467.4	486.5
Change vs. 2018	-3.2%		-3.9%	
Price effect	+1.7%		-0.4%	
Volume effect	-4.9%		-3.5%	
Gross margin	22.0	22.6	91.6	103.8
% of sales	*21.2%*	*21.1%*	*19.6%*	*21.3%*
EBITDA	1.6	4.0	14.1	25.6
% of sales	*1.6%*	*3.8%*	*3.0%*	*5.3%*
Adjusted operating income	0.7	4.0	12.3	23.7
% of sales	*0.7%*	*3.7%*	*2.6%*	*4.9%*

IMS group > Engineering steels

The division specializes in the distribution of engineering steels, mostly in the form of long products. The division generates 46% of its sales in Germany, the largest European market.

Sales amounted to €818 million, down -13.1% from €941 million in 2018 (Q4: -19.3%):

- volumes: -13.1% (Q4: -18.2%);
- prices: -0.1% (Q4: -1.1% vs. Q4 2018 and -0.8% vs. Q3 2019).

Gross margin amounted to €177 million and represented 21.7% of sales (Q4: 22.1%) compared to €213 million in 2018 (22.6% of sales; Q4: 21.6%).

EBITDA amounted to €14 million (Q4: -€1 million) representing 1.8% of sales compared to €41 million in 2018 (4.4% of sales; Q4: 1.2%).

€m	Q4 2019	Q4 2018 PF	2019	2018 PF
Sales	**174.1**	**215.9**	**817.7**	**941.3**
Change vs. 2018	**-19.3%**		**-13.1%**	
Price effect	-1.1%		-0.1%	
Volume effect	-18.2%		-13.1%	
Gross margin	**38.5**	**46.6**	**177.2**	**212.7**
% of sales	*22.1%*	*21.6%*	*21.7%*	*22.6%*
EBITDA	**(0.9)**	**2.7**	**14.5**	**41.0**
% of sales	*-0.5%*	*1.2%*	*1.8%*	*4.4%*
Adjusted operating income	**(1.3)**	**3.4**	**11.1**	**36.6**
% of sales	*-0.7%*	*1.6%*	*1.4%*	*3.9%*

1.3 Consolidated financial position

Summary balance sheet

The summary balance sheet below sets out Jacquet Metal Service's consolidated financial position as of December 31, 2019 and December 31, 2018.

€m	31.12.19	31.12.18
Goodwill	66	68
Net non-current assets	143	156
Right-of-use-assets[1]	85	–
Net inventory	442	493
Net trade receivables	152	182
Other assets	91	100
Cash and cash equivalents	206	119
Total assets	**1,186**	**1,119**
Shareholders' equity	379	377
Provisions (including provisions for employee benefit obligations)	99	96
Trade payables	178	228
Borrowings	381	338
Other liabilities	63	80
Lease liabilities[1]	86	–
Total equity and liabilities	**1,186**	**1,119**

[1] Application of *IFRS 16 – Leases* as from January 1, 2019.

Working capital

€m	31.12.19	31.12.18 PF[2]	Change
Net inventory	442,5	478,3	(35,8)
Days sales inventory[1]	*154*	*165*	
Net trade receivables	152,2	171	(18,8)
Days sales outstanding	*50*	*50*	
Trade payables	(177,6)	(221,1)	43,5
Days payable outstanding	*62*	*64*	
Net operating working capital	**417,1**	**428,2**	**(11,1)**
% of sales[1]	*25,8%*	*24,5%*	
Other receivables or payables excluding taxes and financial items	(22,8)	(29,6)	
Working capital excluding taxes and financial items	**394,3**	**398,6**	**(4,3)**
Consolidation and other changes		(0,0)	
Working capital before taxes and financial items and adjusted for other changes	**394,3**	**398,6**	**(4,3)**
% of sales[1]	*24,4%*	*22,8%*	

[1] Rolling 12 months.
[2] For the sake of comparison with 2019 figures, the 2018 financial statements have been restated by removing the results of the Abraservice group, sold on October 31, 2019, and the other businesses sold off in 2018 (proforma data "PF").

As of December 31, 2019, operating working capital amounted to €417 million (including inventories of €442 million) and represented 25.8% of sales, compared to 24.5% as of December 31, 2018 (operating working capital of €428 million including inventories of €478 million). Inventory levels represented 154 days sales as of December 31, 2019 compared to 165 days proforma as of December 31, 2018.

Trade receivables amounted to €152 million at December 31, 2019, with an average customer payment term of 50 days' sales, broadly stable compared to December 31, 2018 (excluding the impact of receivables assigned without recourse). The Group had assigned non-recourse trade receivables amounting to €35.7 million at December 31, 2019, compared to €44 million at December 31, 2018.

Trade payables amounted to €178 million at December 31, 2019, with an average supplier payment term of 62 days (compared to 64 days at December 31, 2018).

Provisions for contingencies and charges and employee benefit obligations

Provisions for contingencies and charges and employee benefit obligations amounted to €99 million at December 31, 2019 compared to €96 million at December 31, 2018. These provisions consist of:

- provisions for employee benefit obligations (€61 million at December 31, 2019 compared to €57 million at December 31, 2018) mainly related to pension obligations;
- current and non-current provisions (€38 million at December 31, 2019 compared to €39 million at December 31, 2018), primarily relating to disputes with employees, reorganization costs and disputes with customers and suppliers.

Net debt

As of December 31, 2019, Group net debt stood at €175 million, compared to shareholders' equity of €379 million, resulting in a net debt to equity ratio (gearing) of 46.1% (56.9% as of December 31, 2018).

€m	31.12.19	31.12.18
Borrowings	380.9	337.8
Cash, cash equivalents and others	206.0	123.3
Net debt	**174.9**	**214.5**
Debt to equity ratio (gearing)	*46.1%*	*56.9%*

Borrowings by maturity:

€m	31.12.19	< 1 year	1 to 5 years	> 5 years	31.12.18
Jacquet Metal Service SA borrowings	**282.8**	**37.9**	**243.4**	**1.5**	**199.4**
Syndicated revolving loan	–	–	–	–	–
Schuldscheindarlehen (private placement of debt instruments under German law)[1]	186.0	–	186.0	–	150.0
Lines of credit	96.8	37.9	57.4	1.5	49.4
Subsidiaries borrowings	**98.2**	**88.4**	**8.2**	**1.6**	**138.4**
Lines of credit	80.8	80.8	–	–	75.6
Factoring	3.0	3.0	–	–	5.1
Assets financing	14.3	4.6	8.2	1.6	57.7
Total	**380.9**	**126.3**	**251.5**	**3.1**	**337.8**

[1] The amount shown (€186 million) comprises two Schuldscheindarlehen (SSD):
> A €150 million SSD maturing April 2023;
> A €70 million SSD divided into (i) tranche 1 for €36 million maturing December 2024 and (ii) tranche 2 for €34 million cashed-in on January 2020 and maturing January 2025.

Borrowings by rate:

€m	31.12.19	31.12.18
Fixed rate	59.2	46.2
Floating rate	321.7	291.6
Total borrowings	**380.9**	**337.8**

61% of floating rate debt totaling €195 million is hedged against changes in interest rates as follows:

- swaps covering €155 million with 5-year terms expiring between 2021 and 2024;
- caps covering €40 million expiring in 2024.

Borrowings

The Group had €674 million in lines of credit at December 31, 2019, 57% of which had been used:

€m	Authorized as of 31.12.19	Used as of 31.12.19	% used
Jacquet Metal Service SA	**492,9**	**282,8**	**57%**
Crédti syndiqué revolving	125,0	–	0%
Schuldscheindarlehen (private placement of debt instruments under German law)	186,0	186,0	100%
Lines of credit	181,9	96,8	53%
Subsidiaries financing	**180,7**	**98,2**	**54%**
Lines of credit	131,3	80,8	62%
Factoring	30,5	3,0	10%
Assets financing	18,9	14,3	76%
Total	**673,6**	**380,9**	**57%**

In addition to the financing shown in the above table, the Group also had €71.3 million in non-recourse receivable assignment facilities, €35.7 million of which had been used at December 31, 2019.

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

All financing covenants were in compliance at December 31, 2019.

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

- date of signature: June 2019
- maturity: June 2022
- amount: €125 million (unused as of December 31, 2019)
- guarantee: None
- change of control clause:
  JSA must hold at least 40% of Jacquet Metal Service SA's share capital and voting rights.
- main covenants:
  The Company must meet one of the following criteria:
  - debt to equity ratio (gearing) less than 100% or
  - leverage less than 2.

b | The main terms of the Schuldscheindarlehen signed in 2018 are as follows:

- date of signature: February 2018
- maturity: April 2023
- amount: €150 million (fully used)
- amortization: in fine
- guarantee: None
- change of control clause:
  JSA must hold at least 37% of Jacquet Metal Service SA's share capital and voting rights.
- main covenant:
  debt to equity ratio (gearing) less than 100%.

c | The main terms of the 2-tranche Schuldscheindarlehen signed in 2019 are as follows:

- date of signature: December 2019
- maturity: December 2024 (tranche 1: €36 million) and January 2025 (tranche 2: €34 million)
- amount: €70 million (fully used, including €36 million cashed-in on December 2019 and €34 million cashed-in on January 2020)
- amortization: in fine
- guarantee: None
- change of control clause:
  JSA must hold at least 37% of Jacquet Metal Service SA's share capital and voting rights.
- main covenant:
  debt to equity ratio (gearing) less than 100%.

Cash flow

€m	2019	2018 PF[1]
Operating cash flow before change in working capital	54	83
Change in working capital	4	(65)
Cash flow from operating activities	**59**	**19**
Capital expenditure	(30)	(21)
Asset disposals	25	15
Dividends paid to shareholders of Jacquet Metal Service SA	(17)	(17)
Interest paid	(12)	(11)
Other movements	14	(17)
Change in net debt	**40**	**(31)**
Net debt brought forward	**215**	**183**
Net debt carried forward	**175**	**215**

[1] For the sake of comparison with 2019 figures, the 2018 financial data have been restated by removing the results of the Abraservice group, sold on October 31, 2019, and the other businesses sold in 2018, excluding the net debt carried forward as of December 31, 2018, stated as previously reported (proforma " PF " data).

2019 Group cash flow from operating activities amounted to +€59 million.

The Group also pursued a sustained capital expenditure policy (€30 million) mainly aimed at strengthening its market positioning, particularly in North America.

The Group cashed in €25 million from the disposal of the shares of Abraservice Holding.

In addition, the caption "other movements" includes €24 million linked to the disposals of assets in 2018 and 2019 (cash inflows or assignment of borrowings to the buyers), as well as -€16 million pursuant to the application of *IFRS 16 – Leases*.

The Group has consequently decreased its net debt by €40 million in 2019.

Post balance sheet events

At closing date (March 11, 2020) Group’s business in China, which represents 1% of consolidated sales, was affected by the measures taken in face of the Covid-19 crisis. Regarding the steel supply chain, the potential impact of production shutdowns should be limited, as less than 20% of Group purchases come from China. In Italy (8% of consolidated sales and 20% of purchases), the Group has not noticed any business interruption and is unable at this stage to assess the potential impact of the Covid-19.
This also applies to the other markets in which the Group operates.

2 Consolidated financial position and earnings for 2019

Consolidated statement of comprehensive income

€k	Notes	2019	2018
Sales	**2.3.1**	**1,614,637**	**1,789,190**
Cost of goods sold	2.3.2	(1,240,716)	(1,356,195)
Gross margin	**2.3.1, 2.3.2**	**373,921**	**432,995**
Operating expenses	2.3.3	(140,456)	(160,721)
Personnel expenses	2.3.4	(166,368)	(171,372)
Miscellaneous taxes		(3,184)	(3,239)
Other net income		7,334	6,166
Net depreciation and amortization	2.3.5	(34,162)	(18,499)
Net provisions		2,152	4,327
Gains/(losses) on disposals of non-current assets	2.3.6	325	3,815
Operating income	**2.3.1**	**39,562**	**93,471**
% of sales		*2.5%*	*5.2%*
Net cost of debt		(8,829)	(7,859)
Other financial income		485	62
Other financial expenses		(2,487)	(2,839)
Net financial income	**2.3.7**	**(10,831)**	**(10,636)**
Income before tax		**28,731**	**82,835**
Corporate income tax	2.3.8	(13,169)	(21,154)
Net income from continued current operations		**15,562**	**61,681**
Net income from discontinued operations	2.3.9	12,016	3,300
Total consolidated net income		**27,578**	**64,981**
% of sales		*1.7%*	*3.6%*
Minority interests		(3,033)	(3,354)
Continuing operations		(3,033)	(2,894)
Discontinued operations		-	(460)
Net income (Group share)		**24,545**	**61,627**
% of sales		*1.5%*	*3.4%*
Continuing operations		12,529	58,787
Discontinued operations		12,016	2,840
Items that may be reclassified to profit or loss			
Translation differences		1,268	(2,788)
Other		(266)	(24)
Items not reclassified to profit or loss			
Actuarial gains / (losses)		(6,096)	2,028
Total comprehensive net income (Group share)		**19,451**	**60,843**
Minority interests		3,185	3,408
Total comprehensive net income		**22,636**	**64,251**
Basic earnings per share (€)		1.04	2.61
Diluted earnings per share (€)		1.04	2.61

The financial statements for the year ended December 31, 2019 have been prepared in application of IFRS 16 as from January 1, 2019. Comparative data has not been restated, in accordance with the transition provisions of IFRS 16 (**§ 2.4.4**).

Data at December 31, 2019 as well as 2018 comparative data has been restated for the impact of presenting the Abraservice business under discontinued operations in application of IFRS 5. The net income from this business activity and the proceeds of the sale are presented under a separate income statement line item, "Net income from discontinued operations", for the reported financial years. The impact of applying IFRS 5 to reported data is presented in **§ 2.1.2**.

Statement of financial position at December 31

€k		31.12.19			31.12.18
Assets	**Notes**	**Gross**	**Dev. Amort. Prov.**	**Net**	**Net**
Goodwill	2.4.1	66,395	—	66,395	68,251
Intangible assets	2.4.2	30,255	24,625	5,630	5,116
Property, plant and equipment	2.4.3	420,305	282,484	137,821	150,754
Right-of-use assets	2.4.4	113,458	28,592	84,866	—
Other financial assets	2.4.5, 2.4.17	18,824	1,219	17,605	14,522
Deferred tax	2.4.14	45,242	—	45,242	45,788
Non-current assets		**694,479**	**336,920**	**357,559**	**284,431**
Inventory and work-in-progress	2.4.6	524,082	81,604	442,478	492,972
Trade receivables	2.4.7, 2.4.17	159,001	6,757	152,244	182,358
Tax assets receivable	2.4.8	3,736	—	3,736	4,216
Other assets	2.4.9, 2.4.17	24,071	35	24,036	35,501
Derivatives	2.4.17	17	—	17	146
Cash and cash equivalents	2.4.10, 2.4.17	206,007	—	206,007	119,420
Current assets		**916,914**	**88,396**	**828,518**	**834,613**
Assets held for sale		**—**	**—**	**—**	**—**
Total assets		**1,611,393**	**425,316**	**1,186,077**	**1,119,044**

Equity and liabilities			
Share capital		36,631	36,631
Consolidated reserves		327,944	325,086
Shareholders' equity (Group share)		**364,575**	**361,717**
Minority interests		14,834	15,042
Shareholders' equity	**2.4.11**	**379,409**	**376,759**
Deferred tax	2.4.14	6,071	6,391
Non-current provisions	2.4.12	4,921	5,578
Provisions for employee benefit obligations	2.4.13	61,161	57,316
Other non-current liabilities	2.4.16, 2.4.17	4,459	4,617
Long-term borrowings	2.4.15, 2.4.17	254,631	204,220
Long-term lease liabilities	2.4.4, 2.4.15	67,100	—
Non-current liabilities		**398,343**	**278,122**
Short-term borrowings	2.4.15, 2.4.17	126,298	133,570
Short-term lease liabilities	2.4.4, 2.4.15	18,739	—
Trade payables	2.4.16, 2.4.17	177,628	228,254
Current tax liabilities	2.4.16	4,591	12,060
Current provisions	2.4.12	33,386	33,345
Derivatives	2.4.17	881	650
Other liabilities	2.4.16, 2.4.17	46,802	56,284
Total current liabilities		**408,325**	**464,163**
Liabilities held for sale		**—**	**—**
Total equity and liabilities		**1,186,077**	**1,119,044**

The financial statements for the year ended December 31, 2019 have been prepared in application of IFRS 16 as from January 1, 2019. Comparative data has not been restated, in accordance with the transition provisions of IFRS 16 (**§ 2.4.4**).

Cash flow statement

€k	Notes	2019	2018
Cash and cash equivalents at beginning of period	**2.4.10**	**119,420**	**102,145**
Operating activities			
Net income		**27,578**	**64,981**
Net income from discontinued operations	2.3.9	12,016	3,300
Net income from continued current operations		**15,562**	**61,681**
Depreciation, amortization and provisions	2.3.5, 2.4.12, 2.4.13	31,873	13,562
Capital gains on asset disposals	2.3.6	(326)	(3,815)
Change in deferred taxes	2.3.8	2,277	4,948
Other non-cash income and expenses		53	48
Operating cash flow after tax and cost of borrowings		**49,439**	**76,424**
Cost of borrowings	2.3.7	11,227	10,690
Current income tax	2.3.8	10,892	16,211
Taxes paid		(17,341)	(17,474)
Operating cash flow before change in working capital		**54,217**	**85,851**
Change in inventory and work-in-progress		36,449	(82,743)
Change in trade receivables		18,907	3,806
Change in trade payables		(43,427)	9,835
Other changes		(7,633)	3,180
Total change in working capital		**4,296**	**(65,922)**
Cash flow from continued current operating activities		**58,513**	**19,929**
Cash flow from discontinued operating activities		4,818	4,722
Cash flow from operating activities	**2.7**	**63,331**	**24,651**
Investing activities			
Acquisitions of fixed assets	2.4.2, 2.4.3	(29,832)	(23,242)
Disposal of assets	2.3.6, 2.3.10	24,757	15,415
Acquisitions of subsidiaries		(72)	(416)
Changes in consolidation and other		6,052	(14,291)
Cash flow from continued current investing activities		**905**	**(22,534)**
Cash flow from discontinued investing activities		(2,803)	(885)
Cash flow from investing activities	**2.7**	**(1,898)**	**(23,419)**
Financing activities			
Dividends paid to parent company shareholders	2.7	(16,561)	(16,584)
Dividends paid to minority shareholders of consolidated companies	2.7	(1,704)	(2,116)
New borrowings	2.4.15	91,136	160,069
Lease liability payments		(19,940)	—
Lease receivables		673	—
Change in borrowings	2.4.15	(14,802)	(107,274)
Interest paid	2.3.7	(11,509)	(10,615)
Other changes		(116)	(1,237)
Cash flow from continued financing activities		**27,177**	**22,243**
Cash flow from discontinued financing activities		(943)	(5,824)
Cash flow from financing activities	**2.7**	**26,234**	**16,419**
Change in cash and cash equivalents		**87,667**	**17,651**
Translation differences		(1,080)	(376)
Net cash at end of period	**2.4.10**	**206,007**	**119,420**

Changes in working capital are shown at net book value.

The financial statements for the year ended December 31, 2019 have been prepared in application of IFRS 16 as from January 1, 2019. Comparative data has not been restated, in accordance with the transition provisions of IFRS 16 (**§ 2.4.4**). Operating and financing cash flows are impacted by rental payments reclassified following application of IFRS 16.

