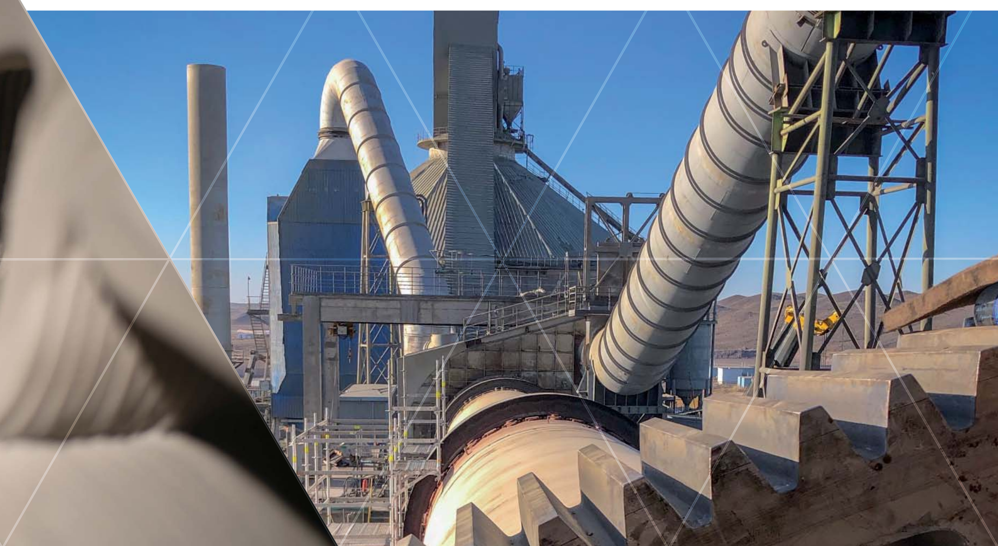
CONSOLIDATED FINANCIAL STATEMENTS 2020



VICAT

Recif'Lab: 3D concrete ink for marine biodiversity

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Consolidated statement of financial position

(in thousands of euros)	*Notes*	December 31, 2020	December 31, 2019
ASSETS			
Non-current assets			
Goodwill	*3*	1,118,874	1,231,538
Other intangible assets	*4*	170,812	187,046
Property, plant and equipment	*5*	1,987,852	2,031,781
Rights of use relating to leases	*6*	186,829	219,066
Investment properties	*7*	14,831	15,125
Investments in associated companies	*8*	77,873	85,212
Deferred tax assets	*24*	71,922	89,938
Receivables and other non-current financial assets	*9*	239,176	236,142
TOTAL NON-CURRENT ASSETS		3,868,169	4,095,848
Current assets			
Inventories and work-in-progress	*10*	354,937	401,551
Trade and other accounts	*11*	440,874	416,568
Current tax assets		3,328	72,811
Other receivables	*11*	152,496	192,776
Cash and cash equivalents	*12*	422,843	398,514
TOTAL CURRENT ASSETS		1,374,478	1,482,220
TOTAL ASSETS		**5,242,647**	**5,578,068**
LIABILITIES			
Shareholders' equity			
Capital	*13*	179,600	179,600
Additional paid-in capital		11,207	11,207
Treasury shares		(53,587)	(52,416)
Consolidated reserves		2,679,297	2,598,620
Translation reserves		(640,130)	(405,843)
Shareholders' equity, Group share		**2,176,387**	**2,331,168**
Minority interests		**234,306**	**264,767**
TOTAL SHAREHOLDERS' EQUITY AND MINORITY INTERESTS		2,410,693	2,595,935
Non-current liabilities			
Provisions for pensions and other post-employment benefits	*14*	139,022	141,235
Other provisions	*15*	116,764	140,243
Financial debts and put options	*16*	1,270,162	1,109,769
Lease liabilities	*16*	157,563	178,398
Deferred tax liabilities	*24*	213,736	253,194
Other non-current liabilities		37,999	52,072
TOTAL NON-CURRENT LIABILITIES		1,935,246	1,874,911
Current liabilities			
Provisions	*15*	13,522	10,635
Financial debts and put options at less than one year	*16*	165,375	391,594
Lease liabilities at less than one year	*16*	47,382	59,864
Trade and other accounts payable		375,329	354,652
Current taxes payable		24,557	49,162
Other liabilities	*18*	270,543	241,315
TOTAL CURRENT LIABILITIES		896,708	1,107,222
TOTAL LIABILITIES		2,831,954	2,982,133
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**5,242,647**	**5,578,068**

Consolidated income statement

(in thousands of euros)	*Notes*	2020	2019
Sales revenues	*19*	**2,805,162**	**2,739,993**
Goods and services purchased		(1,720,244)	(1,710,592)
Added value	*1.23*	**1,084,918**	**1,029,401**
Personnel costs	*20*	(489,921)	(475,396)
Taxes		(62,078)	(64,592)
Gross operating income	*1.23*	**532,919**	**489,413**
Other operating income (expense)	*22*	24,396	36,718
EBITDA	*1.23*	**557,315**	**526,131**
Net charges to operating depreciation, amortization and provisions	*21*	(259,467)	(259,488)
EBIT	*1.23*	**297,848**	**266,643**
Other non-operating income (expense)	*22*	(6,080)	13,622
Net charges to non-operating depreciation, amortization and provisions	*21*	(14,207)	(19,206)
Operating income (expense)		**277,561**	**261,059**
Cost of net financial debt	*23*	(36,870)	(33,367)
Other financial income	*23*	20,671	12,577
Other financial expenses	*23*	(18,630)	(17,266)
Net financial income (expense)	*23*	**(34,829)**	**(38,056)**
Earnings from associated companies	*8*	4,021	5,096
Profit (loss) before tax		**246,753**	**228,099**
Income tax	*24*	(74,609)	(68,229)
Consolidated net income		**172,144**	**159,870**
Portion attributable to minority interests		**16,149**	**11,049**
Portion attributable to the Group		**155,995**	**148,821**
EARNINGS PER SHARE *(in euros)*			
Basic and diluted Group share of net earnings per share	*13*	3.47	**3.31**