Data at December 31, 2019 as well as 2018 comparative data has been restated for the impact of presenting the Abraservice business under discontinued operations in application of IFRS 5 (**§ 2.1.2**), except for net cash at end of period as of December 31, 2018, which is presented as previously reported.

Change in consolidated shareholders' equity

€k	Notes	Number of shares	Share capital	Reserves	Translation differences (Group share)	Share-holders' equity (Group share)	Minority interests	Share-holders' equity
At 01.01.18	**2.4.11**	**24,028,438**	**36,631**	**281,899**	**378**	**318,908**	**12,941**	**331,849**
Net income		—	—	61,627	—	61,627	3,354	64,981
Translation differences	2.4.11.3	—	—	—	(2,788)	(2,788)	55	(2,733)
Actuarial gains / (losses)		—	—	2,028	—	2,028	(1)	2,027
Other		—	—	(24)	—	(24)	—	(24)
Total comprehensive net income		**—**	**—**	**63,631**	**(2,788)**	**60,843**	**3,408**	**64,251**
Change in consolidation scope	2.4.11.2	—	—	(411)	—	(411)	805	394
Dividend payments		—	—	(16,584)	—	(16,584)	(2,116)	(18,700)
Other	2.4.11.2	—	—	(1,039)	—	(1,039)	4	(1,035)
At 31.12.18	**2.4.11**	**24,028,438**	**36,631**	**327,496**	**(2,410)**	**361,717**	**15,042**	**376,759**
Net income		—	—	24,545	—	24,545	3,033	27,578
Translation differences	2.4.11.3	—	—	—	1,268	1,268	155	1,423
Actuarial gains / (losses)		—	—	(6,096)	—	(6,096)	—	(6,096)
Other		—	—	(266)	—	(266)	(3)	(269)
Total comprehensive net income		**—**	**—**	**18,183**	**1,268**	**19,451**	**3,185**	**22,636**
Change in consolidation scope	2.4.11.2	—	—	(796)	—	(796)	(1,690)	(2,486)
Dividend payments		—	—	(16,561)	—	(16,561)	(1,704)	(18,265)
Other	2.4.11.2	—	—	764	—	764	1	765
At 31.12.19	**2.4.11**	**24,028,438**	**36,631**	**329,086**	**(1,142)**	**364,575**	**14,834**	**379,409**

Notes to the consolidated financial statements

The Jacquet Metal Service Group's consolidated financial statements for the year ended December 31, 2019 were approved by the Board of Directors on March 11, 2020 and will be submitted for approval by the Ordinary General Meeting to be held no later than June 30, 2020.

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

2.1 Consolidation principles and methods

Pursuant to European Regulation 1606/2002 of July 19, 2002 on international financial reporting standards, the Jacquet Metal Service Group's consolidated financial statements published in respect of the 2019 financial year and the comparative 2018 financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) in force as of December 31, 2019, as approved by the European Union.

The standards and interpretations applied are those published in the Official Journal of the European Union (OJEU) before December 31, 2019 for compulsory application as from this date.

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

The new legislation or amendments adopted by the European Union for compulsory application as from January 1, 2019 have been applied in the consolidated financial statements for the year ended December 31, 2019. They comprise the following standards:

- IFRS 16 – Leases;
- IFRIC 23 – Uncertainty over Income Tax Treatments;
- amendments to IFRS 9 – Prepayment Features with Negative Compensation;
- amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures;
- amendments to IAS 19 – Plan Amendment, Curtailment or Settlement;
- annual improvements to IFRS (2015-2017 cycle).

The Group has chosen not to apply in advance standards and interpretations adopted by the European Union before the balance sheet date but applicable after December 31, 2019, including:

- amendments to IFRS 3 – Definition of a Business;
- amendments to IAS 1 and IAS 8 – Definition of Material;
- amendments to IFRS 9, IAS 39 and IFRS 7 related to Interest Rate Benchmark Reform.

Application of IFRS 16 is set out in **§ 2.4.4** and **§ 2.2.11**.

Application of IFRIC 23 has not given rise to any material adjustments.

Use of estimates

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

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

The main estimates at December 31, 2019 involved:

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

2.1.1 Consolidation scope

Main operating companies consolidated at December 31, 2019

	Country	% Interest	% Control
Jacquet Metal Service SA	**France**	**100.00%**	**100.00%**
JACQUET Holding SARL	**France**	**100.00%**	**100.00%**
JACQUET Deutschland GmbH	Germany	90.00%	90.00%
QUARTO Deutschland GmbH	Germany	100.00%	100.00%
JACQUET Metallservice GmbH	Austria	100.00%	100.00%
JACQUET Benelux SA	Belgium	99.96%	100.00%
Rolark Toronto Inc.	Canada	96.88%	96.88%
Rolark Edmonton Inc.	Canada	96.88%	100.00%
JACQUET Montréal Inc.	Canada	100.00%	100.00%
JACQUET Shanghai Co. Ltd.	China	100.00%	100.00%
JACQUET Chengdu Co. Ltd.	China	100.00%	100.00%
JACQUET Korea	Korea	100.00%	100.00%
JMS Danmark ApS	Danmark	100.00%	100.00%
Intra Alloys FZE	UAE	50.40%	100.00%
JACQUET Iberica SA	Spain	70.00%	70.00%
JACQUET Houston Inc.	USA	100.00%	100.00%
QUARTO North America LLC.	USA	100.00%	100.00%
JACQUET Midwest Inc.	USA	95.00%	95.00%
JACQUET West Inc.	USA	100.00%	100.00%
JACQUET Midatlantic Inc.	USA	100.00%	100.00%
JACQUET Finland OY	Finland	78.95%	78.95%
Détail Inox SAS	France	100.00%	100.00%
France Inox SAS	France	100.00%	100.00%
JACQUET International SAS	France	100.00%	100.00%
JACQUET Lyon SASU	France	100.00%	100.00%
OSS SARL	France	100.00%	100.00%
JACQUET Paris SAS	France	100.00%	100.00%
QUARTO International SAS	France	100.00%	100.00%
JACQUET Nova SRL	Italy	85.00%	85.00%
JACQUET Italtaglio SRL	Italy	85.00%	85.00%
JACQUET CentroServizi SRL	Italy	95.50%	100.00%
JACQUET Nederland B.V.	Netherlands	50.40%	50.40%
Friesland B.V.	Netherlands	40.32%	80.00%
Intra Metals B.V.	Netherlands	50.40%	50.40%
JACQUET Polska Sp z.o.o.	Poland	95.00%	95.00%
JACQUET Portugal LDA	Portugal	75.50%	75.50%
JACQUET S.R.O.	Czech Rep.	80.00%	80.00%
JACQUET UK Ltd.	United Kingdom	76.00%	76.00%
JMS Metals Asia Pte. Ltd.	Singapore	100.00%	100.00%
QUARTO Jesenice d.o.o.	Slovenia	100.00%	100.00%
JMS Adriatic d.o.o.	Slovenia	51.00%	51.00%
JACQUET Sverige AB	Sweden	100.00%	100.00%
JACQUET Osiro AG	Switzerland	51.00%	51.00%
STAPPERT Deutschland GmbH	**Germany**	**100.00%**	**100.00%**
STAPPERT Fleischmann GmbH	Austria	100.00%	100.00%
STAPPERT Intramet SA	Belgium	100.00%	100.00%
STAPPERT France SAS	France	100.00%	100.00%
STAPPERT Magyarorszag Kft	Hungary	100.00%	100.00%
STAPPERT Noxon B.V.	Netherlands	100.00%	100.00%
STAPPERT Polska Sp z.o.o.	Poland	100.00%	100.00%
STAPPERT Ceska Republika Spol S.R.O.	Czech Rep.	100.00%	100.00%
STAPPERT UK Ltd.	United Kingdom	76.00%	76.00%
STAPPERT Slovensko AS	Slovakia	100.00%	100.00%
STAPPERT Sverige AB	Sweden	100.00%	100.00%
IMS group Holding SAS	**France**	**100.00%**	**100.00%**
Höselmann Stahl GmbH	Germany	100.00%	100.00%
Finkenholl Stahl Service Center GmbH	Germany	100.00%	100.00%
Günther + Schramm GmbH	Germany	100.00%	100.00%
Dr. Wilhelm Mertens GmbH	Germany	100.00%	100.00%
IMS Bayern GmbH	Germany	100.00%	100.00%
IMS Deutschland GmbH	Germany	100.00%	100.00%
IMS Trade GmbH	Germany	100.00%	100.00%
IMS Rhein-Main GmbH	Germany	100.00%	100.00%
IMS Trossingen GmbH	Germany	100.00%	100.00%
IMS Fellbach GmbH	Germany	100.00%	100.00%
IMS Austria GmbH	Austria	100.00%	100.00%
IMS Belgium SA	Belgium	100.00%	100.00%
IMS Aceros INT SAU	Spain	100.00%	100.00%
IMS France SAS	France	100.00%	100.00%
IMS SpA	Italy	100.00%	100.00%
IMS Nederland B.V.	Netherlands	100.00%	100.00%
IMS Portugal SA	Portugal	100.00%	100.00%
IMS Özel Celik Ltd Si	Turkey	99.99%	99.99%

2.1.2 Main changes in consolidation scope – IFRS 5

On October 31, 2019, the Group sold to SSAB 100% of the shares of its subsidiary Abraservice Holding, the holding company of the Abraservice group which specializes in the distribution of wear-resistant steels. Abraservice has 10 distribution centers in 11 countries, mainly in Europe, and generated €78 million in revenue in 2018. In accordance with *IFRS 5 – Discontinued operations*, the contribution of Abraservice, historically presented under the Jacquet division, is not included in Group sales and operating income. Only Abraservice's net income until October 31, 2019 and the proceeds of disposal amounting to €9 million recorded under "Net income from discontinued operations" contribute to net income (Group share).

2018 comparative data has also been restated in order to adopt the same presentation.

Abraservice contribution to net income:

€m	2019 (10 months)	2018
Sales	64.9	77.8
Operating income	4.6	5.1
Net income	3.5	3.3

The main balance sheet indicators as of December 31, 2018 are as follows:

€m	2018
Non-current assets	14.8
Current assets	31.8
Total	**46.6**
Non-current liabilities	6.7
Current liabilities	26.7
Total	**33.5**

2.1.3 Consolidation method

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

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

2.1.4 Closing date

The balance sheet date for all consolidated subsidiaries is December 31.

2.1.5 Translation of foreign companies' financial statements

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

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

Euro exchange rates used for consolidation purposes

Pays		Currency	2019 average rate	2019 closing rate
UAE	Dirham	AED	4.1124	4.1255
Canada	Canadian dollar	CAD	1.4857	1.4598
Switzerland	Swiss Franc	CHF	1.1127	1.0854
China	Yuan	CNY	7.7121	7.8155
Czech Republic	Czech Koruna	CZK	25.6698	25.408
Danmark	Danish Krone	DKK	7.4661	7.4715
United Kingdom	Pound Sterling	GBP	0.8773	0.8508
Hungary	Forint	HUF	325.2297	330.53
South Korea	South Korean won	KRW	1,304.899	1,296.28
Poland	Zloty	PLN	4.2975	4.2568
Sweden	Swedish Krona	SEK	10.5867	10.4468
Singapore	Singapore Dollar	SGD	1.5272	1.5111
Turkey	Turkish Lira	TRY	6.3574	6.6506
USA	US Dollar	USD	1.1196	1.1234

2.2 Valuation methods

2.2.1 Sales

Sales consist of the value of the goods and services, excluding tax, sold by the consolidated companies during their normal course of business, after the elimination of intra-group sales.

Pursuant to IFRS 15, the Group reviewed its sales contracts and concluded that there was no need to alter the triggering event for recognizing revenue: control of the goods is transferred when they are made available to customers, usually on the delivery date.

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

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

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

2.2.2 Cost of goods sold

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

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

2.2.3 Personnel expenses

Personnel expenses include costs related to salaries and payroll taxes.

2.2.4 Net financial income / (expense)

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

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

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

2.2.5 Corporate income tax

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

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

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

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

2.2.6 Earnings per share

Basic earnings per share is calculated by dividing net income (Group share) for the period by the weighted average number of shares outstanding during the period, excluding treasury shares. The average weighted number of shares outstanding corresponds to the number of ordinary shares outstanding at the beginning of the period, adjusted for the number of ordinary shares bought back or issued during the period.Diluted earnings per share is calculated by dividing net income (Group share) by the weighted average number of ordinary shares outstanding, plus any potentially dilutive ordinary shares (stock options, warrants, etc.), restated for treasury shares.

2.2.7 Operating segments

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

In accordance with the Group's operational organizational structure, performance is assessed at the subsidiary level for each division:

- JACQUET: distribution of stainless steel quarto plates;
- STAPPERT: distribution of stainless steel long products;
- IMS group: distribution of engineering steels.

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

2.2.8 Goodwill - Business combinations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.2.9 Intangible assets

Intangible assets primarily include amortizable items such as software.

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

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

2.2.10 Property, plant and equipment

Gross value

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

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

Impairment

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

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

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

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

2.2.11 Leases

Change in accounting guidelines – new IFRS 16

IFRS 16, which replaced IAS 17 and related interpretations as from January 1, 2019, removes the distinction between operating leases and finance-lease agreements; it requires, for practically all leases, recognition of an asset (right of use of the asset leased) and a lease liability representing the present value of future lease payments during the lease term, factoring in lease renewal options if the lessee is reasonably certain to exercise them.

The lease expense is replaced by a depreciation expense related to the right-of-use asset and an interest expense related to the lease liability.

The Group holds around 500 leases representing and annual lease expense of around €20 million for 2019.

Adoption of IFRS 16 mainly impacts the recognition of real estate leases relating to distribution centers.

Since January 1, 2019, the Group has applied IFRS 16 according to the modified retrospective approach, recognizing the cumulative effect of initially applying the new standard under the transitional method at the date of initial application.
The comparative information presented in this document is not restated for the impact of the application of the standard.

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

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

The expenses relating to these leases remain under operating expenses.

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

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

The Group has taken note of the decisions issued by the IFRS IC on November 26, 2019 regarding the measurement of lease terms for automatically renewable leases or leases that do not specify a particular contractual term. The Group may need to remeasure the term of some of its leases but does not expect the impact to be material.

Impact of transition as of January 1, 2019

In application of the modified retrospective approach, implementation of the standard at January 1, 2019 is reflected in the recognition of a lease liability amounting to €83 million.

The reconciliation between this impact and the operating lease commitments disclosed in the 2018 Registration Document is as follows:

€m	
Operating lease commitments at 31.12.18	**90.2**
Leases not recognized in application of IFRS 16 exemptions	(2.3)
Discounting effect	(6.4)
Difference in measurement as per renewal options	1.8
Other	(0.3)
Discounted lease liability under IFRS 16 at 01.01.09	**83.0**

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

Assets financed by finance leases at December 31, 2018 (under IAS 17), which are included on the balance sheet under "Property, plant and equipment", are reclassified as of January 1, 2019 under "Right-of-use assets" in a net amount of €18.4 million. The corresponding liability (previously classified under long-term and short-term borrowings) is reclassified under long-term and short-term lease liabilities in an amount of €15.8 million.

2.2.12 Financial instruments

2.2.12.1 Financial assets

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

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

2.2.12.2 Financial liabilities

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

2.2.12.3 Derivatives

Derivatives primarily include interest rate and currency hedging instruments.

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

2.2.13 Inventory and work-in-progress

Gross value

Inventory is valued at the weighted average cost.

Net realizable value

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

2.2.14 Trade receivables

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

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

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

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

2.2.15 Cash and cash equivalents

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

2.2.16 Assets and liabilities held for sale

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

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

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

2.2.17 Shareholders' equity, treasury shares and bonus share plans

Share-based payments

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

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

Treasury shares

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

2.2.18 Current and non-current provisions

In accordance with IAS 37, provisions are recognized where:

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

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

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

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

2.2.19 Provisions for employee benefit obligations

In addition to the pension benefits required by the applicable local legislation of the countries where the companies are located, some Group employees receive retirement benefits (or termination allowances) and supplemental pensions.

There are also long-service awards. The Group offers these benefits in some countries through defined-contribution or defined-benefit schemes.

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

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

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

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

2.2.20 Deferred tax

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

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

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

2.2.21 Current tax liabilities

All tax liabilities are recorded in accordance with IAS 12.

2.2.22 Receivables and payables denominated in foreign currencies

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

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

2.3 Notes to the consolidated statement of comprehensive income

2.3.1 Operating segments

The Group is organized on the basis of three divisions:

- JACQUET
- STAPPERT
- IMS group

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

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

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

At December 31, 2018, the key indicators per operating segment, after reclassification of the Abraservice business to net income from discontinued operations, are as follows:

€m	Sales	Gross margin	Adjusted operating income[2]	Operating working capital	Operating working capital (% of sales)
JACQUET	332.0	105.8	21.3	99.3	30%
STAPPERT	486.5	103.8	23.7	92.6	19%
IMS Group	967.2	221.3	38.7	227.9	24%
Other[1]	18.5	2.1	6.4	8.4	n.a.
Inter-brand eliminations	(15.0)	–	–	–	n.a.
Total	**1,789.2**	**433.0**	**90.2**	**428.2**	**24%**

[1] Non-brand activities (including Jacquet Metal Service SA)
[2] Adjusted for non-recurring items. The definition of non-IFRS financial indicators and the methods used to calculate them are included in the Management report - Information on the Group.
n.a: not applicable.

The breakdown of sales by geographical region was as follows:

	2019		2018	
€m	**Sales**	**in %**	**Sales**	**in %**
Germany	609	38%	719	40%
France	147	9%	155	9%
Italy	127	8%	144	8%
Spain	107	7%	118	6%
Netherlands	117	7%	123	7%
North America	91	6%	83	5%
Other Europe	375	23%	404	23%
Outside of Europe	42	2%	45	2%
Total	**1,615**	**100%**	**1,789**	**100%**

2.3.2 Cost of goods sold

€m	**2019**	**2018**
Sales	**1,615**	**1,789**
Cost of goods sold	**(1,241)**	**(1,356)**
Incl. purchases consumed	(1,241)	(1,348)
Incl. inventory impairment	1	(8)
Gross margin	**374**	**433**
Gross margin rate	*23.2%*	*24.2%*

The 2019 gross margin was €373.9 million and amounted to 23.2% of sales compared to 24.2% in 2018.

2.3.3 Operating expenses

2019 operating expenses were impacted by the application of the new standard *IFRS 16 - Leases*: rent payments totaling €17 million were replaced by depreciation (**§ 2.3.5** and **§ 2.4.4**) and interest charges (**§ 2.3.7**).

The remaining rent payments still recognized under operating expenses correspond to short-term leases and leases on low-value assets (€0.9 million and €0.2 million respectively). Comparative data has not been restated.

2.3.4 Personnel expenses and headcount

€m	**2019**	**2018**
Salaries	(132.7)	(137.2)
Payroll taxes	(31.5)	(32.5)
Other personnel expenses	(2.2)	(1.7)
Personnel expenses	**(166.4)**	**(171.4)**
Payroll tax rates	23.7%	23.7%

Headcount

	2019	**2018**
FTE at year-end	**3,039**	**3,069**
Average headcount	**3,086**	**3,132**
France	473	475
Other countries	2,613	2,657

Compensation paid to corporate officers

The Company has two executive officers, to whom the compensation and direct and indirect benefits of all kinds paid in 2019 amounted to €1,645,000 compared to €1,368,000 in 2018.