Consolidated statement of comprehensive income

(in thousands of euros)	2020	2019
Consolidated net income	**172,144**	**159,870**
Other comprehensive income		
Items not recycled to profit or loss:		
Remeasurement of the net defined benefit liability	46	(17,457)
Tax on non-recycled items	307	4,391
Items recycled to profit or loss:		
Net income from change in translation differences	(280,898)	(7,421)
Cash flow hedge instruments	4,878	11,305
Tax on recycled items	(1,157)	(2,919)
Other comprehensive income (after tax)	**(276,824)**	**(12,101)**
TOTAL COMPREHENSIVE INCOME	**(104,680)**	**147,769**
Portion attributable to minority interests	(20,570)	9,554
Portion attributable to the Group	**(84,110)**	**138,215**

Consolidated statement of cash flow

(in thousands of euros)	*Notes*	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated net income		**172,144**	**159,870**
Earnings from associated companies		(4,021)	(5,096)
Dividends received from associated companies		4,860	1,486
Elimination of non-cash and non-operating items:			
■ depreciation, amortization and provisions		276,796	284,347
■ deferred taxes		5,086	5,852
■ net (gain) loss from disposal of assets		(5,114)	(4,639)
■ unrealized fair value gains and losses		128	(22)
■ others		10,693	(16,702)
Cash flows from operating activities	*1.23*	**460,572**	**425,096**
Change in working capital requirement		67,647	(42,789)
Net cash flows from operating activities (1)	*26*	**528,219**	**382,307**
CASH FLOWS FROM INVESTING ACTIVITIES			
Outflows linked to acquisitions of non-current assets			
■ tangible and intangible assets		(319,370)	(237,484)
■ financial investments		(23,613)	(48,621)
Inflows linked to disposals of non-current assets			
■ tangible and intangible assets		18,946	14,671
■ financial investments		4,912	17,361
Impact of changes in consolidation scope		(2,992)	(322,994)
Net cash flows from investing activities	*27*	**(322,117)**	**(577,067)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(74,282)	(73,458)
Increases/decreases in capital		250	500
Proceeds from borrowings	*16*	210,729	428,933
Repayments of borrowings	*16*	(209,432)	(43,902)
Repayment of lease liabilities	*16*	(62,198)	(52,519)
Acquisitions of treasury shares		(7,555)	(7,502)
Disposals or allocations of treasury shares		4,423	8,927
Net cash flows from financing activities		**(138,065)**	**260,979**
Impact of changes in foreign exchange rates		(37,552)	486
Change in cash position		**30,485**	**66,705**
Net cash and cash equivalents - opening balance	*28*	328,674	261,969
Net cash and cash equivalents - closing balance	*28*	359,159	328,674

(1) - Including cash flows from income taxes: € (34.5) million in 2020 and € (73.7) million in 2019.
- Including cash flows from interest paid and received: € (36) million in 2020 including € (9.7) million for financial expenses on IFRS 16 leases and € (22.3) million in 2019 including € (3.3) million for financial expenses on IFRS 16 leases.

Statement of changes in consolidated shareholder's equity

(in thousands of euros)	Capital	Additional paid-in capital	Treasury shares	Consolidated reserves	Translation reserves	Shareholders' equity	Minority interests	Total shareholders' equity and minority interests
AT JANUARY 1, 2019	179,600	11,207	(56,144)	2,524,952	(400,348)	2,259,267	221,474	2,480,741
Net income				148,821		148,821	11,049	159,870
Other comprehensive income (1)				(5,111)	(5,495)	(10,606)	(1,495)	(12,101)
Total comprehensive income				**143,710**	**(5,495)**	**138,215**	**9,554**	**147,769**
Dividends paid				(66,434)		(66,434)	(7,030)	(73,464)
Net change in treasury shares			3,728	(1,707)		2,021		2,021
Changes in scope of consolidation and additional acquisitions (2)				(1,713)		(1,713)	40,635	38,922
Other changes				(188)		(188)	134	(54)
AT DECEMBER 31, 2019	179,600	11,207	(52,416)	2,598,620	(405,843)	2,331,168	264,767	2,595,935
AT JANUARY 1, 2020	179,600	11,207	(52,416)	2,598,620	(405,843)	2,331,168	264,767	2,595,935
Net income				155,995		155,995	16,149	172,144
Other comprehensive income (1)				(5,818)	(234,287)	(240,105)	(36,719)	(276,824)
Total comprehensive income				**150,177**	**(234,287)**	**(84,110)**	**(20,570)**	**(104,680)**
Dividends paid				(66,369)		(66,369)	(8,232)	(74,601)
Net change in treasury shares			(1,171)	(1,455)		(2,626)		(2,626)
Changes in consolidation scope and additional acquisitions								
Other changes				(1,676)		(1,676)	(1,659)	(3,335)
AT DECEMBER 31, 2020	**179,600**	**11,207**	**(53,587)**	**2,679,297**	**(640,130)**	**2,176,387**	**234,306**	**2,410,693**

(1) Breakdown by nature of other comprehensive income:
Other comprehensive income includes mainly cumulative conversion differences from end 2003. To recap, applying the option offered by IFRS 1, the conversion differences accumulated before the transition date to IFRS were reclassified by allocating them to retained earnings as at that date.
(2) Mainly including the minority interests connected to the acquisition of Ciplan in Brazil (see note 2).