Net compensation paid to Jacquet Metal Service SA non-executive directors amounted to €102,000 in 2019 compared to €117,000 in 2018.

2.3.5 Depreciation and amortization

This items was impacted in 2019 by additional depreciation charges totaling €16.2 million in respect of right-of-use assets recognized under IFRS 16 (**§ 2.4.4**)

Comparative data has not been restated.

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

In 2019, net gains on disposals of non-strategic assets amounted to €0.3 million.

The proceeds of the sale of Abraservice are included in net income from discontinued operations.

2.3.7 Net financial income / (expense)

€m	2019	2018
Interest on long-term borrowings	(3.6)	(3.5)
Interest on lease liabilities [1] – IFRS 16	(2.0)	(0.4)
Interest on short-term borrowings	(4.0)	(4.7)
Interest income	0.8	0.8
Net cost of debt	**(8.8)**	**(7.9)**
Other financial income	0.5	0.1
Other financial expenses	(2.5)	(2.9)
Other financial income and expense	**(2.0)**	**(2.8)**
Net financial income	**(10.8)**	**(10.6)**

[1] In 2018: interest on finance leases

2019 net financial expense amounted to €10.8 million:

- 2019 net cost of debt amounted to €8.8 million, up from 2018 mainly due to the €1.7 million interest expense arising from first-time application of IFRS 16 plus interest expenses on leases previously recognized under IAS 17. Comparative data has not been restated. The average gross cost of debt in 2019 was 2%, compared to 2.4% in 2018.
- Other financial items (primarily bank charges and currency gains or losses) amounted to a €2 million expense compared to a €2.8 million expense in 2018.

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

2.3.8 Corporate income tax

€m	2019	2018
Tax payable	(10.9)	(16.2)
Deferred tax	(2.3)	(5.0)
Total taxes	**(13.2)**	**(21.2)**

The reconciliation between theoretical income tax, as calculated by applying the tax rate in effect in France (33.33% in 2019) on pre-tax income, and the actual tax charge is as follows:

€m	2019 base	Corresponding tax income/ (expense)	Rate
Net consolidated income before tax	**28,7**		
Calculated using the theoretical tax rate in France		**(9.6)**	**33.33%**
Impact of permanent differences[1]		(0.0)	0.0%
Impact of the non-recognition of loss carryforwards		(7.9)	27.5%
Impact of the use of prior unrecognized loss carryforwards		1.6	-5.5%
Recognition of previous tax loss carryforwards		—	0.0%
Other		0.1	-0.3%
Total impact of tax base corrections		**(6.3)**	**22.0%**
Additional tax arising from rate differences between France and other countries		3.6	-12.6%
Other[2]		(0.9)	3.3%
Actual income tax expense		**(13.2)**	**45.8%**

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

A breakdown of the tax loss carryforwards positions at December 31, 2019 is set out in **§ 2.4.14.**

2.3.9 Net income from discontinued operations

In 2019, the net income generated by the Abraservice business (€3.5 million) sold during the year and the proceeds of this sale (€8.5 million) were reclassified to net income from discontinued operations in accordance with IFRS 5 (**§ 2.4.2**).
Comparative 2018 data was also restated accordingly.

2.3.10 Résultats par action

	2019	2018
Net income (Group share) (€k)	**24,545**	**61,627**
Total number of shares	24,028,438	24,028,438
Treasury shares	373,827	373,886
Total number of shares excluding treasury shares	23,654,611	23,654,552
Basic earnings per share (€)	**1.04**	**2.61**
Bonus shares[1]	—	—
Total diluted number of shares, excluding treasury shares	23,654,611	23,654,552
Diluted earnings per share (€)	**1.04**	**2.61**

[1] Average number of shares during the period

2.4 Notes to the statement of financial position

2.4.1 Goodwill - Business combinations

€m	31.12.17	Increase	Decrease	Translation differences	Changes in consolidation scope	31.12.18
JACQUET/Abraservice CGU	12.0	—	—	(0.1)	—	11.9
STAPPERT CGU	40.4	—	—	—	—	40.4
IMS group CGU	15.9	—	—	—	—	15.9
Net goodwill	**68.3**	**—**	**—**	**(0.1)**	**—**	**68.3**

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

The change in "Goodwill" for 2019 is mainly related to goodwill allocated to the Abraservice business sold in 2019.

The Group analyzed the results of the various cash-generating units (CGUs), which correspond to the Group's three divisions, at December 31, 2019 in order to identify any evidence of potential impairment. The main assumptions used to determine asset value-in-use based on the discounted future cash flow method are set out below for information purposes:

- projection period: 5 years;
- a perpetual growth rate of 1.55% was used to extrapolate the cash flow forecasts beyond the projection period. This rate is based on perpetual growth rates ranging between 0.65% (for companies operating in markets considered as mature and/or where the Group has traditionally operated) and 5.5% (for companies operating in developing markets and/or markets where the Group's growth targets exceed expected market growth);
- a discount rate of between 7.9% and 8.2%, depending on the division, is applied to the cash flow forecasts.

Sensitivity tests have been performed by varying:

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

These tests did not result in the identification of any impairment to be recognized at 2019 year-end. No impairment charges have been recorded against CGUs since 2011.

2.4.2 Intangible assets

	31.12.17	Increase	Decrease	Reclassification	Translation differences	Changes in consolidation scope	31.12.18
Software	22.0	0.5	(0.0)	0.2	(0.0)	1.4	24.0
In progress[1]	3.6	–	–	–	–	–	3.6
Other	1.1	0.0	(0.0)	–	0.0	–	1.1
Gross value	**26.6**	**0.5**	**(0.0)**	**0.2**	**(0.0)**	**1.4**	**28.7**
Software	(20.6)	(0.7)	0.0	(0.1)	0.0	0.0	(21.4)
In progress[1]	(0.8)	(0.3)	–	–	–	–	(1.1)
Other	(1.0)	(0.0)	0.0	–	0.0	–	(1.0)
Amortization	**(22.4)**	**(1.1)**	**0.0**	**(0.1)**	**0.0**	**0.0**	**(23.6)**
Software	1.4	(0.2)	0.0	0.1	(0.0)	1.4	2.6
In progress[1]	2.8	(0.3)	–	–	–	–	2.5
Other	0.0	(0.0)	–	–	0.0	–	0.0
Net value	**4.2**	**(0.6)**	**0.0**	**0.1**	**0.0**	**1.4**	**5.1**

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

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

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

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

2.4.3 Property, plant and equipment

€m	31.12.17	Increase	Decrease	Reclassification	Translation differences	Changes in consolidation scope	31.12.18
Land	24.4	1.9	(0.1)	0.0	(0.0)	—	26.2
Leased land	3.7	—	—	—	—	—	3.7
Buildings	136.0	2.7	(0.6)	1.1	(0.2)	(0.7)	138.4
Leased buildings	10.4	—	—	—	—	—	10.4
Equipment, tools & technical installations	185.1	8.5	(0.7)	6.3	(0.1)	(7.8)	191.3
Leased equipment, tools & technical installations	26.0	0.5	—	(4.7)	(0.0)	(3.7)	18.0
Transport equipment	11.9	1.1	(1.1)	0.1	0.0	(0.1)	11.9
Leased transport equipment	0.9	0.3	—	(0.2)	(0.0)	(0.0)	0.9
Computer equipment	7.2	1.1	(0.1)	(0.2)	(0.0)	(0.0)	8.0
Leased computer equipment	—	—	—	—	—	—	—
Other property, plant and equipment	31.4	2.6	(0.6)	(0.0)	(0.0)	(1.0)	32.4
Other leased PP&E	0.2	—	—	(0.1)	(0.0)	—	0.1
Property, plant and equipment in progress	4.7	3.9	(0.2)	(1.8)	0.0	(1.0)	5.7
Advance payments	1.4	1.0	—	(1.4)	(0.0)	—	1.0
Total gross value	**443.4**	**23.7**	**(3.3)**	**(0.9)**	**(0.4)**	**(14.4)**	**448.0**
Buildings	(76.7)	(5.0)	0.6	(0.2)	0.1	0.3	(81.0)
Leased buildings	(5.1)	(0.4)	—	—	—	—	(5.5)
Equipment, tools & technical installations	(149.2)	(8.0)	0.7	(4.3)	0.1	5.4	(155.5)
Leased equipment, tools & technical installations	(14.4)	(2.0)	—	4.7	0.0	2.8	(8.9)
Transport equipment	(9.0)	(1.1)	1.0	(0.1)	(0.0)	0.1	(9.1)
Leased transport equipment	(0.3)	(0.2)	—	0.1	0.0	—	(0.3)
Computer equipment	(6.3)	(0.6)	0.1	0.2	0.0	0.0	(6.6)
Leased computer equipment	—	—	—	—	—	—	—
Other property, plant and equipment	(25.3)	(1.7)	0.5	0.2	0.0	0.7	(25.4)
Other leased PP&E	(0.2)	—	—	0.1	0.0	—	(0.0)
Total depreciation	**(286.4)**	**(19.1)**	**2.9**	**0.8**	**0.2**	**9.4**	**(292.2)**
Land	(2.3)	(0.0)	—	—	0.0	—	(2.3)
Buildings	(0.6)	—	—	—	—	—	(0.6)
Equipment, tools & technical installations	(2.1)	—	—	0.0	—	—	(2.1)
Other property, plant and equipment	(0.1)	—	—	—	—	—	(0.1)
Total provisions	**(5.0)**	**(0.0)**	—	**0.0**	**0.0**	—	**(5.0)**
Net book value	**151.9**	**4.6**	**(0.5)**	**(0.1)**	**(0.2)**	**(5.1)**	**150.8**

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

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

The Group pursued a sustained capital expenditure policy (€30 million) mainly aimed at strengthening its market positioning, particularly in North America.

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

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

2.4.4 Right-of-use assets – Lease liabilities

Balance sheet changes following application of IFRS 16 are as follows:

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

€m	31.12.2018	Increase	Decrease	Reclassification	Impact of first-time application	Translation differences	Changes in consolidation scope	31.12.19
Sub-lease receivables - Land	—	—	—	—	—	—	—	—
Sub-lease receivables - Buildings	—	—	(0.7)	—	4.5	—	—	3.8
Gross value	**—**	**—**	**(0.7)**	**—**	**4.5**	**—**	**—**	**3.8**

€m	31.12.18	Reclassification under lease liabilities	Increase	Decrease	Reclassification between short and long-term portions	Impact of first-time application	Lease remeasurement under IFRS 16	Translation differences	Changes in consolidation scope	31.12.19
Long-term lease liabilities	—	12.3	7.3	—	(37.4)	83.0	4.2	0.0	(2.3)	67.1
Short-term lease liabilities	—	3.5	—	(21.0)	37.4	—	0.0	0.0	(1.3)	18.7
Long-term finance lease liabilities [1]	12.3	(12.3)	—	—	—	—	—	—	—	—
Short-term finance lease liabilities [2]	3.5	(3.5)	—	—	—	—	—	—	—	—
Total gross value	**15.8**	**—**	**7.3**	**(21.0)**	**—**	**83.0**	**4.2**	**0.1**	**(3.6)**	**85.8**

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

Impact as of January 1, 2019

In application of the modified retrospective approach, implementation of the standard at January 1, 2019 is reflected in the recognition of a lease liability amounting to €83 million.

Assets financed by finance leases at December 31, 2018 (under IAS 17), which are included on the balance sheet under "Property, plant and equipment", are reclassified as of January 1, 2019 under "Right-of-use assets" in an amount of €18.4 million. The corresponding liability (previously classified under long-term and short-term borrowings) is reclassified under long-term and short-term lease liabilities in an amount of €15.8 million.

Leases subject to sub-lease agreements gave rise to the recognition of lease receivables under assets, which are presented under "Other financial assets" in an amount of €4.5 million.

Leases measured in accordance with IFRS 16 mainly consist of real estate leases (€70.9 million).

Balance sheet movements during the year

New leases totaling €7.3 million were recognized in 2019.

Furthermore, changes in rent payments (rent revision or remeasurement of lease term) led to a €4.2 million adjustment in lease liabilities.

Payments related to lease liabilities amounted to €21 million, including €4.5 million in relation to finance leases previously recognized in accordance with IAS 17.

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

The lease liability payment schedule is as follows:

€m	31.12.19
Due in < 1 month	2.4
Due in 1-3 months	2.9
Due in 3-12 months	13.5
Short-term lease liabilities	**18.7**
Due in 1-5 years	48.6
Due in > 5 years	18.5
Long-term lease liabilities	**67.1**
Total lease liabilities	**85.8**

Impact on comprehensive income

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

€m	31.12.19
Operating expenses	17.0
Depreciation	(16.2)
Interest charge on lease liabilities	(1.7)

Depreciation charges on right-of-use assets amounted to €16.2 million in 2019. Including restated finance leases previously recognized under IAS 17, total depreciation charges on right-of-use assets amounted to €19.5 million.

The lease expense related to short-term leases not recognized as right-of-use assets amounted to €0.9 million, while the expense related to low-value asset leases came to €0.2 million.

2.4.5 Other financial assets

This item primarily corresponds to deposits, guarantees and receivables maturing in more than one year and to lease receivables totaling €3.8 million (§ 2.4.4).

2.4.6 Inventory and work-in-progress

€m	31.12.19	31.12.18
Gross value	524.1	576.3
Impairment	(81.6)	(83.4)
Net value	**442.5**	**493.0**

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

Inventory was adjusted to its estimated net realizable value at December 31, 2019 via an impairment charge amounting to 15.6% of its gross value, compared to 14.5% in 2018.

2.4.7 Trade receivables

€m	31.12.19	31.12.18
Trade receivables	133.3	159.1
Bills for collection	15.0	18.5
Bills receivable	0.7	1.2
Notes receivable discounted	0.8	1.4
Doubtful receivables	8.9	9.3
Accrued income/credit notes	0.3	0.2
Gross value	**159.0**	**189.6**
Impairment of receivables	(6.8)	(7.3)
Impairment	**(6.8)**	**(7.3)**
Net book value	**152.2**	**182.4**

All receivables have a maturity of less than one year.

The net value of the receivables does not include receivables assigned on a non-recourse basis, which amounted to €35.7 million in 2019, compared to €48 million in 2018.

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

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

€m	2019	2018
As of January 1	**(7.3)**	**(8.4)**
Changes in consolidation scope	0.3	0.0
Net charges	0.2	1.0
Other	(0.0)	0.1
As of December 31	**(6.8)**	**(7.3)**

2.4.8 Current tax assets

Current tax assets amounted to €3.7 million at December 31, 2019. The balance corresponds to amounts that are non-material on an individual basis.

2.4.9 Other assets

€m	31.12.19	31.12.18
Advances and down payments on orders	4.7	4.6
Tax receivables	11.3	11.1
Other assets	4.3	16.3
Prepaid expenses	3.8	3.5
Gross value	**24.1**	**35.5**

"Tax receivables" correspond to receivables other than corporate income tax (primarily VAT). As of December 31, 2018 other assets included the sale price of a company received early 2019. All receivables have a maturity of less than one year.

2.4.10 Cash and cash equivalents

€m	31.12.19	31.12.18
Cash	206.0	119.1
Cash & cash equivalents	—	0.3
Gross value	**206.0**	**119.4**

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

2.4.11 Shareholders' equity

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

2.4.11.1 Share capital

The share capital at December 31, 2019 was unchanged from the previous financial year. It consists of 24,028,438 shares with a total value of €36,631,126.16. The changes in the number of authorized shares outstanding over the last two financial years were as follows:

	31.12.19	31.12.18
Number of shares outstanding at year-end	**24,028,438**	**24,028,438**
Of which number of shares with double voting rights	9,752,989	9,752,435
Of which number of treasury shares	373,827	373,886

2.4.11.2 Other changes recorded in shareholders' equity

"Other changes" affecting consolidated reserves at December 31, 2019 corresponded to changes in treasury shares recognized as a deduction from shareholders' equity at their purchase cost and the January 1, 2019 impact of the restatement of sub-lease agreements under IFRS 16 (**§ 2.4.4**).

The Company did not sell any treasury shares outside the liquidity agreement in 2019.

"Changes in consolidation scope" affecting consolidated reserves at December 31, 2019 amounted to a €2.5 million reduction mainly corresponding to the acquisition of minority interests in companies.

2.4.11.3 Translation differences recorded in shareholders' equity

The change in translation differences recorded in shareholders' equity amounted to €1.4 million at December 31, 2019. The net impact on shareholders' equity of translation differences relating to long-term cash advances granted to subsidiaries in accordance with IAS 21 was €1.3 million. These differences primarily corresponded to advances granted to the US subsidiaries.

2.4.11.4 Share buyback program and bonus share awards

In its 12th resolution, the General Meeting of June 28, 2019 authorized the Board of Directors to enable the Company to buy back or transfer its own shares. The Board of Directors did not exercise this authorization in 2019.

Accordingly, the number of treasury shares at December 31, 2019 was 373,827 shares.

2.4.11.5 Minority interests

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

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

Shareholder agreements have been signed between Jacquet Metal Service and the minority shareholders.

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

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

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

2.4.12 Current and non-current provisions

€m	31.12.18	Change in consolidation scope	Addition	Reversals (unused)	Reversals (used)[1]	Other	31.12.19
Non-current provisions	5.6	—	0.4	(0.4)	(0.9)	0.0	4.9
Current provisions	33.3	(0.1)	3.9	(0.0)	(3.8)	0.0	33.4
Total	**38.9**	**(0.1)**	**4.3**	**(0.4)**	**(4.7)**	**0.0**	**38.3**

[1] including €0.4 million in reversals of provisions used, classified under personnel expenses in the consolidated statement of comprehensive income.

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

2.4.13 Provisions for employee benefit obligations

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

Assumptions used		France	Germany	Italy	Netherlands
Discount rate					
2019	Umbrella pension scheme	0.75%			
	Long-service awards	0.75%			0.75%
	Other schemes	0.75%	0.75%/1% depending on duration	0.75%	0.95% or 1.2%
2018	Umbrella pension scheme	1.75%			
	Long-service awards	1.75%			1.25%
	Other schemes	1.75%	1.75%/2% depending on duration	1.75%	1.95%
Inflation rate					
2019		1.70%	n.a.	1.70%	1.70%
2018		2.00%	n.a.	2.00%	1.80%
Average wage inflation rate					
2019		From 0.39% to 4.69% depending on SPC[1], pay schemes and age	n.a.	n.a.	2.30%
2018		From 0.39% to 4.69% depending on SPC[1], pay schemes and age	n.a.	n.a.	2.30%
Length in years					
2019	Umbrella pension scheme	12			
	Retirement bonuses, pensions & other schemes	12	23	11	27
	Long-service awards	8	13		9
2018	Umbrella pension scheme	12			
	Retirement bonuses, pensions & other schemes	12	23	6	27
	Long-service awards	8	13		8

[1] SPC: socio-professional categories

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

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

€m		France	Geramny	Italy	Netherlands	Other countries	31.12.19 Total	31.12.18 Total
Reconciliation with restated opening financial position								
1	Opening actuarial liability (DBO)	(21.2)	(37.8)	(1.2)	(19.3)	(2.2)	**(81.6)**	**(85.6)**
2	Opening fair value of insurance fund assets	2.0	6.0	—	16.0	0.3	**24.3**	**21.1**
3	**Opening financial position 1+2**	**(19.1)**	**(31.8)**	**(1.2)**	**(3.2)**	**(1.9)**	**(57.4)**	**(64.5)**
Expense for the year								
1	Cost of services rendered	0.4	0.4	0.1	(0.9)	0.2	0.2	2.1
2	Interest expense	0.3	0.6	0.0	0.3	0.0	1.3	1.3
3	Expected yield from insurance funds	(0.0)	(0.1)	—	(0.3)	(0.0)	(0.5)	(0.4)
4	Employee contributions	—	—	—	—	—	—	—
5	Administrative expenses	—	—	—	0.6	—	0.6	0.1
6	Amortization of actuarial (gains) and losses	(0.0)	0.0	—	0.0	0.0	0.1	(0.2)
7	**Expense for the year = total of 1 to 6**	**0.7**	**1.0**	**0.1**	**(0.3)**	**0.3**	**1.8**	**2.9**
Change in actuarial liability (DBO)								
1	Opening actuarial liability (DBO)	(21.2)	(37.8)	(1.2)	(19.3)	(2.2)	**(81.6)**	**(85.6)**
2	Cost of services rendered	(0.4)	(0.4)	(0.1)	0.9	(0.2)	**(0.2)**	**(2.1)**
3	Interest expense	(0.3)	(0.6)	(0.0)	(0.3)	(0.0)	**(1.3)**	**(1.3)**
4	Employee contributions	—	—	—	(0.1)	—	**(0.1)**	**(0.2)**
5	Employer contributions	0.9	1.5	0.2	0.1	0.1	**2.8**	**3.3**
6	Profits / (losses) generated during the year	(2.7)	(4.5)	(0.0)	(4.7)	(0.2)	**(12.0)**	**2.7**
7	Plan settlement / curtailment	—	0.0	—	—	—	**0.0**	**—**
8	Other	(0.0)	(0.0)	0.0	—	0.0	**(0.0)**	**(0.1)**
9	Change in consolidation	3.0	0.0	0.1	—	0.0	**3.2**	**1.8**
10	**Closing actuarial liability (DBO) = total of 1 to 9**	**(20.7)**	**(41.8)**	**(1.0)**	**(23.4)**	**(2.4)**	**(89.2)**	**(81.6)**
Insurance fund asset forecast								
1	Opening fair value of insurance fund assets	2.0	6.0	—	16.0	0.3	**24.3**	**21.1**
2	Expected return on assets	0.0	0.1	—	0.3	0.0	**0.5**	**0.4**
3	Employer contributions	—	0.4	—	0.4	0.0	**0.8**	**2.7**
4	Employee contributions	—	—	—	0.1	—	**0.1**	**0.3**
5	Benefits paid out by the fund	(0.0)	(0.0)	—	(0.1)	—	**(0.2)**	**(0.4)**
6	Administrative expenses	—	—	—	(0.6)	—	**(0.6)**	**(0.1)**
7	Profits / (losses) generated during the year	0.0	(0.5)	—	4.0	(0.0)	**3.5**	**0.4**
8	Plan settlement / curtailment	—	(0.1)	—	—	—	**(0.1)**	**—**
9	Other	—	(0.0)	—	—	—	**(0.0)**	**—**
10	Change in consolidation	(0.3)	—	—	—	—	**(0.3)**	**(0.1)**
11	**Closing fair value of insurance fund = total of 1 to 10**	**1.8**	**5.8**	**—**	**20.1**	**0.3**	**28.0**	**24.3**
Reconciliation with closing financial position								
1	Closing actuarial liability (DBO)	(20.7)	(41.8)	(1.0)	(23.4)	(2.4)	**(89.2)**	**(81.5)**
2	Closing fair value of insurance fund assets	1.8	5.8	—	20.1	0.3	**28.0**	**24.3**
3	**Financial position 1 + 2**	**(18.9)**	**(35.9)**	**(1.0)**	**(3.2)**	**(2.1)**	**(61.3)**	**(57.3)**
Closing (provision) / advance payment								
1	Opening (provision) / advance payment	(19.1)	(31.8)	(1.2)	(3.2)	(1.9)	**(57.4)**	**(64.5)**
2	Expense for the year	(0.7)	(1.0)	(0.1)	0.3	(0.3)	**(1.8)**	**(2.9)**
3	Benefits / contributions paid by the employer	0.8	1.8	0.2	0.4	0.2	**3.5**	**5.6**
4	Actuarial gains / losses recognized in items of other comprehensive income	(2.7)	(4.9)	(0.0)	(0.7)	(0.2)	**(8.5)**	**(2.9)**
5	Plan settlement / curtailment	—	—	—	—	—	**—**	**—**
6	Other	(0.0)	—	—	—	—	**(0.0)**	**0.0**
7	Change in consolidation	2.8	0.0	0.1	—	0.0	**2.9**	**1.6**
8	**Closing (provision) / advance payment = total of 1 to 7**	**(18.9)**	**(35.9)**	**(1.0)**	**(3.2)**	**(2.2)**	**(61.2)**	**(57.3)**
Reasons for actuarial gains and losses generated during the year								
1	Change in demographic assumptions	(0.0)	0.6	—	—	—	**0.6**	**(0.7)**
2	Change in financial assumptions	(1.9)	(5.4)	(0.0)	(4.7)	0.0	**(12.0)**	**2.2**
3	Experience adjustments	(0.7)	(0.0)	0.0	(0.0)	(0.2)	**(0.9)**	**1.0**
4	Actuarial gains / losses generated by hedge assets	0.0	(0.1)	—	4.0	—	**3.9**	**0.4**
5	**Total experience (gains) / losses over the year - Closing balance = total of 1 to 4**	**(2.7)**	**(4.9)**	**(0.0)**	**(0.7)**	**(0.2)**	**(8.5)**	**2.3**

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

Actuarial gains and losses primarily relate to changes in assumptions, and increased the provision by €8.5 million.

These gains and losses were recognized under items of other comprehensive income. Their impact net of tax was €-6.1 million.

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

€m	France	Germany	Italy	Netherlands	Total tested	Group total
Actuarial liability at 31.12.19 calculated at a rate of 0.75% / 0.95% / 1.00% / 1.20%	**(20.7)**	**(39.2)**	**(0.6)**	**(23.2)**	**(83.7)**	**(89.2)**
Actuarial liability calculated at a rate of 0.75% / 0.95% / 1.00% / 1.20% + 0.25pp	(20.0)	(37.9)	(0.6)	(21.7)	(80.1)	
Actuarial liability calculated at a rate of 0.75% / 0.95% / 1.00% / 1.20% - 0.25pp	(21.4)	(40.6)	(0.6)	(24.2)	(86.8)	

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

€m	France	Germany	Italy	Netherlands	Total tested	Group total
Actuarial liability at 31.12.19 calculated at an inflation rate of 1.7%	**(20.7)**	**(39.2)**	**(0.6)**	**(23.2)**	**(83.7)**	**(89.2)**
Actuarial liability at 31.12.19 calculated at an inflation rate of 1.7% + 0.25pp	(21.3)	(40.3)	(0.6)	(23.4)	(85.6)	
Actuarial liability at 31.12.19 calculated at an inflation rate of 1.7% - 0.25pp	(20.1)	(38.1)	(0.6)	(23.1)	(81.8)	

The various pension schemes are relatively insensitive to the wage inflation rate. The forecast benefit schedule over the next three years provides for an expense of €2.9 million in France, €0.4 million in the Netherlands and €5.1 million in Germany.

2.4.14 Deferred tax

The origin of deferred tax is as follows:

€m	31.12.19	31.12.18
Temporary differences	17.5	18.4
Tax losses carried forward	5.2	5.3
Other IFRS restatements[1]	22.5	22.1
Deferred tax assets	**45.2**	**45.8**
Temporary differences	0.1	0.8
Tax losses carried forward	0.1	0.1
Other IFRS restatements[1]	(6.3)	(7.3)
Deferred tax liabilities	**(6.1)**	**(6.4)**

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

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

€m	31.12.19	31.12.18
As of January 1	**5.4**	**10.2**
Utilization	(0.9)	(4.6)
Recognition of previous tax loss carryforwards	0.7	0.0
Translation differences	0.0	(0.1)
Impact of changes in tax rates	0.1	(0.3)
As of December 31	**5.3**	**5.4**

2.4.15 Borrowings

In application of IFRS 16, finance lease liabilities (€15.8 million at December 31, 2018) arising from previous application of IAS 17 are included under long-term and short-term lease liabilities at December 31, 2019 (**§ 2.4.4**).

€m	31.12.19	< 1 year	1 - 5 years	> 5 years	31.12.18
Finance lease liabilities > 1 year	–	–	–	–	12.3
Long-term borrowings > 1 year	254.6	–	251.5	3.1	191.9
Long-term borrowings	**254.6**	**–**	**251.5**	**3.1**	**204.2**
Finance lease liabilities < 1 year	–	–	–	–	3.5
Portion of long-term borrowings due < 1 year	29.0	29.0	–	–	41.5
Bank overdrafts, factoring, discounting	96.7	96.7	–	–	87.6
Accrued interest	0.6	0.6	–	–	0.9
Short-term borrowings	**126.3**	**126.3**	–	–	**133.6**
Liabilities held for sale	–	–	–	–	–
Total borrowings	**380.9**	**126.3**	**251.5**	**3.1**	**337.8**

Long-term borrowings include two private placements under German law (Schuldscheindarlehen). The first one amounts to €150 million, was arranged in 2018 and matures in 2023, while the second one amounts to €70 million and was arranged in December 2019. The second placement is divided into two tranches, tranche 1 amounting to €36 million, cashed-in on December 2019 and maturing December 2024, and tranche 2 amounting to €34 million, cashed-in on January 2020 and maturing January 2025.

An assessment of interest rate and liquidity risk is set out in **§ 2.4.17.3.2**.

Short-term debt repayment schedule

€m	31.12.19
Due in < 1 month	109.2
Due in 1-3 months	3.0
Due in 3-12 months	14.1
Total	**126.3**

Change in borrowings

€m	
At December 31, 2018	**337.8**
Reclassification of finance lease liabilities to lease liabilities	(15.8)
New borrowings	91.1
Repayment of borrowings	(39.1)
Change in bank overdrafts, discounts and credit facilities	24.4
Change in consolidation scope	(16.8)
Translation differences and other items	(0.7)
At December 31, 2019	**380.9**

New borrowings amounted to €91.1 million and corresponded to new financing arranged primarily at Jacquet Metal Service SA and mainly consisting of a new €70 million private placement under German law (Schuldscheindarlehen or SSD) signed in December 2019, under which €36 million was cashed-in on December 2019.

Breakdown of net debt by interest rate type and currency

€m	31.12.19	31.12.18
Fixed rate borrowings[1]	59.2	46.2
Floating rate borrowings[1]	321.7	291.6
Total borrowings	**380.9**	**337.8**
EUR	337.3	288.5
CAD	7.4	5.6
CZK	6.0	5.2
CHF	1.2	1.7
TRY	—	—
CNY	1.0	0.7
GBP	0.5	1.8
SEK	2.4	2.0
HUF	1.1	0.4
USD	18.7	27.1
PLN	5.3	4.9
Liabilities held for sale	**—**	**—**
Cash and cash equivalents[2]	**206.0**	**123.3**
Net borrowings	**174.9**	**214.5**

[1] Including finance lease liabilities recognized pursuant to IAS 17 at December 31, 2018 (€15.8 million)
[2] Including €3.8 million in long-term loans at December 31, 2018 presented under "Other financial assets" (not included at December 31, 2019)

2.4.16 Trade payables and other liabilities

€m	31.12.19	31.12.18
Trade payables	**177.6**	**228.3**
Current tax liabilities	**4.6**	**12.1**
Tax liabilities	15.1	16.3
Payroll tax payable	24.0	26.7
Advances and down payments on orders	0.7	0.7
Fixed asset payables	1.2	0.7
Other payables	4.8	10.7
Deferred income	1.0	1.3
Other current liabilities	**46.8**	**56.3**
Other non-current liabilities	**4.5**	**4.6**

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

2.4.17 Financial instruments

2.4.17.1 Financial assets

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

31.12.18				Breakdown by category of instruments				
€m	Statement of financial position total	Current	Non-current	Fair value through P/L	Derivatives at fair value through P/L	Derivatives at fair value through items of OCI	Fair value through OCI not reclassified to P/L	Loans and receivables at amortized cost
Non-current financial assets	14.5	—	14.5	—	—	—	—	14.5
Trade receivables	182.4	182.4	—	—	—	—	—	182.4
Other assets	35.5	35.5	—	—	—	—	—	35.5
Derivatives	0.1	0.1	—	—	—	0.1	—	—
Cash and cash equivalents	119.4	119.4	—	119.4	—	—	—	—
Total financial assets	**351.9**	**337.4**	**14.5**	**119.4**	**—**	**0.1**	**—**	**232.4**

2.4.17.1.1 Loans and receivables at amortized cost

	2019			2018		
€m	Gross	Impairment	Net	Gross	Impairment	Net
Other non-current financial assets	18.8	(1.2)	17.6	15.9	(1.4)	14.5
Trade receivables	159.0	(6.8)	152.2	189.6	(7.3)	182.4
Other assets	24.1	(0.0)	24.0	35.5	(0.0)	35.5
Total	**201.9**	**(8.0)**	**193.8**	**241.0**	**(8.7)**	**232.4**

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

	2019		2018	
€m	Current	Non-current	Current	Non-current
Financial derivatives	0.0	—	0.1	—
Cash and cash equivalents	206.0	—	119.4	—
Total	**206.0**	**—**	**119.5**	**—**

Financial derivatives classified as assets at December 31, 2019 are shown in **§ 2.4.17.4**. The Group uses hedge accounting when the effectiveness of a hedge can be demonstrated. Where this is not the case, the Group recognizes all changes in the fair value of hedging instruments through profit or loss.

2.4.17.1.3 Fair value of financial assets

31.12.19					
€m	Listed price	Observable data model	Non-observable data model	Fair value	Statement of financial position
Non-current financial assets	—	—	17.6	17.6	17.6
Trade receivables	—	152.2	—	152.2	152.2
Other assets	—	24.0	—	24.0	24.0
Derivatives	—	0.0	—	0.0	0.0
Cash and cash equivalents	206.0	—	—	206.0	206.0
Total financial assets	**206.0**	**176.3**	**17.6**	**399.9**	**399.9**

31.12.18					
€m	Listed price	Observable data model	Non-observable data model	Fair value	Statement of financial position
Non-current financial assets	—	—	14.5	14.5	14.5
Trade receivables	—	182.4	—	182.4	182.4
Other assets	—	35.5	—	35.5	35.5
Derivatives	—	0.1	—	0.1	0.1
Cash and cash equivalents	119.4	—	—	119.4	119.4
Total financial assets	**119.4**	**218.0**	**14.5**	**351.9**	**351.9**

2.4.17.1.4 Statement of changes in impairment of financial assets

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

€m	31.12.17	Translation differences	Reclassifica-tions	Net charges	Changes in consolidation scope	31.12.18
Impairment of non-current financial assets	1.4	–	–	(0.1)	–	1.4
Impairment of trade receivables	8.4	–	(0.1)	(0.0)	(1.0)	7.3
Total	**9.8**	**–**	**(0.1)**	**(0.0)**	**(1.1)**	**8.6**

2.4.17.2 Financial liabilities

31.12.19				Breakdown by category of instruments			
€m	Statement of financial position total	Current	Non-current	Fair value through P/L	Derivatives at fair value through P/L	Derivatives at fair value through items of OCI	Financial liabilities at amortized cost
Other non-current liabilities	4.5	–	4.5	–	–	–	4.5
Borrowings	380.9	126.3	254.6	–	–	–	380.9
Trade payables	177.6	177.6	–	–	–	–	177.6
Derivatives	0.9	0.9	–	–	–	0.9	–
Other liabilities	46.8	46.8	–	–	–	–	46.8
Total financial liabilities	**610.7**	**351.5**	**259.2**	**–**	**–**	**0.9**	**609.8**

31.12.18				Breakdown by category of instruments			
€m	Statement of financial position total	Current	Non-current	Fair value through P/L	Derivatives at fair value through P/L	Derivatives at fair value through items of OCI	Financial liabilities at amortized cost
Other non-current liabilities	4.6	–	4.6	–	–	–	4.6
Borrowings	337.8	133.6	204.2	–	–	–	337.8
Trade payables	228.3	228.3	–	–	–	–	228.3
Derivatives	0.6	0.6	–	–	–	0.6	–
Other liabilities	56.3	56.3	–	–	–	–	56.3
Total financial liabilities	**627.6**	**418.8**	**208.8**	**–**	**–**	**0.6**	**626.9**

2.4.17.2.1 Borrowings

The components of borrowings are set out in **§ 2.4.15.**

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

2.4.17.2.2 Derivatives

	2019		2018	
€m	Current	Non-current	Current	Non-current
Financial derivatives	0.9	–	0.6	–
Total	**0.9**	**–**	**0.6**	**–**

Financial derivatives classified as liabilities at December 31, 2019 are shown in **§ 2.4.17.4**. The Group uses hedge accounting when the effectiveness of a hedge can be demonstrated. In this case, financial derivatives are recognized under items of other comprehensive income, which resulted in a non-material change at December 31, 2019. Where effectiveness is not demonstrated, the Group recognizes all changes in the fair value of hedging instruments through profit or loss.

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

2.4.17.2.3 Trade payables and other liabilities

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

2.4.17.2.4 Fair value of financial liabilities

31.12.19

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

31.12.18

€m	Listed price	Observable data model	Non-observable data model	Fair value	Statement of financial position
Other non-current liabilities	–	4.6	–	4.6	4.6
Total borrowings	337.8	–	–	337.8	337.8
Trade payables	–	228.3	–	228.3	228.3
Derivatives	–	0.6	–	0.6	0.6
Other liabilities	–	56.3	–	56.3	56.3
Fair value of financial liabilities	**337.8**	**289.8**	**–**	**627.6**	**627.6**

2.4.17.3 Management of risks relating to financial instruments

2.4.17.3.1 Credit and counterparty risk

95% of trade receivables were insured at December 31, 2019. The Group's exposure to credit and counterparty risk primarily relates to uninsured trade receivables. The Group is not in a position of commercial dependence on its customers. Moreover, the Group is not dependent on a specific supplier and only uses subcontractors on an occasional basis.

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

The gross value of customer payments in arrears at December 31, 2019 is set out below.

€m	31.12.19	31.12.18
Receivables not due and not impaired	**116.8**	**140.8**
Receivables overdue and impaired	**13.1**	**13.7**
< 30 days	2.3	2.8
30 to 60 days	1.4	1.4
60 to 90 days	0.9	0.6
90 to 120 days	0.8	1.0
> 120 days	7.6	8.0
Receivables overdue and not impaired	**29.2**	**35.1**
< 30 days	20.9	26.2
30 to 60 days	6.2	5.0
60 to 90 days	1.5	0.7
90 to 120 days	0.3	0.3
> 120 days	0.4	3.0
Total receivables	**159.0**	**189.6**

2.4.17.3.2 Interest rate and liquidity risk

2.4.17.3.2.1 Assessment of interest rate risk relating to balance sheet assets

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

2.4.17.3.2.2 Assessment of interest rate risk relating to balance sheet liabilities

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

€m	31.12.19	31.12.18
Floating rate bank overdrafts, factoring & discounting	93.7	82.4
Floating rate borrowings	228.0	209.1
Of which hedged floating rate borrowings	195.0	75.0
Unhedged balance	**126.7**	**216.5**

86% of floating rate debt at December 31, 2019 was hedged by:

> swaps covering €155 million with a five-year term (Eur3M floored at 0% against fixed rates averaging 0.253%, expiring between 2021 and 2024)

> caps covering €40 million (Eur3M capped at 0% against payment of a 0.15% premium, expiring in 2024).