Group translation reserves are broken down by currency as follows at December 31, 2020 and 2019:

(in thousands of euros)	December 31, 2020	December 31, 2019
US dollar	6,356	42,965
Swiss franc	206,123	202,323
Turkish lira	(299,777)	(267,777)
Egyptian pound	(126,196)	(124,787)
Kazakh tenge	(99,069)	(89,672)
Mauritanian ouguiya	(10,556)	(8,676)
Brazilian real	(100,930)	(15,348)
Indian rupee	(216,081)	(144,871)
	(640,130)	**(405,843)**

Notes to the consolidated financial statements for 2020

NOTE 1 Accounting policies and valuation methods

1.1. Statement of compliance

In compliance with European Regulation (EC) 1606/2002 of the European Parliament on July 19, 2002 on the application of International Accounting Standards, Vicat's consolidated financial statements have been prepared, since January 1, 2005 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Vicat Group has adopted those standards in force on December 31, 2020 for its accounting policies.

The accounting policies and methods applied in the consolidated financial statements as at December 31, 2020 are consistent with those applied for the 2019 annual financial statements with the exception of standards that must be applied for periods beginning January 1, 2020 and that the Group did not early adopt.

New accounting standards applicable from January 1, 2020

It is mainly about the amendment to IAS 1 and IAS 8 "Definition of material", amendment to IFRS 3 "Definition of a business", and amendment to IFRS 9, IAS 39 and IFRS 7 "Interest rate benchmark reform phase I". These amendments did not have any impacts on the Group's consolidated financial statements.

With regard to IFRS 16 "Leases" and its amendment, which deals with rent concessions related to Covid-19, its application (from June 1, 2020) did not have a significant impact on the consolidated financial statements insofar as very few contracts in the Group are affected by such concessions.

Finally, the Group ensured during the first half of 2020 that the IFRS IC interpretation (December 2019) on lease term definition was correctly applied. The analyses carried out by the Group led to the conclusion that this interpretation had no significant impact. Consequently, the reassessment of the lease duration with regard to this interpretation did not give rise to any additional lease liability and right of use asset.

Published accounting standards, amendments and interpretations which are not yet mandatory

The IASB published standards, amendments and interpretations which will mandatorily come into force for financial years starting January 1, 2021 at the earliest or when they are adopted by the European Union. These standards were not therefore applied by the Group on December 31, 2020:

- amendments and interpretations not yet adopted by the European Union on December 31, 2020:
  - amendment of IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interbank rate reform phase II".

As indicated in Note 17 the Group has hedging transactions in its portfolio that are impacted by the interest rate reform and, as indicated in Note 16, some of the Group's debts are indexed to Euribor.

The Group expects that the Euribor rate will be replaced by the hybrid Euribor simultaneously in the hedging instrument contracts and the hedged items and thus believes that the corresponding hedging relationships will remain fully effective. Consequently, the Group does not anticipate any significant impact from the benchmark interest rate reform on its hedging relationships or its income statement.

These financial statements were finalized and approved by the Board of Directors at its meeting of February 12, 2021 and will be submitted to the Shareholders General Meeting of April 9, 2021 for approval.

1.2. Basis of preparation of financial statements

The financial statements are presented in thousands of euros.

The consolidated statement of comprehensive income is presented by nature in two separate tables: the consolidated income statement and the consolidated statement of other comprehensive income.

The consolidated statement of financial position segregates current and non-current assets and liability accounts and splits them according to their maturity (divided, generally speaking, into maturities of less than and more than one year).

The statement of cash flows is presented according to the indirect method.

The financial statements are prepared using the historical cost method, except for the following assets and liabilities, which are recognized at fair value: derivatives, assets held for trading, available-for-sale assets, and the portion of assets and liabilities covered by hedging transactions.

The accounting policies and valuation methods described hereinafter have been applied on a permanent basis to all of the financial years presented in the consolidated financial statements.

The establishment of consolidated financial statements under IFRS requires the Group's management to make a number of estimates and assumptions, which have a direct impact on the financial statements. These estimates are based on the going concern principle and are established on the basis of the information available at the date they are carried out. They concern mainly the assumptions used to:

- value provisions (notes 1.18 and 15), in particular those for pensions and other post-employment benefits (notes 1.16 and 14);
- value the put options granted to third parties on shares in fully consolidated subsidiaries (notes 1.17 and 16);
- measure financial instruments at their fair value and exposure to credit risk (notes 1.15, 9 and 17);

- measure deferred tax assets and, in particular, the probability that the Group will generate sufficient future taxable income against which to allocate them (note 1.21 and 24);
- estimates of the assets and liabilities of an activity in the context of business combinations (note 3);
- perform the valuations adopted for impairment tests (notes 1.4, 1.11 and 8);
- define the accounting principle to be applied in the absence of a definitive standard (notes 1.7 and 10 concerning emission quotas);
- the definition of certain leases, the determination of lease terms (enforceable periods), and in particular the qualification of extension periods as reasonably certain or not, as well as the determination of the related discount rates (notes 1.9 and 6).

The estimates and assumptions are reviewed regularly, whenever justified by the circumstances, at least at the end of each year, and the pertinent items in the financial statements are updated accordingly. The 2020 financial year was marked by the crisis linked to the global Covid-19 epidemic, which magnitude and duration beyond December 31, 2020 cannot be accurately predicted. The assumptions used to prepare the consolidated financial statements at December 31, 2020 take into account this health crisis environment, particularly for the valuations used for the impairment tests (see note 3).

1.3. Consolidation principles

When a company is acquired, its assets and liabilities are measured at their fair value at the acquisition date.

The earnings of the companies acquired or disposed of during the year are recorded in the consolidated income statement for the period subsequent or previous to the date of the acquisition or disposal, as appropriate.

The annual statutory financial statements of the companies at December 31 are consolidated, and any necessary adjusting entries are made to restate them in accordance with the Group accounting policies. All intercompany balances and transactions are eliminated during the preparation of the consolidated financial statements.