If these hedging agreements are taken into account, a ±1pp change in interest rates would have an impact of around €0.8 million on Group interest expense.

2.4.17.3.2.3 Assessment of liquidity risk

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

31.12.18			Expiry		
€m	Total borrowings	Contractual undertakings	< 1 year	1 - 5 years	> 5 years
Long-term borrowings including short-term portion	**283.6**	**302.2**	**29.6**	**269.1**	**3.5**
Bank overdrafts, factoring, discounting	96.7	96.7	96.7	–	–
Accrued interest	0.6	0.6	0.6	–	–
Short-term borrowings	**97.3**	**97.3**	**97.3**	**–**	**–**
Total borrowings	**380.9**	**399.5**	**126.9**	**269.1**	**3.5**

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

The "Bank overdrafts, factoring, discounting" line only shows the principal amount.
Long-term debt (long and short-term portion) amounted to €283.6 million at December 31, 2019 and consisted of €56.2 million in fixed rate debt and €227.4 million in floating rate debt.

The contractual undertaking therefore corresponds to the debt shown on the balance sheet at December 31, 2019 plus future interest payments. The future interest payments were calculated on the basis of an average rate of 2.0% for unhedged loans.

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

The Group has carried out a specific review of its liquidity risk and considers that it is able to meet its future liabilities as they fall due. At December 31, 2019:

- Group cash and cash equivalents amounted to €206 million, including €160 million held by Jacquet Metal Service SA;
- Jacquet Metal Service SA had an unused revolving credit facility of €125 million, as well as other credit facilities;
- The subsidiaries had unused lines of credit amounting to €82.5 million.

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

2.4.17.3.3 Currency risk

2.4.17.3.3.1 Currency hedging policies

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

Jacquet Metal Service SA is exposed to currency risk when it grants cash advances in local currencies to subsidiaries outside the euro zone.

The finance department assesses the currency positions every month, per currency and per subsidiary, and then arranges the hedges required. The most frequently used hedging instruments are forward currency purchases or sales.

2.4.17.3.3.2 Currency risk on foreign currency investments in the subsidiaries

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

€m	AED	CAD	CHF	CNY	CZK	DKK	GBP	HUF	KRW	PLN	SEK	TRY	USD	Total
Assets excluding intangible assets and PP&E	1.3	12.5	2.2	5.7	14.6	0.4	6.0	12.7	0.4	24.6	10.8	3.0	27.3	121.5
Liabilities excluding shareholders' equity	1.0	12.2	2.2	1.9	10.5	0.8	3.2	6.4	0.9	17.5	6.9	1.7	37.5	102.7
Net position before hedging	**0.3**	**0.3**	**—**	**3.8**	**4.1**	**(0.4)**	**2.8**	**6.3**	**(0.5)**	**7.1**	**3.9**	**1.3**	**(10.2)**	**18.8**
Off-balance sheet position	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Net position after hedging	**0.3**	**0.3**	**—**	**3.8**	**4.1**	**(0.4)**	**2.8**	**6.3**	**(0.5)**	**7.1**	**3.9**	**1.3**	**(10.2)**	**18.8**

2.4.17.3.4 Other risks

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

2.4.17.4 Derivatives

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

€m	31.12.18	Changes in consolidation scope	Increase	Decrease	Fair value	31.12.19
Interest-rate derivatives	0.6	—	(0.0)	—	0.2	0.7
Currency derivatives	0.0	—	0.0	—	0.1	0.1
Total derivatives under liabilities	**0.6**	**—**	**0.0**	**—**	**0.2**	**0.9**
Interest-rate derivatives	0.0	—	—	—	(0.0)	0.0
Currency derivatives	0.1	—	0.0	(0.0)	(0.1)	—
Total derivatives under assets	0.1	**—**	**0.0**	(0.0)	**(0.1)**	**0.0**

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

2.5 Off-balance sheet commitments

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

2.5.1 Summary of commitments given and received

Off-balance sheet commitments break down as follows:

			Maturity		
€m	**31.12.19**	**31.12.18**	**<1 year**	**1-5 years**	**>5 years**
Commitments received for financing transactions (guarantees)	**0.4**	**0.4**	**0.2**	**0.2**	**—**
Commitments given	**166.1**	**205.9**	**130.9**	**26.7**	**8.5**
Supplier guarantees	12.8	30.1	10.4	2.4	—
Guarantees given to banks	39.9	56.3	31.3	7.9	0.6
Documentary credit, letters of credit, SBLC	7.1	8.2	7.1	—	—
Comfort letters	55.0	53.8	44.5	8.5	2.0
Mortgages	15.6	14.2	7.4	7.5	0.6
Pledges	—	—	—	—	—
Security interests on working capital	25.4	33.5	25.4	—	—
Guarantees	10.3	9.8	4.8	0.3	5.2

The main mortgages granted are as follows:

€m	Collateralized assets	Start date	Maturity	Total balance sheet item[1]	Coll. assets as % of balance sheet item
Mortgages on lands or buildings					
Belgium	6.2	20.01.14	20.01.24	7.4	84%
Switzerland	1.2	01.06.11	30.03.21	5.2	23%
Sweden	0.4	06.12.05	31.12.20	0.4	100%
Czech Rep.	0.9	01.09.14	01.07.22	5.4	33%
	0.9	01.09.14	31.05.20		
Poland	4.9	19.09.11	30.08.20	6.0	100%
	1.1	15.11.11	31.05.20		
Total collateralized equipment	**15.6**				

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

2.5.2 Contractual obligations

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

2.5.3 Lines of credit

Lines of credit break down as follows:

	2019			2018[2]		
€m	**Amount granted**	**Amount used**	**Amount available**	**Amount granted**	**Amount used**	**Amount available**
Jacquet Metal Service SA	**492.9**	**282.8**	**210.1**	**431.8**	**199.4**	**232.4**
Of which revolving term loan	125.0	–	125.0	125.0	–	125.0
Of which Schuldscheindarlehen (private placement of debt instruments under German law)[1]	186.0	186.0	–	150.0	150.0	–
Of which lines of credit / facilities	181.9	96.8	85.1	156.8	49.4	107.4
Subsidiaries	**180.7**	**98.2**	**82.5**	**230.1**	**138.4**	**91.7**
Total	**673.6**	**380.9**	**292.6**	**661.9**	**337.8**	**324.1**

[1] A €70 million Schuldscheindarlehen was signed in December 2019, divided into two tranches: tranche 1 amounting to €36 million,cashed-in on December 2019, and tranche 2 amounting to €34 million, cashed-in on January 2020.
[2] In 2018, finance leases arising from previous application of IAS 17 were included.

2.5.4 Bank covenants

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

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

- date of signature: June 2019
- maturity: June 2022
- amount: €125 million (unused)
- guarantee: none
- change of control clause:
  JSA must hold at least 40% of Jacquet Metal Service SA's share capital and voting rights.
- main covenants:
  - debt to equity ratio (gearing) less than 1, or
  - leverage less than 2.

The main terms of the Schuldscheindarlehen signed in 2018 are as follows:

- date of signature: February 2018
- maturity: April 2023
- amount: €150 million (fully used)
- amortization: in fine
- guarantee: None
- change of control clause: JSA must hold at least 37% of Jacquet Metal Service SA's share capital and voting rights.
- main covenant:
  - debt to equity ratio (gearing) less than 1.

The main terms of the 2-tranche Schuldscheindarlehen signed in 2019 are as follows:

- date of signature: December 2019
- maturity: December 2024 (tranche 1: €36 million) and January 2025 (tranche 2: €34 million)
- amount: €70 million (fully used, including €36 million cashed-in on December 2019 and €34 million cashed-in on January 2020)
- amortization: in fine
- guarantee: None
- change of control clause: JSA must hold at least 37% of Jacquet Metal Service SA's share capital and voting rights.
- main covenant:
  - debt to equity ratio (gearing) less than 1.

All financing covenants were in compliance at December 31, 2019.

2.6 Information on related parties

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

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

€k	Sites	2019 rent (excl. VAT)	2018 rent (excl. VAT)	Tenants
JERIC SARL	Saint Priest - France (69)	633	620	Jacquet Metal Service SA
	Villepinte - France (93)	205	200	Jacquet Metal Service SA
	Saint Priest - France (69)	38	61	JSP
SCI Cité 44	Lyon - France (69)	509	413	Jacquet Metal Service SA
	Lyon - France (69)	39	38	Metal Services
SCI de Migennes	Migennes - France (89)	221	213	Jacquet Metal Service SA
SCI Rogna Boue	Grésy sur Aix - France (73)	132	132	Détail Inox
JSA Holding Bochum	Bochum - Germany	520	511	Quarto Deutschland
JSA Holding Deutschland	Dusseldörf - Germany	292 [1]	345	Abraservice Deutschland

[1] Abraservice Deutschland was sold on October 31, 2019. First 10 months' rent in 2019.

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

2.7 Changes in the consolidated cash position

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

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

€m	31.12.18	Change in working capital	Change in working capital (discontinued operations)	Other	Changes in consolidation scope	Translation differences	31.12.19
Inventory and work-in-progress	493.0	(36.4)	3.4	(0.1)	(18.1)	0.7	442.5
Trade receivables	182.4	(18.9)	(0.9)	1.0	(11.6)	0.2	152.2
Trade payables	(228.3)	43.4	(1.4)	(1.1)	9.7	0.1	(177.6)
Net operating working capital	**447.0**	**(11.9)**	**1.1**	**(0.1)**	**(20.0)**	**1.0**	**417.1**
Other assets	35.5	0.2	(0.0)	(10.5)	(1.2)	0.0	24.0
Other liabilities	(56.3)	7.4	(0.5)	(0.5)	3.2	(0.1)	(46.8)
Working capital before taxes and financial items	**426.2**	**(4.3)**	**0.6**	**(11.1)**	**(18.0)**	**0.9**	**394.4**

Further information on investing activities

Investments are set out in **§ 2.4.2** and **2.4.3** in the notes to the financial statements

Asset disposals notably include €25 million for the sale of the shares of Abraservice Holding.

Further information on financing activities

A dividend of €0.70 per share was paid by Jacquet Metal Service SA in 2019, entailing a total payout of €16.6 million. A further €1.7 million was paid to minority shareholders in the subsidiaries.

Changes in borrowings may be summarized as follows:

€m	31.12.18	Reclassification under lease liabilities	Cash flow	Translation differences	Change in consolidation scope	Reclassification between short and long-term portions	31.12.19
Finance lease liabilities > 1 year	12.3	(12.3)	–	–	–	–	–
Long-term borrowings > 1 year	191.9	–	91.1	0.1	(1.9)	(26.5)	254.6
Long-term borrowings	**204.2**	**(12.3)**	**91.1**	**0.1**	**(1.9)**	**(26.5)**	**254.6**
Finance lease liabilities < 1 year	3.5	(3.5)	–	–	–	–	–
Portion of long-term borrowings due < 1 year	41.5	–	(39.1)	0.5	(0.2)	26.2	29.0
Bank overdrafts, factoring, discounting	87.6	–	24.4	(0.7)	(14.8)	0.2	96.7
Short-term borrowings excluding accrued interest	**132.7**	***(3.5)***	**(14.8)**	**(0.2)**	**(15)**	**26.5**	**125.7**

The "New borrowings" line in the cash flow statement (€91.1 million) corresponds to new borrowings recognized under long-term borrowings on the balance sheet.

The €14.8 million outflow corresponding to short-term borrowings is shown on the "Change in borrowings" line of the cash flow statement.

2.8 Statutory auditors' fees

Statutory auditors' fees amounted to €2,106,000 in 2019 and broke down as follows:

	EY		Grant Thornton		Other		Total	
€k	2019	2018	2019	2018	2019	2018	2019	2018
Audit								
Independent audit, certification, review of parent company and consolidated financial statements								
Issuer	210	203	170	163	–	–	380	366
Fully consolidated subsidiaries	532	583	552	572	112	104	1,196	1,259
Services other than the certification of the financial statements								
Issuer	134	114	396	14	–	–	530	128
Fully consolidated subsidiaries	–	–	–	–	–	–	–	–
Sub-total	**876**	**900**	**1,118**	**749**	**112**	**104**	**2,106**	**1,753**
Other services provided by the networks to fully consolidated subsidiaries								
Legal, tax and corporate services	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–
Sub-total	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total	**876**	**900**	**1,118**	**749**	**112**	**104**	**2,106**	**1,753**

2.9 Post balance sheet events

At closing date (March 11, 2020) Group's business in China, which represents 1% of consolidated sales, was affected by the measures taken in face of the Covid-19 crisis. Regarding the steel supply chain, the potential impact of production shutdowns should be limited, as less than 20% of Group purchases come from China. In Italy (8% of consolidated sales and 20% of purchases), the Group has not noticed any business interruption and is unable at this stage to assess the potential impact of the Covid-19.
This also applies to the other markets in which the Group operates.

3 Statutory auditors' report on the consolidated financial statements

This is a free translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to the shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

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S.A. au capital de € 2.297.184
632 013 843 R.C.S. Nanterre
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438 476 913 R.C.S. Nanterre
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Statutory Auditor
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Jacquet Metal Service
Year ended December 31, 2019

To the Annual General Meeting of Jacquet Metal Service,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying consolidated financial statements of Jacquet Metal Service for the year ended December 31, 2019. The consolidated financial statements were approved by the Board of Directors on March 11, 2020, on the basis of the circumstances available at that date, in the evolving context of the health crisis related to Covid-19.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.
The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit Framework

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

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

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics (Code de déontologie) for statutory auditors.

Emphasis of Matter

We draw attention to the following matter described in Notes "2.2.11 Lease Contracts" and "2.4.4 Rights of use – Lease obligations" to the consolidated financial statements relating to the changes in accounting method resulting from the application as of January 1, 2019 of IFRS 16 "Leases". Our opinion is not modified in respect of this matter.

Justification of Assessments - Key Audit Matters

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

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

Valuation of goodwill

Risk identified

As at December 31, 2019, the net value of the Group's goodwill amounted to M€ 66.4 for a total balance sheet of M€ 1,186. The Group performs impairment tests on its goodwill, according to the methods described in Notes 2.2.8 and 2.4.1 to the consolidated financial statements.

As stated in Note 2.2.8 to the consolidated financial statements, impairment tests consist in determining the recoverable value of a Cash Generating Unit, which is the highest between the value in use and the fair value. The value in use is determined based on projected discounted operating cash flows taken from five-year business plans, and a terminal value based on the unlimited capitalization of cash flows.

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

Our response

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

- examining the methods of implementation of the impairment tests;
- corroborating, in particular through interviews with management, the main data and assumptions on which the estimates used are based, notably the cash flow forecasts, the long-term growth rates and the discount rates;
- analyzing the consistency of the forecasts with past performance and market prospects;
- assessing the sensitivity of the value to the valuation parameters, notably to the discount rate and to the various assumptions used.

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

Valuation of inventories

Risk identified

Inventories and work-in-progress inventories are recorded in the consolidated balance sheet as at December 31, 2019 for the net amount of M€ 442 and represent one of the most important items in the consolidated balance sheet.

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

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

Our response

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

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

Valuation of provisions for liabilities and charges

Risk identified	Our response
As at 31 December 2019, provisions for employee disputes, restructuring costs and customer and supplier disputes amount to M€ 38.3. The estimation of the impacts of these liabilities or restructuring costs and the related provisions required considerable use of judgement by management, notably to assess the probability of an outflow of resources and estimate the amount of the obligation. We therefore considered these items to be a key audit matter.	We examined the procedures set up by the Group to identify and list all the liabilities and charges. Our work also consisted in: > obtaining an understanding of the analysis of risks and liabilities and charges performed by the Group and its advisers, and examining the corresponding documentation; > studying the main risks or liabilities and charges identified; > examining management's assumptions and the data used to evaluate the amount of the provisions.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information relating to the Group given in the Board of Directors' management report as approved on March 11, 2020. Regarding the events that occurred, and the circumstances known after the date of approval of the consolidated financial statements relating to the effects of the Covid-19 crisis, Management has informed us that such events and circumstances will be communicated to the Annual General Meeting called to approve these financial statements.

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

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code (Code de commerce) is included in the Group management report, it being specified that, in accordance with Article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

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

As at December 31, 2019, GRANT THORNTON and ERNST & YOUNG et Autres were in the sixth year and ninth year of total uninterrupted engagement respectively. Previously, ERNST & YOUNG Audit had been statutory auditor from 2005 to 2010.

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

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

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

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

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

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

Objectives and audit approach

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

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

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

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

Report to the Audit Committee

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

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

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

Lyon, March 26, 2020

The Statutory Auditors French original signed by

GRANT THORNTON
French Member of Grant Thornton International
—
Françoise Mechin

ERNST & YOUNG et Autres
—
Lionel Denjean

4 Management report – Information on the parent company Jacquet Metal Service SA

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

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

The Company financial statements for the year ended December 31, 2019 were prepared in accordance with French statutory requirements and in accordance with the same accounting principles and policies as those applied in the preparation of the previous year's financial statements.

4.1 2019 financial position and earnings

4.1.1 Income statement

€k	2019	2018
Sales	27,203	29,004
Operating income	(4,991)	2,133
Net financial income	9,674	15,669
Net non-recurring income / (expense)	6,026	(830)
Net income	**12,453**	**18,122**

Jacquet Metal Service SA posted sales of €27 million for 2019. Sales correspond to services invoiced to the subsidiaries, which are mainly management and IT services. The change in sales was partly related to the Group's operations and development.

The 2019 operating loss amounted to €5 million.

Meanwhile, net financial income amounted to €9.7 million, including €7.9 million in dividends received from the subsidiaries.

Net non-recurring income amounted to €6 million and included a €6.3 million capital gain on the sale of Abraservice Holding.

In view of these conditions, the Company's net income amounted to €12.4 million compared to €18.1 million in 2018.

4.1.2 Balance sheet

€k	31.12.19	31.12.18
Financial assets	170,600	252,609
Intangible assets and PP&E	5,290	4,252
Cash and cash equivalents	160,076	64,941
Other assets	222,174	150,631
Total assets	**558,140**	**472,433**
Shareholders' equity	208,334	212,443
Debt	320,581	229,555
Other liabilities	29,224	30,435
Total equity and liabilities	**558,140**	**472,433**

Financial assets

Financial assets amounted to €170.6 million at December 31, 2019, and broke down as follows:

€k	31.12.19	31.12.18
Equity investments	139,549	157,782
Loans and advances to subsidiaries	24,556	88,897
Other financial assets	6,495	5,930
Total net financial assets	**170,600**	**252,609**

Other financial investments primarily consist of treasury shares (€5.2 million). The Company did not purchase or dispose of any treasury shares during 2019, excluding transactions relating to the liquidity agreement. The year-on-year change corresponds to transactions relating to the liquidity agreement.

Cash and cash equivalents

Net cash and cash equivalents at December 31, 2019 amounted to €147 million, mostly invested in interest-bearing accounts.

Other assets

Other assets, which amounted to €222.2 million at the end of 2019, primarily consist of receivables payable by the subsidiaries (including cash pooling accounts).

Debt

Debt amounted to €321 million at December 31, 2019, including €270 million in loans and other borrowings contracted with credit institutions (of which €186 million relating to the Schuldscheindarlehen).