Subsidiaries

Companies that are controlled exclusively by Vicat, directly or indirectly, are fully consolidated.

Control exists when the Group:

- has power over an entity;
- is exposed or entitled to variable returns as a result of its involvement with the entity; and
- has the ability to exercise its power over the entity in such a way as to affect the amount of returns it obtains.

In addition, the Group assesses the control exercised over an entity whenever facts and circumstances indicate that an element of assessment of control has changed.

Joint ventures and associates

Joint ventures, which are jointly controlled and operated by a limited number of shareholders, and associates, investments over which Vicat exercises significant influence are reported using the equity method. Any goodwill generated on the acquisition of these investments is presented in “Investments in associate companies”.

When joint control is proven and the legal form of the legal vehicle establishes transparency between the assets of the co-participants and that of the partnership, the joint venture is classified as a joint operation. This type of partnership is then recognized in the Group’s financial statements line by line up to its effective share.

The list of the main companies included in the consolidation scope as at December 31, 2020 is provided in note 33.

1.4. Business combinations – goodwill

With effect from January 1, 2010, business combinations are reported in accordance with IFRS 3 “Business Combinations” (revised) and IAS 27 “Consolidated and Separate Financial Statements” (revised). As these revised standards apply prospectively, they do not affect business combinations carried out before January 1, 2010.

Business combinations carried out before January 1, 2010

These are reported using the acquisition method. Goodwill corresponds to the difference between the acquisition cost of the shares in the acquired company and the purchaser’s pro-rata share in the fair value of all identified assets, liabilities and contingent liabilities at the acquisition date. Goodwill on business combinations carried out after January 1, 2004 is reported in the currency of the company acquired. Applying the option offered by IFRS 1, business combinations completed before the transition date of January 1, 2004 have not been restated, and the goodwill arising from them has been maintained at its net value as shown in the balance sheet prepared according to French GAAP as at December 31, 2003.

In the event that the pro-rata share of interests in the fair value of assets, liabilities and contingent liabilities acquired exceeds their acquisition cost (“negative goodwill”), the full amount of this negative goodwill is recognized in the income statement of the reporting period in which the acquisition was made, except for acquisitions of minority interests in a company already fully consolidated, in which case this amount is recognized in the consolidated shareholders’ equity.

The values of assets and liabilities acquired through a business combination must be definitively determined within 12 months of the acquisition date. These values may thus be adjusted at any closing date within that time frame.

Minority interests are valued on the basis of their pro-rata share in the fair value of the net assets acquired.

If the business combination takes place through successive purchases, each material transaction is treated separately, and the assets and liabilities acquired are then valued and goodwill thus determined.

Business combinations carried out on or after January 1, 2010:

IFRS 3 “Business Combinations” (revised), which is mandatory for business combinations carried out on or after January 1, 2010, introduced the following main changes compared with the previous IFRS 3 (before revision):

- goodwill is determined once on the date the acquirer obtains control.

  The Group then has the option, in the case of each business combination, upon obtaining control, to value the minority interests:

  - either at their pro-rata share in the identifiable net assets of the company acquired (“partial” goodwill option),
  - or at their fair value (“full” goodwill option).

  Measurement of minority interests at fair value has the effect of increasing the goodwill by the amount attributable to such minority interests, resulting in the recognition of a “full” goodwill;
- any adjustment in the acquisition price at fair value from the date of acquisition is to be reported, with any subsequent adjustment occurring after the 12-month appropriation period from the date of acquisition to be recorded in the income statement;
- the costs associated with the business combination are to be recognized in the expenses for the period in which they were incurred;
- in the case of combinations carried out in stages, upon obtaining control, the previous holding in the company acquired is to be revalued at fair value on the date of acquisition and any gain or loss which results is to be recorded in the income statement.

In compliance with IAS 36 (see note 1.11), at the end of each year, and in the event of any evidence of impairment, goodwill is subjected to an impairment test, consisting of a comparison of its net carrying cost with its value in use as calculated on a discounted projected cash flow basis. When the latter is below carrying cost, an impairment loss is recognized for the corresponding loss of value.

1.5. Foreign currencies

Transactions in foreign currencies

Transactions in foreign currencies are translated into the operating currency at the exchange rates in effect on the transaction dates. At the end of the year, all monetary assets and liabilities denominated in foreign currencies are translated into the operating currency at the year-end exchange rates, and the resulting exchange rate differences are recorded in the income statement.

Translation of financial statements of foreign companies

All assets and liabilities of Group companies denominated in foreign currencies that are not hedged are translated into euros at the year-end exchange rates, while income, expense and cash flow statement items are translated at average exchange rates for the year. The ensuing exchange differences on translation are recorded directly in shareholders’ equity.

In the event of a later sale, the cumulative amount of translation differences relating to the net investment sold and denominated in foreign currency is recorded in the income statement. Applying the option offered by IFRS 1, exchange differences on translation accumulated before the transition date were zeroed out by allocating them to consolidated reserves at that date. They will not be recorded in the income statement in the event of a later sale of these investments which are denominated in foreign currency.

The following foreign exchange rates were used:

	Closing rate		Average rate	
	12/31/2020	12/31/2019	2020	2019
Brazilian real (BRL)	6.3735	4.5157	5.8900	4.4135
Swiss franc (CHF)	1.0802	1.0854	1.0703	1.1126
Egyptian pound (EGP)	19.2344	17.9955	18.0277	18.7940
Indian rupee (INR)	89.6605	80.1870	84.5063	78.8502
Kazakh tenge (KZT)	516.2530	428.2200	472.6916	428.5058
Mauritanian ouguiya (MRU)	43.6709	42.1843	43.3688	41.1253
Turkish lira (TRL)	9.1131	6.6843	8.0436	6.3570
US dollar (USD)	1.2271	1.1234	1.1413	1.1196
CFA franc (XOF)	655.9570	655.9570	655.9570	655.9570

1.6. Other intangible assets

Intangible assets (mainly patents, rights and software) are recorded in the consolidated statement of financial position at historical cost less accumulated depreciation and any impairment losses. This cost includes acquisition or production costs and all other directly attributable costs incurred for the acquisition or production of the asset and for its commissioning.

Assets with finite lives are depreciated on a straight-line basis over their useful lives (generally not exceeding 15 years) or, in the case of mining rights, as and when they are extracted.

Research costs are recognized as expenses in the period in which they are incurred. Development costs meeting the criteria defined by IAS 38 are capitalized.

1.7. Emission quotas

In the IFRS standards, there is as yet no standard or interpretation dealing specifically with greenhouse gas emission rights. As of January 1, 2016, the Group decided to adopt the method recommended by the ANC since 2013, compatible with the IFRS standards in force (Regulation No. 2012-03 of October 4, 2012, approved on January 7, 2013), that provides more reliable and relevant financial information to reflect the quotas' economic model, in particular eliminating the impacts associated with the volatility of the prices of quotas.

According to this method, provided the quotas are intended to fulfill the obligations related to emissions (production model):

- quotas are recognized in inventories when acquired (free of charge or against payment). They are drawn down as and when necessary to cover greenhouse gas emissions, as part of the restitution procedure, or at the time of their sale, and are not revalued at closing;
- a debt is recognized at the period-end if there is a quota deficit.

Since the Group today has only the quotas allocated free of charge by the State under National Quotas Allocation Plans, applying these rules means they are posted as inventories for a zero value. Moreover, as the Group has recorded surpluses to date, no debt is posted to the balance sheet and, if they are not sold, no amount is posted to the income statement.

1.8. Property, plant and equipment

Property, plant and equipment are reported in the consolidated statement of financial position at historical cost less accumulated depreciation and any impairment losses, using the component approach provided for in IAS 16. When an article of property, plant and equipment comprises several significant components with different useful lives, each component is depreciated on a straight-line basis over its respective useful life, starting at commissioning.

The main depreciation periods are presented below depending on the assets category:

	Cement assets	Concrete & Aggregates Assets
Civil engineering:	15 to 30 years	15 years
Large equipment:	15 to 30 years	10 to 15 years
Other industrial equipment:	8 years	5 to 10 years
Electricity:	15 years	5 to 10 years
Controls and instruments:	5 years	5 years

Quarries are depreciated on the basis of tonnage extracted during the year as a ratio of total estimated reserves.

Certain parcels of land owned by French companies acquired prior to December 31, 1976 were revalued, and the adjusted value was recognized in the financial statements, but without a significant impact on the lines concerned.

Interest expenses on borrowings incurred to finance the construction of facilities during the period prior to their commissioning are capitalized. Exchange rate differences arising from foreign currency borrowings are also capitalized inasmuch as they are treated as an adjustment to interest costs and within the limit of the interest charge which would have been paid on borrowings in local currency.

1.9. Leases

Leases, with the exception of those falling within the scope of the exemptions provided for by IFRS 16, are recognized in the balance sheet, when the asset underlying the lease becomes available, as a right-to-use asset and a liability representing the lease payments. The service component of the lease, and in particular that relative to transportation, is identified during the analysis and treated separately from the lease component. Contracts giving the lessee the right to control the use of an identified asset for a fixed term in return for payment are categorized as leases.

The Group applies the exemptions stipulated in the IFRS 16 standard, where the payments are not included in the lease liability and right to use in the following cases:

- payments relating to short-term leases (below or equal to 12 months);
- payments relating to leases of low-value assets (less than US$ 5 thousand or equivalent);
- payments relating to the service component of the lease when this is identical and measurable;
- payments related to leases of intangible assets, which are very small in number.

Lease payments for these contracts or components of leases are recognized as operating expenses for the term of the lease.

The lease term is the non-cancellable contractual period plus, where applicable, extension options considered reasonably certain to be exercised (extension options being exercised during the period or those that the Group has a statistical track record of exercising). The definition of this enforceable duration takes into account both contractual and economic aspects to the extent that the existence of significant penalties in the event of the lessee's termination are analyzed for each contract.

The rights of use related to leases initially include the lease liability, the initial direct costs, prepaid rents and the estimate of the costs of dismantling or restoring the assets provided for in the contract, and exclude any service component. They are depreciated in accordance with IAS 16 “Property, Plant and Equipment” over the shorter of the lease term and the useful life of the underlying asset, and if necessary impaired in accordance with IAS 36 “Impairment of Assets”.

After initial recognition, the right of use related to leases is reported at cost less accumulated depreciation and any impairment losses.

The lease liability is initially measured at the present value of future payments, which include the present value of fixed and variable lease payments, if they are subject to an index or rate, and estimated expected payments at the end of the contract, such as the residual value guarantee and the purchase option, if its exercise is considered reasonably certain.

The discount rate used to calculate the value of the right-of-use asset and the lease liability is based on the interest rate implicit in the lease or, failing that, the lessee’s incremental borrowing rate at the date of signature of the lease. This marginal borrowing rate takes into account several elements including the currency and lease term, the lessee’s economic context and its financial solidity into account. The Group applied interest rates corresponding to the average repayment term of the lease liability, by defining and using yield curves by maturity, taking into account the structure of lease payments and the typology of the available interest rates.

After initial recognition, the lease liability is calculated at amortized cost using the effective interest rate method and is remeasured, with a corresponding adjustment of the right-of-use asset, if future lease payments are modified as a result of negotiation or when renewal or termination options are remeasured.

Lease payments are recognized by applying IFRS 16 with a resulting depreciation charge and interest expense taken to the income statement.