Other liabilities

Other liabilities amounted to €29.2 million at the end of 2019 and mainly comprised operating liabilities (€23.7 million) and provisions for employee benefit obligations valued by external actuaries (€3.8 million).

Trade receivables and payables payment schedule

€k	Article D. 441 I.-1: Past due invoices RECEIVED and unpaid at year-end						Article D. 441 I.-2: Past due invoices ISSUED and unpaid at year-end					
A Late payment tranches	0 days (indic.)	1 > 30 days	31 > 60 days	61 > 90 days	≥91 days	Total ≥1 days	0 days (indic.)	1 > 30 days	31 > 60 days	61 > 90 days	≥91 days	Total ≥1 days
Number of invoices concerned	306					232	182					273
Total amount of invoices concerned (incl. tax)	6,624	169	19	2	693	882	8,879	721	104	193	721	1 739
% of total purchases during the year (incl. tax)	19%	0%	0%	0%	2%	3%						
% of sales during the year (incl. tax)							26%	2%	0%	1%	2%	5%
B Invoices not included in A relating to disputed or unrecognized receivables and payables												
Number of invoices excluded						**–**						**24**
Total amount (including tax) of excluded invoices						**–**						**520**

4.2 Share capital

The share capital at December 31, 2019 was unchanged from the previous financial year. It consists of 24,028,438 shares with a total value of €36,631,126.16.

4.3 List of branch offices

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

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

4.4 Progress and outlook

The Company will continue to drive Group strategy and manage its direct and indirect equity investments in its various subsidiaries. The Group's progress and outlook are set out in **§ 1.1** Management Report – Information on the Group.

4.5 Share buyback program and treasury stock

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

In its 12th resolution, the June 28, 2019 General Meeting authorized the Board to buy back the Company's shares in order to:

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

The terms and conditions of the share buyback program are as follows:

- the maximum price at which the Company may buy back its own shares is set at €70 per share, on the understanding that, in the event of transactions affecting the share capital, in particular by capitalization of reserves, the allocation of bonus shares, stock splits or reverse stock splits, this price will be adjusted accordingly;
- the maximum number of shares that may be bought back is set at 10% of the total number of shares that make up the share capital (this percentage shall apply at all times to the share capital as adjusted in accordance with the transactions affecting it following the General Meeting of June 28, 2019), in a maximum amount of €168,199,010, subject to statutory restrictions. The number of shares purchased by the Company during the term of the share buyback program may not exceed 10% of the shares that make up the Company's share capital (this percentage shall apply at all times to the share capital as adjusted in accordance with transactions affecting it following the General Meeting of June 28, 2019), on the understanding that (i) in the case of shares purchased under a liquidity agreement, the number of shares taken into consideration for the calculation of the aforementioned cap of 10% of the share capital shall be equal to the number of shares purchased less the number of shares resold during the term of this authorization, and (ii) the number of shares purchased in order to be subsequently tendered as part of a merger, demerger or contribution may not exceed 5% of the Company's share capital at the time of purchase;
- the term of the authorization was set at eighteen months as from June 28, 2019.

Accordingly, the Group held 373,827 treasury shares representing 1.56% of the share capital with a net book value of €5.2 million at December 31, 2019:

- at December 31, 2019, 333,747 treasury shares were allocated for the purpose of being exchanged or used as payment as part of potential acquisitions provided for by the share buyback program authorized by the General Meeting of June 28, 2019 and were recognized under "Financial assets" at a net book value of €4.6 million;
- 40,080 treasury shares were held under the liquidity agreement and were recognized under "Financial assets" at a net book value of €0.6 million.

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

The Company has implemented a share buyback program which was approved by the General Meeting held on June 28th, 2019 and was subject to a full and effective disclosure on July 11th, 2019. The description of this program was uploaded on the Company's website on July 15th, 2019. Within this framework, a purchase agreement was signed on February 26th, 2020 with ODDO BHF SCA pursuant to which ODDO BHF SCA purchases in the Company's name and on its behalf shares of the Company, which will be canceled at a later stage. The purchase agreement complies with market practice approved by the French market regulator (AMF). At the date of filling of this universal registration document, the number of purchased shares since the beginning of the implementation of this share buyback program amounted to 480,182 shares and the number of treasury shares amounted to 874,329 shares representing 3.64 % of the share capital of the Company.

4.6 Bonus share awards

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

The 34th resolution of the June 29, 2018 General Meeting authorized the Board of Directors to award existing or future bonus shares to the beneficiaries that it shall determine among the salaried employees and executive officers of the Company or related entities, within the meaning of Article L. 225-197-2 of the French Commercial Code, subject to a cap of 3% of the Company's share capital as of the date of the Board's decision to award the bonus shares, on the understanding that the cap on the shares awarded to the Company's executive officers is equivalent to 1% of the Company's share capital.

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

The Board of Directors did not exercise this authorization in 2019.

4.7 Liquidity agreement

Following the publication of AMF decision 2018-01 of July 2, 2018, in 2019 Jacquet Metal Service and Oddo BHF SCA signed a new liquidity agreement with retrospective effect from January 2, 2019. Among other things, the agreement reduced the resources assigned to the liquidity account, which amounted to €377,936.24 and 40,139 shares at March 29, 2019.

At December 31, 2019, the liquidity account comprised 40,080 shares with a market value of €0.6 million and €0.4 million in cash.

4.8 Identity of shareholders exceeding statutory thresholds

In accordance with Article L. 225-123 of the French Commercial Code, double voting rights are granted to shares held in registered form for over two years. The number of shares with double voting rights at December 31, 2019 was 9,752,989.

The voting right percentages are calculated in accordance with the provisions of Article 223-11 of the AMF General Regulation (concerning all shares with voting rights, including treasury shares stripped of voting rights).

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

	31.12.19			31.12.18			31.12.17		
	No. of shares	% of share capital	% of voting rights	No. of shares	% of share capital	% of voting rights	No. of shares	% of share capital	% of voting rights
JSA / Éric Jacquet	9,688,471	40.32%	57.28%	9,688,471	40.32%	57.28%	9,688,471	40.32%	57.20%
Free float	13,966,140	58.12%	41.61%	13,966,081	58.12%	41.61%	14,020,687	58.35%	41.86%
Treasury shares	373,827	1.56%	1.11%	373,886	1.56%	1.11%	319,280	1.33%	0.94%
Total	**24,028,438**	**100.00%**	**100.00%**	**24,028,438**	**100.00%**	**100.00%**	**24,028,438**	**100.00%**	**100.00%**

At the date on which this Universal Registration Document was filed and on the basis of threshold crossing disclosures received by the Company, the following shareholders of Jacquet Metal Service SA held more than 5% of the Company's share capital or voting rights:

	No. of shares	% of share capital	% of voting rights
JSA / Éric Jacquet	9,688,471	40.32%	57.28%
Concert R.W. Colburn [1]	1,440,966	6.00%	4.27%
Moneta Asset Management [2]	1,320,000	5.49%	3.91%
Amiral Gestion [3]	1,252,033	5.21%	3.71%
Total	**11,129,437**	**46.32%**	**61.55%**

[1] Information dated March 12, 2014. The Company has not received any additional information since that date.
[2] Information dated August 27, 2019. The Company has not received any additional information since that date.
[3] Information dated August 29, 2019. The Company has not received any additional information since that date.

Éric Jacquet and JSA (which is controlled by Éric Jacquet) held 40.32% of the share capital and 57.28% of the voting rights in Jacquet Metal Service SA at December 31, 2019.

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

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

> The Board of Directors is consulted to give its prior consent to material investments and divestments;

> The Company is also represented by a Deputy Chief Executive Officer;

> During the year ended, the Board of Directors comprised 10 members, 7 of whom are considered to be independent. All Appointment and Compensation Committee members and two-thirds of the Audit and Risk Committee members are considered independent;

> The operation of the Board of Directors is governed by internal regulations that set down rules concerning disclosure in the event of a conflict of interest involving a director.

As of March 10, 2020, the Company was not aware of any other threshold crossings occurring since the 2019 balance sheet date.

4.9 Dividends paid in respect of the last three financial years

€	2018	2017	2016
Net dividend per share	0.7	0.7	0.5
Distributed earnings eligible for the tax allowance (reduction provided for in Article 158-3 of the French General Tax Code)	0.7	0.7	0.5

4.10 Share transactions by corporate officers

In accordance with Article L. 621-18-2 of the French Monetary and Financial Code and Article 223-23 of the AMF General Regulation, transactions involving the Company's financial instruments performed by each member of the Board of Directors and any "related parties" must be disclosed where the total amount of the transactions performed by each director exceeds €20,000 per calendar year.

The Company was not informed of any other transaction referred to in Article L. 621-18-2 of the French Monetary and Financial Code during the period.

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

None.

4.12 Intercompany loans

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

4.13 Staff information

Jacquet Metal Service SA's staff consisted of 12 people at December 31, 2019.

4.14 Governance

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

In 2019, the Board of Directors had 10 members:

- **Éric Jacquet**
- **Jean Jacquet**
- **Françoise Papapietro**
- **Gwendoline Arnaud**
- **Wolfgang Hartmann**
- **Jacques Leconte**
- **Henri-Jacques Nougein**
- **Séverine Besson Thura**
- **Alice Wengorz**
- **JSA SA**

At its meeting on March 13, 2019, the Board of Directors established the list of directors considered as independent as follows:

- **Jean Jacquet** not related to Éric Jacquet
- **Françoise Papapietro**
- **Gwendoline Arnaud**
- **Jacques Leconte**
- **Henri-Jacques Nougein**
- **Séverine Besson Thura**
- **Alice Wengorz**

The Board of Directors made the following appointments at its meeting on June 29, 2018:

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

Appointment and Compensation Committee

Since June 29, 2018 the Appointment and Compensation Committee has comprised the following members:

- **Henri-Jacques Nougein**, Chairman
- **Alice Wengorz**
- **Gwendoline Arnaud**

Audit and Risk Committee

Since June 29, 2018 the Audit and Risk Committee has comprised the following members:

- **Jean Jacquet**, Chairman
- **Jacques Leconte**
- **Wolfgang Hartmann**

4.15 Appropriation of 2019 earnings

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

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

The amount of the expenses referred to in Articles 39-4 and 223 of the French General Tax Code was €3,989 for the 2019 financial year, and the corresponding tax was €1,117.

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

None.

4.18 Research and development activities

None.

4.19 Table showing key figures over the past five years

€k	2019	2018	2017	2016	2015
Share capital at year-end					
Share capital	36,631	36,631	36,631	36,631	36,631
Number of ordinary shares outstanding	24,028,438	24,028,438	24,028,438	24,028,438	24,028,438
Operations and results for the year					
Sales before tax	27,203	29,004	25,850	24,779	22,450
Profit before tax and calculated charges (depreciation, amortization and provisions)	11,735	17,855	13,620	13,835	18,228
Income tax	(1,744)	(1,149)	74	1056	311
Employee profit-sharing	—	—	—	—	—
Profit after tax and calculated charges (depreciation, amortization and provisions)	12,453	18,122	12,092	11,700	15,066
Earnings distributed (year of payment)	16,562	16,584	11,847	9,461	18,231
Earnings per share (€)					
Profit after tax and before calculated charges (depreciation, amortization and provisions)	0.56	0.79	0.56	0.53	0.75
Profit after tax and calculated charges (depreciation, amortization, and provisions)	0.52	0.75	0.50	0.49	0.63
Dividend per share in circulation (year of payment)	0.69	0.69	0.49	0.39	0.76
Staff					
Average headcount during the year	12	12	13	15	16
Total payroll for the year	3,385	3,597	2,455	1,105	3,204
Total employee benefits paid during the year (social security, corporate welfare, etc.)	1,607	2,045	1,196	1,344	1,572

4.20 Information on subsidiaries and shareholdings

Information on subsidiaries and shareholdings can be found in **§ 5.5.2** in the notes to the 2019 Jacquet Metal Service SA parent company financial statements ("Financial assets").

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

This information can be found in **§ 3** of the risks management section.

4.22 Non-financial statement

The company included the Non-financial statement in **§ 4** of the risks management section.

5 2019 annual financial statements - Jacquet Metal Service SA

Income statement

€k	Notes	2019	2018
Services	5.4.1	27,203	29,004
Sales	**5.4.1**	**27,203**	**29,004**
Reversal of depreciation and provisions		215	1,258
Other income	5.4.2	2,728	2,993
Transfer of charges	5.4.2	3,729	3,095
Total operating income		**33,875**	**36,349**
Purchases and external expenses		(31,082)	(25,876)
Miscellaneous taxes		(603)	(699)
Wages and salaries		(3,385)	(3,597)
Payroll tax		(1,607)	(2,045)
Depreciation, amortization and provisions		(1,672)	(1,413)
Other charges		(517)	(586)
Total operating expenses	**5.4.3**	**(38,866)**	**(34,216)**
Operating income / (loss)	**5.4.3**	**(4,991)**	**2,133**
Income from equity investments		7,855	14,310
Other interest and related income		5,362	4,872
Provision reversals and transfer of financial expenses		447	210
Foreign exchange gains		1,593	1,670
Net gains on sale of short-term investment securities		—	—
Financial income	**5.4.4**	**15,257**	**21,062**
Depreciation, amortization and provisions		(15)	(447)
Interest and related expenses		(3,896)	(3,413)
Foreign exchange losses		(1,671)	(1,534)
Financial expenses	**5.4.4**	**(5,582)**	**(5,393)**
Net financial income	**5.4.4**	**9,674**	**15,669**
Income before tax		**4,683**	**17,802**
Non-recurring income from operating transactions		7	187
Non-recurring income from capital transactions		24,584	162
Provision reversals and expense transfers		—	8
Non-recurring income	**5.4.5**	**24,591**	**358**
Non-recurring expenses related to operating transactions		(200)	(100)
Non-recurring expenses related to capital transactions		(18,366)	(588)
Depreciation, amortization and provisions		—	(500)
Non-recurring expenses	**5.4.5**	**(18,566)**	**(1,188)**
Net non-recurring income / (expense)		**6,026**	**(830)**
Employee profit-sharing		—	—
Income tax	5.4.6, 5.4.7, 5.4.8	1,744	1,149
Net income		**12,453**	**18,122**

Balance sheet at December 31

€k		31.12.19			31.12.18
Assets	**Notes**	**Gross**	**Dep. / amort. / prov.**	**Net**	**Net**
Intangible assets	5.5.1	15,098	14,001	1,096	894
Property, plant and equipment	5.5.1	9,395	5,201	4,194	3,358
Financial assets	5.5.1, 5.5.2	182,911	12,311	170,600	252,609
Non-current assets		**207,404**	**31,513**	**175,890**	**256,861**
Advances and deposits paid	5.5.3	1	—	1	48
Operating receivables	5.5.3	11,150	434	10,715	14,344
Miscellaneous receivables	5.5.3	209,477	—	209,477	134,475
Cash and cash equivalents	5.5.4	160,076	—	160,076	64,941
Current assets		**380,702**	**434**	**380,268**	**213,809**
Accrued income and prepaid expenses	5.5.5	1,981	—	1,981	1,764
Total assets		**590,087**	**31,948**	**558,140**	**472,433**

Equity and liabilities

Shareholders' equity	**5.6.1, 5.6.3**			**208,334**	**212,443**
Provisions for contingencies and charges	**5.6.4**			**4,827**	**5,188**
Loans from credit institutions	5.6.5			269,734	192,002
Bank overdrafts	5.5.4, 5.6.5			13,025	7,395
Other borrowings	5.6.5			37,821	30,158
Total borrowings				**320,581**	**229,556**
Trade payables and related accounts	5.6.5			9,551	8,822
Tax and social security liabilities	5.6.5			3,692	3,359
Operating liabilities				**13,244**	**12,181**
Liabilities relating to non-current assets and related accounts	5.6.5			6	397
Other payables	5.6.5			10,431	11,966
Miscellaneous payables				**10,437**	**12,363**
Total liabilities				**344,262**	**254,099**
Accrued income and prepaid expenses	5.6.6			716	704
Total equity and liabilities				**558,140**	**472,433**

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

Notes to the financial statements of Jacquet Metal Service (the Company)

5.1 Headlines

On October 31, 2019, the Company sold 100% of the shares of its subsidiary Abraservice Holding, the holding company of the Abraservice group.

5.2 Accounting rules and policies

General principles applied

The Company's summary financial statements were prepared in accordance with the standards, principles and policies set out in ANC Regulation No. 2014-03 relating to the French General Accounting Charter, as amended by ANC Regulation 2016-07.

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

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

The financial year ended December 31, 2019 covered a period of 12 months.

Estimates

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

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

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

Intangible assets and property, plant & equipment

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

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

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

- **software**, straight-line – 1 to 10 years;
- **fixtures and fittings**, straight-line – 3 to 10 years;
- **vehicles, office and IT equipment, furniture,** straight-line – 1 to 10 years.

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

Impairment testing on depreciable / amortizable assets

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

If the recoverable value of these assets is lower than their net book value, that value is written down to the recoverable value.

Financial assets

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

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

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

Other financial assets

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

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

Receivables and payables

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

Marketable investment securities

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

Foreign currency transactions

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

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

Provisions for employee benefit obligations

The Company records a provision for end-of-career benefits, employees' supplemental pensions and long-service awards. Provision charges and reversals are recognized in operating income.

Retirement benefit entitlements are defined by the collective bargaining agreement applicable to the French metal industry. The provision is assessed by independent actuaries.

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

	2019	2018
Demographic assumptions		
Life expectancy table	INSEE TV / TD 2007-2009	INSEE TV / TD 2007-2009
Minimum age at beginning of career	22 for executives and 20 for non-executives	22 for executives and 20 for non-executives
Retirement age	62 years	62 years
Conditions of departure	Voluntary departure at the employee's initiative	Voluntary departure at the employee's initiative
Financial assumptions		
Discount rate		
"Umbrella" retirement packages	0.75%	1.75%
Other schemes	0.75%	1.75%
Inflation rate	1.70%	2.00%
Wage inflation rates	From 0.39% to 4.69% depending on SPC, pay schemes and age	From 0.39% to 4.69% depending on SPC, pay schemes and age
Social security contribution rates	50%	50%
Rate of return on financial assets	1.75%	1.50%

Other provisions for contingencies and charges

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

Derivatives

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

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

5.3 Post balance sheet events

None.

5.4 Notes to the Income Statement

5.4.1 Sales

€k	2019		2018	
France	3,527	13%	3,687	13%
Other countries	23,675	87%	25,316	87%
Total	**27,203**	**100%**	**29,004**	**100%**

Sales correspond to services invoiced to the subsidiaries, which are mainly management and IT services. The change in sales was partly related to the Group's operations and development.

5.4.2 Other income

€k	2019	2018
Other income	2,728	2,993
Transfer of charges	3,729	3,095
Total	**6,458**	**6,088**

These items mainly comprise:

- rent on buildings leased by Jacquet Metal Service SA on behalf of some Group subsidiaries. The Company re-invoices these rents to the companies that use the buildings;
- charges incurred by the Company on behalf of subsidiaries and re-invoiced to those subsidiaries.

5.4.3 Operating expenses

Operating expenses amounted to €38.9 million compared to €34.2 million in 2018. The increase is related to the strengthening of certain central departments (IT, digital, procurement and legal) and fees related to Group development projects.

Accordingly, the Company posted a net operating loss of €5 million in 2019 compared to net operating income of €2.1 million in 2018.

5.4.4 Net financial income

Net financial income amounted to €9.7 million, compared to €15.7 million in 2018. This change is primarily explained by the decrease in the dividends received from the subsidiaries.

€k	2019	2018
Dividends received from subsidiaries	7,855	14,310
Investment income	4,869	4,517
Income from loans[1]	4,869	4,517
Provision reversals	447	210
Reversals of provisions for impairment of equity investments	–	–
Reversals of provisions for financial contingencies and charges	240	210
Reversals of provisions for impairment of treasury shares	206	–
Other	2,087	2,024
Other financial income	493	354
Foreign exchange gains	1,593	1,670
Financial income	**15,257**	**21,062**
Interest and related expenses	(3,896)	(3,413)
Foreign exchange losses	(1,671)	(1,534)
Additions to provisions for financial contingencies and charges	(15)	(447)
Additions to provisions for impairment of treasury shares	(11)	(206)
Additions to provisions for financial contingencies and charges	(4)	(240)
Financial expenses	**(5,582)**	**(5,393)**
Net financial income	**9,674**	**15,669**

[1] Loans to subsidiaries and cash pooling interest

5.4.5 Net non-recurring income / (expense)

€k	2019	2018
Disposals of non-current assets	–	7
Disposals of securities	24,576	–
Other non-recurring income	16	351
Non-recurring income	**24,591**	**358**
Net book value of assets sold	–	(5)
Net book value of securities sold	(18,233)	–
Other non-recurring expenses	(333)	(1,183)
Non-recurring expenses	**(18,566)**	**(1,188)**
Net non-recurring income / (expense)	**6,026**	**(830)**

The proceeds from disposals are derived from the sale of the Company's subsidiary Abraservice Holding on October 31, 2019.

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

5.4.6 Corporate income tax

The Company has opted for a corporate tax consolidation regime. This consolidation scope included all of the Group's eligible French companies at December 31, 2019. The tax consolidation regime was extended for a period of five years as from the 2015 financial year.

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

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

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

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

In 2019, Abraservice Holding and its French subsidiaries left the tax consolidation group.

Breakdown of corporate income tax

€k	2019				2018
Type of income	**Income before tax**	**Corporate income tax before tax consolidation**	**Net gain/ (loss) from tax consolidation**	**Income after tax**	**Income after tax**
Net income from ordinary activities	4,683	831	–	5,514	16,553
Net non-recurring income/(expense)	6,026	(158)	–	5,868	(560)
3% tax on distributions	–	–	–	–	1,033
Tax carryback	–	(673)	–	(673)	656
Tax credits	–	–	–	–	7
Impact of corporate income tax on subsidiaries	–	–	1,744	1,744	432
Total	**10,709**	**–**	**1,744**	**12,453**	**18,122**

5.4.7 Deferred or unrealized tax position

	Base amount 2019	Amount of future tax receivable	
€k		**2019**	**2018**
Accruals of deferred taxes (liability)			
Timing differences with tax liability at the statutory rate	–	–	–
Accelerated depreciation	32	9	9
Deferred tax liability (future liability)	**32**	**9**	**9**
Deferred tax relief (asset)			
Timing differences with tax liability at the statutory rate	3,837	1,074	1,461
Tax loss carryforwards [1]	6,866	2,113	1,491
Deferred tax asset (future receivable)	**10,703**	**3,188**	**2,952**
Net balance of future tax relief / (accruals)	**10,671**	**3,179**	**2,943**

[1] In 2019, tax loss carryforwards increased by €2,283,000

Relief and accruals of contingent tax have been calculated at tax rates of 28% for the tranche below €500,000 and 31% for the tranche above this amount. These deferred taxes were not recognized in the parent company financial statements.

5.4.8 Impact of accelerated tax assessments

€k	2019	2018
Net income for the year	12,453	18,122
Corporate income tax	1,744	(1,149)
Income before tax	10,709	16,972
Change in accelerated depreciation	–	(5)
Pre-tax profit excluding accelerated tax assessments	**10,709**	**16,967**

5.5 Notes to the Balance Sheet – Assets

5.5.1 Change in non-current assets

€k	31.12.18	Increase	Decrease	31.12.19
Gross value				
Intangible assets	**14,450**	**648**	**—**	**15,098**
Property, plant and equipment	**8,054**	**1,462**	**(121)**	**9,395**
Equity investments	170,082	—	(18,233)	151,849
Loans and advances to subsidiaries	88,897	13,343	(77,684)	24,556
Treasury shares	5,417	3,532	(3,702)	5,247
Loans and other financial assets	719	539	—	1,258
Financial assets	**265,115**	**17,415**	**(99,619)**	**182,910**
Total gross value	**287,619**	**19,525**	**(99,740)**	**207,404**
Depreciation and amortization				
Intangible assets	**13,555**	**446**	**—**	**14,001**
Property, plant and equipment	**4,696**	**521**	**(16)**	**5,201**
Equity investments	12,300	—	—	12,300
Loans and advances to subsidiaries	—	—	—	—
Treasury shares	206	11	(206)	11
Loans and other financial assets	—	—	—	—
Financial assets	**12,506**	**11**	**(206)**	**12,311**
Total depreciation, amortization and provisions	**30,758**	**978**	**(223)**	**31,513**
Net value of non-current assets	**256,861**	**18,547**	**(99,517)**	**175,890**

5.5.2 Financial assets

Equity investments

The gross value of equity investments was €152 million compared to €170 million at December 31, 2018. The decrease is due to the Q4 2019 sale of Abraservice Holding shares.

Information on the main directly held equity investments is set out below:

€k	Country	Share capital	Shareholders' equity excl. share capital	% of share capital held	NBV of securities held by the Company	Loans & advances granted by the Company	NBV of shareholder loans to subsidiaries[1]	Guarantees & endorse-ments granted	Dividends paid to the company during the financial year	Sales excl. VAT for the last financial year	Profit or loss for the last financial year
JACQUET Holding SARL	France	14,337	28,495	100.00%	19,695	24,316	70,226	—	—	—	6,846
STAPPERT Deutschland	Germany	8,871	71,714	100.00%	6,517	—	—	—	7,700	252,953	8,111
IMS group Holding SAS	France	10,854	81,232	100.00%	108,581	—	90,023	—	—	—	6,837

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

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

Loans and advances to subsidiaries

Loans and advances to subsidiaries amounted to €24.6 million and corresponded to advances granted to direct or indirect subsidiaries of the Company.

During the year, IMS group Holding SAS repaid its cash advance to JMS SA, amounting to €55 million, in exchange for an increase in its borrower position in the Group cash pooling system.

Treasury shares

The annual change corresponds to transactions relating to the liquidity agreement.

5.5.3 Receivables payment schedule

			Maturity		
€k	Gross amount at 31.12.19	Net amount at 31.12.19	< 1 year	1 - 5 years	> 5 years
Non-current assets					
Loans and advances to subsidiaries	24,557	24,557	24,557	–	–
Loans	1	1	–	1	–
Other financial assets	1,258	1,258	1	500	757
Current assets					
Advances and deposits paid	1	1	1	–	–
Operating receivables	11,150	10,715	10,715	–	–
Miscellaneous receivables	209,477	209,477	119,448	90,023	6
Prepaid expenses	865	865	865	–	–
Total	**247,308**	**246,873**	**155,586**	**90,524**	**763**

Loans and advances to subsidiaries mainly include advances to subsidiaries. Miscellaneous receivables primarily include the cash pooling accounts, which amounted to €204 million, including €90 million with a maturity of over one year.

5.5.4 Cash and cash equivalents

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

Cash and cash equivalents broke down as follows at December 31, 2019:

€k	Gross value at 31.12.19	Net value at 31.12.19	Net value at 31.12.18
Investment securities	–	–	–
Cash	160,076	160,076	64,941
Cash and cash equivalents	**160,076**	**160,076**	**64,941**

5.5.5 Accrued income and prepaid expenses

€k	31.12.19	31.12.18
Prepaid expenses	865	933
Deferred charges	1,112	591
Unrealized foreign currency losses	4	240
Accrued income and prepaid expenses	**1,981**	**1,764**

5.6 Notes to the Balance Sheet – Liabilities

5.6.1 Information on shareholders' equity

Share capital

The share capital at December 31, 2019 was unchanged from the previous financial year. It consists of 24,028,438 shares, with a total value of €36,631,126.16.

Detailed information on changes in the share capital is provided in **§ 6** of the "Group overview" section of the Universal Registration Document.

Change in shareholders' equity

€k	Number of shares outstanding	Share capital	Additional paid-in capital	Statutory reserve	Other reserves and retained earnings	Net income	Regulated provisions	Share-holders' equity
31.12.18	**24,028,438**	**36,631**	**58,142**	**3,663**	**95,853**	**18,122**	**32**	**212,443**
Appropriation of earnings	–	–	–	–	18,122	(18,122)	–	–
Distributions	–	–	–	–	(16,562)	–	–	(16,562)
Change in provisions	–	–	–	–	–	–	–	–
2019 net income	–	–	–	–	–	12,453	–	12,453
31.12.19	**24,028,438**	**36,631**	**58,142**	**3,663**	**97,413**	**12,453**	**32**	**208,334**

Other reserves and retained earnings

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

Regulated provisions

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

5.6.2 Transactions in the Company's securities

Liquidity agreement

In view of changes in liquidity agreement regulations, in particular AMF decision 2018-01 of July 2, 2018, a new liquidity agreement has been signed with Oddo BHF SCA with retrospective effect from January 2, 2019. This agreement cancels and supersedes the liquidity agreement signed in March 2008.

On the day the agreement was signed, the liquidity account contained 40,139 shares and €377,936.24 in cash.

As of December 31, 2019, the liquidity account contained €424,000 in cash and 40,080 shares with a market value of €0.6 million.

Share buyback program

In its 12th resolution, the General Meeting of June 28, 2019 authorized the Board of Directors to enable the Company to buy back its own shares.

At December 31, 2019 the Group held 373,827 treasury shares representing 1.56% of the share capital with a net book value of €5.2 million:

- 333,747 treasury shares were recognized under "Financial assets" at a net book value of €4.6 million;
- 40,080 treasury shares were held under the liquidity agreement and were recognized under "Financial assets" at a net book value of €0.6 million.

	Number of shares				€k		
	31.12.18	Increase	Decrease/ Allocation	31.12.19	Purchase cost	Provision at 31.12.19	Net value at 31.12.19
Shares allocated to the share buyback program	300,886	32,861	—	333,747	4,636	—	4,636
Allocated shares	**300,886**	**32,861**	**—**	**333,747**	**4,636**	**—**	**4,636**
Non-allocated shares	—	—	—	—	—	—	—
Shares intended for the liquidity agreement	73,000	221,896	254,816	40,080	609	11	598
Non-allocated shares	**73,000**	**221,896**	**254,816**	**40,080**	**609**	**11**	**598**
Total	**373,886**	**254,757**	**254,816**	**373,827**	**5,245**	**11**	**5,234**

Authorized capital securities granting access to the share capital

The Company has not granted any stock options.

5.6.3 Regulated provisions

€k	31.12.18	Addition	Reversal	31.12.19
Accelerated depreciation	—	—	—	—
Amortization of share acquisition expenses	32	—	—	32
Total	**32**	**—**	**—**	**32**

5.6.4 Provisions for contingencies and charges

€k	31.12.18	Charges	Provision reversals (used)	Provision reversals (unused)	31.12.19
Provision for foreign exchange losses	240	4	240	—	4
Provisions for contingencies	**240**	**4**	**240**	**—**	**4**
Provisions for litigation	—	—	—	—	—
Provisions for pensions and similar commitments [1]	3,896	90	215	—	3,771
Other provisions for charges	1,052	—	—	—	1,052
Provisions for charges	**4,948**	**90**	**215**	**—**	**4,823**
Total	**5,188**	**95**	**455**	**—**	**4,828**
Of which operating provisions	—	90	215	—	—
Of which financial provisions	—	4	240	—	—
Of which non-recurring provisions	—	—	—	—	—

[1] At December 31, 2019, provisions for employee benefit obligations amounted to €3,771,000, including €3,528,000 relating to supplementary pensions, €233,000 relating to retirement benefits,and €10,000 relating to long-service awards.

5.6.5 Debt payment schedule

		Maturity		
€k	Amount at 31.12.19	<1 year	1-5 years	>5 years
Loans from credit institutions	269,734	24,844	243,391	1,500
Bank overdrafts	13,025	13,025	—	—
Other borrowings	37,821	37,441	—	380
Trade payables and related accounts	9,551	9,551	—	—
Tax and social security liabilities	3,692	3,674	18	—
Liabilities relating to non-current assets and related accounts	6	6	—	—
Other payables	10,431	10,431	—	—
Total	**344,262**	**98,973**	**243,409**	**1,880**

5.6.6 Accrued expenses and deferred income

€k	31.12.19	31.12.18
Deferred income	251	246
Unrealized foreign currency gains	465	458
Accrued expenses and deferred income	**716**	**704**

5.7 Other information

5.7.1 Year-end headcount

€k	31.12.19	31.12.18
Executive staff	12	12
Technical staff	—	—
Clerical staff	—	—
Total	**12**	**12**

5.7.2 Compensation paid to corporate officers

The Company has two executive officers, to whom the compensation and direct and indirect benefits of all kinds paid in 2019 amounted to €1,645,000, compared to €1,368,000 in 2018.

Net compensation paid to Jacquet Metal Service SA non-executive directors amounted to €102,000 in 2019 compared to €117,000 in 2018.

Transactions between Jacquet Metal Service SA and its executive officers

€k	Sites	2019 rent (excl. VAT)	2018 rent (excl. VAT)
JERIC SARL	Saint Priest - France	633	620
	Villepinte - France	205	200
SCI Cité 44	Lyon - France	509	413
SCI de Migennes	Migennes - France	221	213

Loans and guarantees granted to executive officers

None.

5.7.3 Information regarding affiliates

€k	31.12.19
Equity investments	151,849
Loans and advances to subsidiaries	24,557
Total non-current assets	**176,405**
Operating receivables	10,615
Miscellaneous receivables	204,605
Total receivables	**215,220**
Other loans and borrowings	37,821
Trade payables	3,672
Miscellaneous payables	271
Total liabilities	**41,764**
Net financial income	**12,947**
Income from equity investments	7,855
Other interest and related income	5,175
Provision for share impairment	—
Interest and related expenses	(83)

5.7.4 Financial commitments

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

Financial commitments given and received in relation to financing transactions

€k	2019	2018
Pledges of SICAV mutual funds	—	—
Guarantees given to banks, sureties and comfort letters	81,736	104,290
Total commitments given	**81,736**	**104,290**

	2019			2018		
€k	Amount granted	Amount used	Amount available	Amount granted	Amount used	Amount available
Schuldscheindarlehen	186,000[1]	186,000	—	150,000	150,000	—
Syndicated revolving loan	125,000	—	125,000	125,000	—	125,000
Other loans	181,328	96,147	85,181	156,010	48,617	107,393
Accrued interest	610	610	—	781	781	—
Total commitments received	**492,938**	**282,757**	**210,181**	**431,791**	**199,397**	**232,393**

[1] A €70 million Schuldscheindarlehen was signed in December 2019, comprising two tranches: Tranche 1: €36 million cashed-in on December 2019; Tranche 2: €34 million cashed-in on January 2020.

Commitments given in relation to the subsidiaries' procurement process

€k	2019	2018
Stand-alone guarantees	10,317	27,477
Total commitments given	**10,317**	**27,477**
Maturing in less than 1 year	10,317	27,477
Maturing within 1 to 5 years	—	—
Maturing in over 5 years	—	—

Commitments entered into to hedge currency risk

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

Commitments received in relation to interest rate hedging transactions

At December 31, 2019, floating rate debt was hedged by:

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

5.7.5 Main bank covenants

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

- date of signature: June 2019
- maturity: June 2022
- amount: €125 million (unused as of December 31, 2019)
- guarantee: None
- change of control clause:
  JSA must hold at least 40% of Jacquet Metal Service SA's share capital and voting rights.
- main covenants:
  The Company must meet one of the following criteria:
  - debt to equity ratio (gearing) less than 100% or
  - leverage less than 2.

b | The main terms of the Schuldscheindarlehen signed in 2018 are as follows:

- date of signature: February 2018
- maturity: April 2023
- amount: €150 million (fully used)
- amortization: in fine
- guarantee: None
- change of control clause:
  JSA must hold at least 37% of Jacquet Metal Service SA's share capital and voting rights.
- main covenant:
  debt to equity ratio (gearing) less than 100%.

c | The main terms of the 2-tranche Schuldscheindarlehen signed in 2019 are as follows:

- date of signature: December 2019
- maturity: December 2024 (tranche 1: €36 million) and January 2025 (tranche 2: €34 million)
- amount: €70 million (fully used, including €36 million cashed-in on December 2019 and €34 million cashed-in on January 2020)
- amortization: in fine
- guarantee: None
- change of control clause:
  JSA must hold at least 37% of Jacquet Metal Service SA's share capital and voting rights.
- main covenant:
  debt to equity ratio (gearing) less than 100%.

All financing covenants were in compliance at December 31, 2019.

6 Statutory auditor's report on the financial statements

This is a free translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to the shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

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Jacquet Metal Service
Year ended December 31, 2019

To the annual general meeting of Jacquet Metal Service,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of Jacquet Metal Service for the year ended December 31, 2019. These were approved by the Board of Directors on March 11, 2020 of the basis of the circumstances available at that date, in the evolving context of the health crisis related to Covid-19.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

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

Basis for Opinion

Audit Framework

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

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

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537 / 2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of Assessments – Key Audit Matters

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

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

Valuation of equity holdings

Risk identified

As at 31 December 2019, the net value of equity holdings is 139.5 million euros and represents approximately 25% of the company's total balance sheet.

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

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

Our response

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

- examining the methods of implementation of the impairment tests,
- corroborating, in particular through interviews with management, the main data and assumptions on which the estimates used are based,
- analyzing the consistency of the forecasts with past performance and market prospects.

In addition, we assessed the appropriateness of the information disclosed in Note 5.2 to the financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

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

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors as approved on March 11, 2020 and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

Regarding the events that occurred, and the circumstances known after the date of of approval of the financial statements relating to the effects of the Covid-19 crisis, the management has informed us that such events and circumstances will be communicated to the General Meeting called to decide on these financial statements.

In accordance with French law, we report to you that the information relating to payment deadlines referred to in Article D. 441-4 of the French Commercial Code (Code de commerce) is fairly presented and consistent with the financial statements.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by, or allocated the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

Other information

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

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

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

As at December 31, 2019, GRANT THORNTON and ERNST & YOUNG et Autres were in the 6th year and 9th year of total uninterrupted engagement respectively. Previously, ERNST & YOUNG Audit had been statutory auditor from 2005 to 2010.

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

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

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

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

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

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

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

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

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;

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

Report to the Audit Committee

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

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

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537 / 2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Lyon, March 26, 2020

The statutory auditors French Original signed by

GRANT THORNTON
French member of Grant Thornton International
—
Françoise Mechin
Partner

ERNST & YOUNG et Autres

—
Lionel Denjean
Partner

7 Statutory auditor's report on regulated agreements

This is a free translation into English of the statutory auditors' report on the regulated agreements issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

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Jacquet Metal Service
Year ended December 31, 2019

To the annual general meeting of Jacquet Metal Service,

In our capacity as Statutory Auditors of your Company, we hereby submit our report on regulated related party agreements.