The tax impact of the application of IFRS 16 results in recognition of deferred taxes, assessed on the net lease asset after deduction of the corresponding lease liability.

1.10. Investment properties

The Group recognizes its investment properties at historical cost less accumulated depreciation and any impairment losses. They are depreciated on a straight-line basis over their useful life (10 to 25 years). The fair value of its investment properties is calculated by the Group’s specialist departments, assisted by an external consultant, primarily by reference to market prices observed on transactions involving comparable assets or published by local notary chambers. It is presented in the notes at each year-end.

1.11. Impairment of non-current assets

In accordance with IAS 36, the carrying amounts of assets with indefinite lives are reviewed at each year-end, and during the year, whenever there is an indication that the asset may be impaired. Those with finite lives are only reviewed if impairment indicators show that a loss is likely.

An impairment loss has to be recorded as an expense on the income statement when the carrying amount of the asset is higher than its recoverable value. The latter is the higher of the fair value less the costs of sale and the value in use. The value in use is calculated primarily on a discounted projected cash flow basis over ten years, plus the terminal value calculated on the basis of a projection to infinity of the cash flow from operations in the last year. This time period corresponds to the Group’s capital-intensive nature and the longevity of its industrial equipment.

The projected cash flows are calculated before tax on the basis of the following components that have been inflated and then discounted:

- the EBITDA from the Long-Term Plan over the first five years, then projected to year 10;
- the sustaining capital expenditure;
- the change in the working capital requirement.

The assumptions used in calculating impairment tests are derived from forecasts made by operational staff reflecting as closely as possible their knowledge of the market, the commercial position of the businesses and the performance of the industrial plant. Such forecasts include the impact of foreseeable developments in cement consumption based on macroeconomic and industry sector data, changes likely to affect the competitive position, technical improvements in the manufacturing process and expected developments in the cost of the main production factors contributing to the cost price of the products.

In the case of countries subject to social tensions and security concerns, the assumptions used also include the potential improvement resulting from the progressive and partial easing of some of these tensions and concerns, based on recent data and an examination of the effect of these tensions on current business conditions.

Cash flows before financial expenses but after tax are discounted at the weighted average cost of capital (WACC). The use of an after-tax rate results in the determination of recoverable amounts identical to those obtained using pre-tax rates with non-taxed cash flows. The discount rate is made per country, taking into account the cost of risk-free long-term money, market risk weighted by a sector volatility factor, and a country premium reflecting the specific risks of the market in which the cash generating unit in question operates.

If it is not possible to estimate the value in use of an isolated asset, it is assessed at the level of the cash generating unit that the asset is part of (defined by IAS 36 as the smallest identifiable group of assets that generates cash inflows which are largely independent of the cash inflows from other assets or groups of assets) insofar as the industrial sites or facilities, products and markets form a coherent whole. The analysis was thus carried out for each geographical area/market/business, and the cash-generating units were determined depending on the existence or not of vertical integration between the Group's activities in the area concerned.

The value of the assets tested, at least annually using this method for each cash-generating unit comprises the property, plant and equipment and intangible non-current assets, including the IFRS 16 rights of use, plus the goodwill attributable to non-controlling interests.

These impairment tests are sensitive to the assumptions held for each cash-generating unit, mainly:

- the discount rate as previously defined;
- the inflation rate, which must reflect the selling price and expected future costs;
- the normalized EBITDA margin;
- the long-term investment rate;
- the growth rate to infinity.

Tests are conducted at each year-end on the sensitivity to an increase or decrease of one point in the discount rate and growth rate to infinity applied, in order to assess the effect on the value of the Group's CGUs. Moreover, the discount rate includes a country risk premium and an industry sector risk premium reflecting the cyclical nature of certain factors inherent in the business sector, enabling to understand the volatility of certain elements of production costs, which are sensitive in particular to energy costs.

Recognized impairments can be reversed and are recovered in the event of a decrease, except for those corresponding to goodwill, which are definitive.

1.12. Inventories

Inventories are valued using the weighted average unit cost method, at the lower of purchase price or production cost, and net market value (sales price less completion and sales costs).

The gross value of goods and supplies includes both the purchase price and all related costs.

Manufactured goods are valued at production cost, including the cost of goods, direct and indirect production costs and the depreciation on all consolidated fixed assets used in the production process.

In the case of inventories of manufactured products and work-in-progress, the cost includes an appropriate share of fixed costs based on the standard conditions of use of the production plant.

Inventory impairments are recorded when necessary to take into account any probable losses identified at year-end.

1.13. Receivables

Receivables are valued at amortized cost and recognized for their nominal value (initial amount of the invoice). Receivables are impaired according to the expected losses model defined by IFRS 9 (see note 1.15).

Receivables may be subject to assignment to financial institutions. In this case, a transaction analysis is carried out to assess the transfer of the risks and rewards of ownership of these receivables and especially the one related to credit risk, late payment risk and the risk of dilution. If this assessment concludes to the transfer of contractual rights to the cash flows and also substantially all the risks and rewards related to the assignment, it leads to the derecognition of receivables in the consolidated statement of financial position and all the rights created or retained during the transfer are recognized where necessary. In the opposite situation, receivables are maintained in the consolidated statement of financial position.

1.14. Cash and cash equivalents

Cash and cash equivalents include both cash and short-term investments of less than three months maturity that do not present any risk of a change in value. The latter are marked to market at the end of the period. Net cash, the change in which is presented in the statement of cash flows, consists of cash and cash equivalents less any bank overdrafts.

1.15. Financial instruments

Financial assets

The Group classifies its financial assets, when they are first entered in the financial statements, according to IFRS 9 based on the contractual cash flow characteristics and on the business model assessment of their ownership.

In practice, for the Vicat Group, the criterion of the contractual cash flow characteristics led to make a distinction between, on one side, loan and receivables instruments, for which the evaluation depends on the business model assessment of their ownership, and, on the other side, equity instruments.