Our responsibility is to inform you, on the basis of the information provided to us, of the main terms and conditions of the agreements that have been indicated to us or that we may have identified while performing our role, and of the reasons provided as to why those agreements are in the Company's interest. We are not required to comment as to whether they are beneficial or appropriate, or to ascertain the existence of any other agreements. It is your responsibility, in accordance with Article R.225-31 of the French Commercial Code (Code de commerce), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, if applicable, to inform you in accordance with Article R.225-31 of the French Commercial Code of the implementation during the fiscal year of related party agreements already approved by the Shareholders' Meeting.

We performed those procedures which we considered necessary to comply with professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux comptes) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements submitted for the approval by the General Meeting of the Shareholders

In accordance with Article L. 225-40 of the French commercial Code (Code de Commerce), we have been advised of the following agreement concluded during the past financial year, which was submit to the prior approval of your Board of Directors.

Amendment to non-compete agreement of Philippe Goczol.

Person concerned

Mr. Philippe Goczol, Deputy Chief Executive Officer of your company

Nature, purpose, terms and conditions

On November 15, 2010 the Board of Directors authorized the signing with Mr. Philippe Goczol of a non-compete agreement, modify by amendment in accordance with the Board of Directors' approval of June 30, 2016 and March 13, 2019, for a period of no more than one year following the end of his duties as Deputy Chief Executive Officer.

The Company will be entitled to waive the application of this non-compete agreement and, consequently, not to pay the financial compensation.

During the contractual non-compete period, the Company shall pay the Deputy Chief Executive Officer monthly financial compensation.

An amendment to this agreement was signed on March 13, 2019 to exclude the payment of the non-competition indemnity as from the moment when Mr. Philippe Goczol asserts his retirement rights or when he is over the age of 65 years. The new amendment is intended to adapt the conditions of application of the commitment to the new recommendations of the Afep Medef code.

Modalities

This agreement did not apply during 2019 fiscal year.

Agreements already approved by the General Meetings of Shareholders

Agreements approved in prior years

A Whose implementation continued during the year

In accordance with Article L. 225-30 of the French commercial code (Code de Commerce), we have been advised that the implementation of the following agreements which were approved by the General Meeting of Shareholders in prior fiscal years continued during the fiscal year in review.

Comfort letter to BNP Paribas Fortis for a bank loan granted to JACQUET Deutschland

Person Concerned

Mr. Éric Jacquet, Chief Executive Officer of the Company and manager of JACQUET Deutschland.

Nature, purpose, terms and conditions

On September 3, 2014, the Board of Directors authorized the Company to issue a comfort letter amounting to €.1,500,000 in principal, plus interest, costs and related expenses, as security for the repayment of the bank loan contracted by your subsidiary JACQUET Deutschland with BNP Paribas Fortis.

Comfort letter to Banque Européenne du Crédit Mutuel (BECM) for a bank loan granted to JACQUET Deutschland

Person Concerned

Mr. Éric Jacquet, Chief Executive Officer of the Company and manager of JACQUET Deutschland.

Nature, purpose, terms and conditions

On May 3, 2016, the Board of Directors authorized the Company to issue a comfort letter amounting to €.4,500,000 in principal, plus interest, costs and related expenses, as security for the opening of two bank loans, amounting respectively to €.3,000,000 and €.1,500,000, contracted by your subsidiary Jacquet Deutschland with BECM.

Commercial lease with S.C.I. Cité 44, Jeric and the S.C.I. de Migennes

Person Concerned

Mr. Éric Jacquet, Chief Executive Officer of the Company, Chairman of Jeric, manager of S.C.I. Cité 44 and S.C.I. Migennes.

Nature, purpose, terms and conditions

Commercial lease:

Lessor	Tenants	Effective date	Premises	Rent and rental charges (€)	Real estate tax (€)
JERIC	JMS SA	05.03.15	Real estate property with offices and industrial warehouses located 7 rue Michel Jacquet à Saint-Priest (69)	619,911	43,328
JERIC	JMS SA	05.03.15	Industrial property located in Villepintes (93)	204,550	24,158
SCI DE MIGENNES	JMS SA	01.01.03	Industrial property located in Migennes (89)	220,709	37,683
JERIC (bail 8)	JMS SA	01.01.04	Appartment named "Flexovit" located rue du Mâconnais à Saint-Priest (69)	6,090	–
JERIC (bail 9)	JMS SA	01.01.04	Archive premise of 95 sqm located rue du Mâconnais à Saint-Piest (69)	848	–
JERIC (bail 11)	JMS SA	23.03.04	House named "Torres" located rue du Lyonnais	6,019	–
SCI CITE 44	JMS SA	22.07.16	Office space	509,060	46,655
Total				**1,567,187**	**151,825**

B Which were not implemented during the year

In addition, we have been advised of the continuation of the following agreements and commitments which were approved by the General Meeting of Shareholders in prior years that did not apply in 2019 fiscal year.

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

Person concerned

Mr. Philippe Goczol, Deputy Chief Executive Officer of your company.

Nature, purpose

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

Modalities

This agreement did not apply during 2019 fiscal year.

Lyon, March 26, 2020

The statutory auditors French Original signed by:

GRANT THORNTON
French member of Grant Thornton International
—
Françoise Mechin
Partner

ERNST & YOUNG et Autres
—
Lionel Denjean
Partner

1 Statement by the person responsible for the Universal Registration Document and annual financial report

I hereby certify, having taken all reasonable care that such is the case, that the information contained in this Universal Registration Document, to the best of my knowledge, truly reflects the existing situation and contains no omissions which could impair its full meaning.
I hereby certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair picture of the assets and liabilities, financial position and earnings of the Company and all of the companies included in the consolidation scope, and that the Management Reports presented on pages 58 to 66 and on pages 111 to 118 give a fair view of the course of business, performance and financial position of the Company and all of the companies included in the consolidation scope and includes a description of the main risks and uncertainties with which they are faced.

Saint-Priest, April 2, 2020

Éric Jacquet
Chairman & Chief Executive Officer

2 Information about the issuer

Company name Article 3

The name of the Company is Jacquet Metal Service. No trade name has been filed.

Registered office Article 4

The Company's registered office is located at 7 rue Michel Jacquet, Saint-Priest (69800).
T +33 4 72 23 23 50

Website of the group is available at the following URL: **www.jacquetmetalservice.com**. Specified that, unless otherwise stated, the information on this website is not part of this Universal Registration Document.

Date and term of incorporation Article 5

The Company was incorporated on September 23, 1977.

The term of the Company is 99 years except in the event of early dissolution or extension as decided by the Extraordinary General Meeting. The term of the Company is due to expire on December 31, 2075.

Registration

The Company is registered in the Lyon Trade and Companies Register under number 311 361 489. The Company's APE code is 7010Z. The Company's LEI no. is 969500V8OL3NGL0GKZ37.

Legal form and governing law

Jacquet Metal Service is a French corporation ("société anonyme") with a Board of Directors subject to all the legislation and regulations governing trading companies in France, in particular Articles L. 224-1 et seq. of the French Commercial Code.

Corporate purpose Article 2

The purpose of the Company is, in any country:

- the acquisition and sale of all metallurgical products, all industrial products and goods and all other substitute products.
- the representation, brokerage and distribution of these products, for its own account or for the account of others.
- all operations for the completion and presentation of these products.
- obtaining, acquiring, selling, exploiting all processes and industrial property rights and know-how, and obtaining or granting all licenses.
- the listing of products and/or services, for its own account or for the account of others.
- the acquisition, sale or management of any goods and/or rights necessary or useful for the operation of activities or assets of the company or companies belonging to its group.
- the acquisition of shares or interests in any company, the administration, management and disposal of such shares or interests.
- the participation in transactions relating to the financing of companies in which the Company directly or indirectly holds a participation or interest, by granting any assistance, loans, advances, guarantees or securities.
- the animation, coordination, control and development of the companies of its group.
- all services related to the organization and the development of industrial activities as well as the assistance and support, notably in the administrative, financial, commercial, IT and /or technical fields, for the account of companies belonging to its group.
- the exercise and the assumption of any corporate offices in any company and/or legal entity.

And, in general, undertake all commercial, industrial, financial, movable or real estate transactions that may be directly or indirectly related to its corporate purpose or that may facilitate the achievement and development thereof, both for its own account or for the account of others.

Financial year Article 32

Each financial year begins on January 1 and ends on December 31.

General Meetings Articles 23 to 30

Notice Article 24

General Meetings of shareholders are convened and deliberate in accordance with the conditions provided for by law.

Meetings are held either at the registered office or at another location, as specified in the notice. If specified in the notice of the General Meeting, any shareholder may participate in this meeting by means of videoconference, electronic telecommunication or data transmission technology, subject to applicable statutory or regulatory conditions. Shareholders participating in meetings by such means shall be deemed present for the purpose of calculating quorum and majority.

Admission Article 26

All shareholders, subject to statutory and regulatory conditions, are entitled to attend General Meetings and take part in the discussions in person or by proxy, irrespective of the number of shares they hold.

All shareholders may procure representation subject to the conditions provided for by law.

All shareholders may vote remotely by means of a form drawn up and sent to the Company in accordance with statutory and regulatory conditions.

Location where documents and information concerning the Company may be consulted

The bylaws, financial statements, reports and minutes of General Meetings made available to shareholders and the general public pursuant to the legislation regarding trading companies may be consulted at the Company's registered office and, where applicable, on its website.

Service agreements providing for the award of benefits on expiry

Apart from the compensation and provisions set out in **§ 2.5** of the Corporate Governance Report, there are no service agreements between corporate officers and the issuer or any of the subsidiaries that provide for the award of benefits on expiry of the agreement.

Determination and appropriation of earnings Article 34

The income statement that presents the income and expenses for the financial year indicates, as a separate item, the profit for the year after deduction of depreciation, amortization and provisions.

A deduction of at least 5% is made from the profit for the year, less any retained losses brought forward, in order to establish the statutory reserve. This deduction shall no longer be mandatory when the amount of the reserve equals at least one tenth of the share capital.

Distributable profit equals the profit for the year plus retained earnings brought forward, less retained losses brought forward and amounts transferred to reserves, in application of the law and the Company's bylaws.

This profit is distributed to the shareholders in proportion to the number of shares held by each one. The General Meeting may decide to distribute amounts deducted from available reserves, provided that it expressly specifies the reserves from which such amounts are taken.

However, as a matter of priority, dividends are deducted from the profit for the year. Except in the case of a capital reduction, no distribution may be made to the shareholders where the amount of shareholders' equity is, or would be following such distribution, less than the amount of share capital plus reserves which the law or the Company's bylaws prohibit from being distributed. Distribution of the revaluation surplus is prohibited. All or part of the revaluation surplus may be incorporated into the share capital.

However, after deducting the amounts transferred to reserves, in accordance with the law, the General Meeting may then deduct any amounts it considers appropriate and allocate them to any optional, ordinary or extraordinary reserves or to retained earnings carried forward.

Payment of final and interim dividends Article 35

- the General Meeting may grant shareholders the option of receiving all or part of the dividend distributed either in the form of shares, subject to statutory conditions, or in cash;
- the terms and conditions regarding the payment of dividends in cash are defined by the General Meeting, or otherwise by the Board of Directors.

Cash dividends shall be paid out within a maximum period of nine months following the balance sheet date, unless this period is extended by court authorization.

Notwithstanding, if financial statements drawn up during the course of or at the end of a financial year and certified by a statutory auditor indicate that, after allocating the required amounts to depreciation, amortization and provisions and after deducting any retained losses brought forward and any amounts to be transferred to reserves in accordance with the law or the Company bylaws, and plus any retained earnings brought forward, the Company has made a profit since the end of the previous financial year, interim dividends may be distributed before the full-year financial statements have been approved. The amount of such interim dividends shall not exceed the amount of the profit as defined above.

No reimbursement of dividends may be required of the shareholders, unless the distribution was made in breach of statutory provisions and the Company is able to prove that the beneficiaries were aware or, given the circumstances, could not be unaware of the unlawfulness of the distribution at the time it was made. Any claim for reimbursement of dividends shall be barred by the statute of limitations three years after the payment of the dividends in question.

Dividends not claimed within five years of their payment date shall lapse.

Rights and obligations attached to shares Article 11

Each share carries entitlement, in proportion to the percentage of the share capital that it represents, to a share of the profits distributed and a share in the ownership of the corporate assets or liquidation surplus.

Each share carries entitlement to be represented and to vote in General Meetings, without restriction, subject to statutory and regulatory conditions.

Pursuant to Article L. 223-123 of the French Commercial Code, a double voting right, compared to the voting right conferred on other shares in light of the proportion of the share capital they represent, is assigned to all fully paid up shares held in registered form by the same shareholder and registered with the issuer or its representative for at least two years.
In the event of a capital increase by capitalization of reserves, profits or issue premiums, the double voting right may be conferred, as of issuance, on registered bonus shares allocated to a shareholder by virtue of their existing double voting shares.

If the Company undergoes a merger or demerger, this shall not affect double voting rights, which may be exercised within the beneficiary company if permitted by such company's bylaws.

Double voting rights shall automatically lapse in the event of conversion to bearer form or transfer of ownership. Nevertheless, the period defined above shall not be suspended and the acquired right shall be preserved in the event of a transfer resulting from a succession, the sharing out of matrimonial property or an inter vivos gift to a spouse or a relative close enough to inherit an estate. The same shall apply in the event of a transfer following the merger or demerger of a shareholder company. All shareholders are entitled to be informed of the Company's affairs and receive specific corporate documents at the time and under the conditions provided for by law and the Articles of Association.

Shareholders' liability for the Company's debts is limited to the par value of the shares they hold.

The right and obligations attached to a share shall be transferred upon transfer of ownership.

Ownership of a share automatically entails adherence to the Company's bylaws and the resolutions of the General Meeting.

The heirs, creditors, assigns, trustees or other representatives of a shareholder may under no circumstances cause the Company's assets and securities to be placed under seal, request the distribution or sale by auction thereof or interfere in any way whatsoever in the Company's administration; in order to exercise their rights, they shall rely on the Company's balance sheet and on the decisions of the General Meeting.

Whenever ownership of a specific number of shares is required in order to exercise a right, it is up to the shareholders who do not meet this requirement to arrange for the grouping of the required number of shares.

Share transfer and transmission Article 10

In addition to the mandatory disclosures required by the applicable statutory and regulatory provisions, all individuals or legal entities, acting alone or in concert, whose shareholding exceeds or falls below 1% of the share capital or voting rights, or any multiple of this percentage up to one third of the share capital, are required to notify the Company thereof, within five (5) trading days following the crossing of the shareholding threshold, by registered letter with acknowledgment of receipt sent to the Company's registered office, specifying the number of shares and voting rights held.

If a shareholder fails to disclose the crossing of a threshold under the aforementioned conditions, the shares exceeding the fraction that should have been disclosed shall be stripped of voting rights, subject to statutory conditions, for all shareholders' meetings until the expiry of a period of two (2) years following the rectification of the situation. Except in the case of the thresholds provided for by Article L. 233-7 of the French Commercial Code, shares will be stripped of their voting rights only following a request to that effect, recorded in the minutes of the General Meeting, on the part of one or more shareholders holding 2.5% of the Company's share capital or voting rights.

3 Parent company / Subsidiary relations

Jacquet Metal Service SA and its subsidiaries maintain contractual relations in respect of the Group's organization and functioning.

Jacquet Metal Service SA mainly supplies services to its subsidiaries with a view to minimizing costs by providing them with economic advantages. Thus Jacquet Metal Service SA's sales consist primarily of management fees and fees for IT services invoiced directly or indirectly to all Group subsidiaries according to the same criteria.

The Jacquet Metal Service Group comprises a large number of subsidiaries, all majority-owned, located in 25 countries. The percentages of interest and control held by Jacquet Metal Service in each subsidiary and their country of location are listed in **§ 2.1.1** "Consolidation scope" in the notes to the consolidated financial statements.

The results of these subsidiaries and important notes on their business activity are set out in **§ 1.2** of the Management Report – Information on the Group. The senior managers of Jacquet Metal Service SA, the parent company, are also directors and officers of the Group's main subsidiaries.

Shareholder agreements have been signed between Jacquet Metal Service and the minority shareholders.

These agreements in no way affect the terms and conditions governing the sale or purchase of Jacquet Metal Service shares.

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

4 Annual disclosure document

4.1 Publication in the French BALO journal of mandatory legal notices

Information published in the *Bulletin des Annonces Légales Obligatoires* (BALO) and available for consultation on the Official Journal website **www.journal-officiel.gouv.fr**

Invitation notice		
June 28, 2019 Ordinary and Extraordinary General Meeting :	10.06.19	Ref. No. 1902824
Meeting notice		
June 28, 2019 Ordinary and Extraordinary General Meeting :	24.05.19	Ref. No. 1902329

4.2 Notices published at the Commercial Court Registry

Filing nos. B2019 / 032164 & B2019 / 032165 dated July 29, 2019 : Filing of consolidated and parent company financial statements.

4.3 AMF publications

2018 Registration Document	11.04.19	D.19-0307

4.4 Financial reporting

Results

> Results for the nine months ended September 30, 2019	13.11.19
> Results for the six months ended June 30, 2019	18.09.19
> Results for the three months ended March 31, 2019	14.05.19
> 2018 Results	13.03.19

Reports

> Q3 2019 financial report	13.11.19
> 2019 half-year financial report	18.09.19
> Q1 2019 financial report	14.05.19
> 2018 Registration Document	11.04.19

Pursuant to regulation (UE) 2017/1129, the following information is included herein by reference:

The Management Report, the consolidated and parent company financial statements, the statutory auditors' reports on the consolidated and parent company financial statements for the year ended December 31, 2018 and the special report on regulated agreements pertaining to the same year, included in the Registration Document filed with the AMF on April 11, 2019 under number D.19-0307.

The Management Report, the consolidated and parent company financial statements, the statutory auditors' reports on the consolidated and parent company financial statements for the year ended December 31, 2017 and the special report on regulated agreements pertaining to the same year, included in the Registration Document filed with the AMF on April 4, 2018 under number D.18-0266.

Monthly declaration of voting rights

> Monthly declaration as of December 31, 2019	24.01.20
> Monthly declaration as of November 30, 2019	11.12.19
> Monthly declaration as of October 31, 2019	29.11.19
> Monthly declaration as of September 30, 2019	17.10.19
> Monthly declaration as of August 31, 2019	27.09.19
> Monthly declaration as of July 31, 2019	22.08.19
> Monthly declaration as of June 30, 2019	23.07.19
> Monthly declaration as of May 31, 2019	26.06.19
> Monthly declaration as of April 30, 2019	29.05.19
> Monthly declaration as of March 31, 2019	04.04.19
> Monthly declaration as of February 28, 2019	04.04.19
> Monthly declaration as of January 31, 2019	07.03.19

Half-yearly liquidity contract reports

> Half-yearly liquidity contract report as of December 31, 2019	30.01.20
> Half-yearly liquidity contract report as of June 30, 2019	22.08.19

Liquidity contract

> Liquidity contract	04.04.19

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n.a. : not applicable

n.a. : not applicable

6 2019 Financial report cross-reference table

This universal registration document was filed with the Autorité des Marchés Financiers (AMF – French market regulator) on April 3, 2020, pursuant to the regulation (UE) 2017/1129, without prior approval in accordance with Article 9 of said regulation.

The universal registration document may be used for an offer of securities to the public or the admission of securities for trading on a regulated exchange if it is supplemented by an operation memorandum and, where appropriate, a summary note and all amendments of the universal registration document. All these documents are then approved by the Autorité des Marches Financiers pursuant to regulation (EU) 2017/1129.