According to the standard, there are three types of loan and receivables assets, each associated with a business model and a valuation method:

- assets valued at the amortized cost: the objective is only to hold the assets to collect the contractual cash flows. This is the case with most of loans and receivables;
- assets valued at the fair value through other comprehensive income: the objective is to hold the assets to collect the contractual cash flows and to sell them;

- assets valued at the fair value through the income statement: applied to assets not covered by any of the two previous models.

Concerning the equity instruments covered by IFRS 9, they have to be measured at fair value, for which the Group may elect to recognize changes in fair value, either in financial profit or loss of the income statement, or in other comprehensive income not recycled in profit or loss, depending on the option taken from the beginning, investment by investment. For some unquoted equity investments, the amortized cost was maintained as this method is the best approximation available for the fair value.

All acquisitions and disposals of financial assets are recorded at the transaction date.

According to IFRS 9, impairments of receivables are based on the expected losses during the full lifetime of the asset and credit risk is assessed on the basis of historical data and any available information at the closing date.

Financial liabilities

The Group classifies its non-derivative financial liabilities, when they are first entered in the financial statements, as financial liabilities valued at amortized cost. These comprise mainly borrowings, other financings, bank overdrafts, etc. The Group does not have financial liabilities at fair value through the income statement.

Treasury shares

In compliance with IAS 32, Vicat treasury shares are deducted from shareholders' equity.

Derivatives and hedging

The Group uses hedging instruments to reduce its exposure to changes in interest and foreign currency exchange rates resulting from its business, financing and investment operations. These hedging transactions use financial derivatives. The Group uses interest rate swaps and caps to manage its exposure to interest rate risks. Forward foreign exchange contracts and currency swaps are used to hedge foreign exchange rate risks.

The Group uses derivatives solely for economic hedging purposes and no instrument is held for speculative ends.

Financial derivatives are valued at their fair value in the balance sheet. Except for the cases detailed below, the change in fair value of derivatives is recorded as an offset in the income statement of the financial statement ("Change in fair value of financial assets and liabilities"). The fair values of derivatives are estimated by the following valuation models:

- the market value of interest rate swaps, foreign exchange rate swaps and forward purchase/sale transactions is calculated by discounting the future cash flows on the basis of the "zero coupon" interest rate curves applicable at the end of the presented reporting periods, and is restated where applicable to reflect accrued interest not yet payable;
- interest rate options are revalued on the basis of the Black and Scholes model incorporating the market parameters as at year-end.

Derivative instruments may be designated as hedging instruments, depending on the type of hedging relationship:

- fair value hedging is hedging against exposure to changes in the fair value of a booked asset or liability, or of an identified part of that asset or liability, attributable to a particular risk, for instance interest rate or exchange risks, which would affect the net income presented;
- cash flow hedging is hedging against exposure to changes in cash flow attributable to a particular risk, associated with a recorded asset or liability or with a scheduled transaction (*e.g.* expected sale or purchase or "highly probable" future transaction), which would affect the net income presented.

Hedge accounting for an asset/liability/firm commitment or cash flow is applicable if:

- the hedging relationship is formally designated and documented at its date of inception;
- the effectiveness of the hedging relationship is demonstrated at the inception and then by the regular assessment and correlation between the changes in the market value of the hedging instrument and the market value of the hedged item. The ineffective portion of the hedging instrument is always recognized in the income statement.

The application of hedge accounting results as follows:

- in the event of a documented fair value hedging relationship, the change in the fair value of the hedging derivative is recognized in the income statement as an offset to the change in the fair value of the underlying hedged financial instrument. The income statement is only impacted by the ineffective portion of the hedging instrument;
- in the event of a documented cash flow hedging relationship, the change in the fair value of the effective portion of the hedging derivative is initially recorded in shareholders' equity, and the change in the fair value of the ineffective portion is directly recognized in the income statement. The accumulated changes in the fair value of the hedging instrument previously recorded in shareholders' equity are transferred to the income statement at the same rate as the hedged cash flows.

1.16. Employee benefits

The Group recognizes the entire amount of its commitments relating to post-employment benefits in accordance with IAS 19 revised.

Regulations, standard practices and agreements in force in countries where the Group's consolidated companies have operations provide for various types of post-employment benefits: lump-sum payments on retirement, supplemental pension benefits, guaranteed supplemental pension benefits specifically for executives, etc., as well as other long-term benefits (such as medical cover for retirees, etc.).

Defined contribution plans are those for which the Group's commitment is limited only to the payment of contributions recognized as expenses when they are incurred.

Defined benefit plans include all post-employment benefit programs, other than those under defined contribution plans, and represent a future liability for the Group. The corresponding liabilities are calculated on an actuarial basis (changes in salaries, mortality, rotation, etc.) using specific actuarial assumptions and the projected unit credit method, in accordance with the clauses provided for in the collective bargaining agreements and with standard practices and law.

Dedicated financial assets, which are mainly equities and bonds, are used to cover all or a part of these liabilities, principally in the United States and Switzerland. The net position of each pension plan is fully provided for in the statement of financial position less, where applicable, the fair value of these invested assets, within the limit of the asset ceiling cap. Any surplus (in the case of overfunded pension plans) is only recognized in the statement of financial position to the extent that it represents a future economic benefit that will be effectively available to the Group, within the limits defined by the standard.

Actuarial variances arise due to changes in actuarial assumptions and/or variances observed between these assumptions and the actual figures. Actuarial gains and losses on post-employment benefits are recognized under "Other comprehensive income" and are not recycled to profit or loss.

The Group has chosen to apply the IFRS 1 option and to zero the actuarial variances linked to employee benefits not yet recognized on the transition balance sheet by allocating them to shareholders' equity.

1.17. Put options granted on shares in consolidated subsidiaries

Under IAS 27 and IAS 32, put options granted to minority third parties in fully consolidated subsidiaries are reported in the financial liabilities at the present value of their estimated price offset by a reduction in the corresponding minority interests.

The difference between the value of the option and the amount of the minority interests is recognized:

- in goodwill, in the case of options issued before January 1, 2010;
- as a reduction in shareholders' equity – Group share (options issued after January 1, 2010).

The liability is estimated based on the contract information available (price, formula, etc.) and any other factor relevant to its valuation. Its value is reviewed at each year-end and the subsequent changes in the liability are recognized:

- either as an offset to goodwill (options granted before January 1, 2010);
- or as an offset to shareholders' equity – Group share (options issued after January 1, 2010).

No impact is reported in the income statement other than the impact of the annual discounting of the liability recognized in net financial income; the income share of the Group is calculated on the basis of the percentage held in the subsidiaries in question, without taking into account the percentage holding attached to the put options.

1.18. Provisions

In accordance with IAS 37, a provision is recognized when the Group has a current commitment, whether statutory or implicit, resulting from a significant event prior to the closing date which would lead to an outflow of resources without corresponding inflow after the closing date, which can be reliably estimated.

These include, notably, provisions for site reinstatement, which are set aside progressively as quarries are used and include the projected costs related to the Group's obligation to reinstate such sites.

In accordance with IAS 37, provisions are discounted when the impact is significant. The effects of this discounting are recorded under net financial income.

1.19. Revenue

In accordance with the IFRS 15 accounting standard, revenue is recognized when control over the goods or services is transferred to the customer, which generally, given the nature of the Group's business, corresponds to the date of delivery. It is reported for an amount that reflects the consideration to which the Group expects to be entitled in exchange of transferring those goods or services, net of commercial discounts and rebates and after deduction of excise duties collected by the Group under its business activities. Revenue includes transport and handling costs invoiced to customers.

The Group's sales are mainly of property and services forming a single obligation because the promise to supply the service or property cannot be identified separately, insofar as the Vicat Group offers services integrated with the product to its customers.

1.20. Other income and expenses

Other income and expenses are those arising from the Group's operating activities that are not received or incurred as part of the direct production process or sales activity. These other income and expenses consist mainly of insurance payments, patent royalties, sales of surplus greenhouse gas emission rights, the lease revenues and investment properties and certain charges relating to losses or claims.

1.21. Income taxes

Deferred taxes are calculated at the tax rates passed or virtually passed at the year-end and expected to be applied during the period when assets are sold or liabilities are settled.

Deferred taxes are calculated, based on an analysis of the balance sheet, on timing differences identified in the Group's subsidiaries between the values recognized in the consolidated statement of financial position and the values of assets and liabilities for tax purposes.

Deferred taxes are recognized for all timing differences, including those on restatement of finance leases, except when the timing difference results from goodwill.

Deferred tax assets and liabilities are netted out at the level of each company. When the net amount represents a receivable, a deferred tax asset is recognized if it is probable that the Company will generate future taxable income against which to allocate the deferred tax assets.

Uncertainty over the accounting treatment of risks related to income taxes and the non-acceptance by the tax authorities of the tax treatment adopted is recognized in income tax assets/liabilities in accordance with the probability of its occurrence, which does not take into account the probability of non-detection by the tax authorities. Each uncertainty analyzed individually is assessed either by using the most probable amount or the weighted average of the different possible scenarios.

1.22. Segment information

In accordance with IFRS 8 "Operating Segments" the segment information provided in note 25 is based on information taken from the internal reporting. This information is used internally by the General Management responsible for implementing the strategy defined by the Chairman of the Board of Directors for measuring the Group's operating performance and for allocating capital expenditure and resources to geographical areas and business segments.

The operating segments defined pursuant to IFRS 8 comprise the following six geographic regions in which the Group operates and which can, as permitted by IFRS 8, combine countries with similarities:

- France;
- Europe (except France) including Switzerland and Italy;
- Americas including United States and Brazil;
- Asia including India and Kazakhstan;
- Mediterranean region including Turkey and Egypt;
- Africa including Senegal, Mali and Mauritania.

This organization reflects the Group's matrix-based organization as well as the predominance of geographical aspects in the strategic analyses presented to the General Management. More concise additional information is presented per business sector.

The management indicators presented were adapted in order to be consistent with those used by the General Management, while complying with IFRS 8 disclosure requirements: revenue from operations and consolidated revenue, EBITDA and EBIT (see note 1.23), total non-current assets, net capital employed (see note 25), industrial investments, depreciation and amortization and number of employees.

The management indicators used for internal reporting are identical for all the segments defined above and are determined in accordance with the IFRS principles applied by the Group in its consolidated financial statements.

1.23. Financial indicators

The following financial performance indicators are used by the Group, as by other industrial players and notably in the building materials sector, and presented with the income statement:

Value-added: value of production less consumption of materials used in the production process.

Gross operating income: value-added less personnel costs, taxes and duties (except income taxes and deferred taxes), plus grants and subsidies.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization): it is the gross operating income plus other ordinary income and expenses.

EBIT (earnings before interest and tax): EBITDA less net depreciation, amortization, additions to provisions and impairment losses on ongoing business.

Cash flow: net income before net non-cash expenses (*i.e.* predominantly depreciation, amortization, additions to provisions and impairment losses, deferred taxes, gains and losses on disposals and fair value adjustments).

1.24. Seasonality

Demand in the Cement, Ready-Mixed Concrete & Aggregates businesses is seasonal and tends to decrease in winter in temperate countries and during the rainy season in tropical countries. The Group therefore generally records lower revenue in the first and fourth quarters, *i.e.* the winter season in its main markets in Western Europe and North America. In the second and third quarters, in contrast, revenue is higher, due to the summer season being more favorable for construction work.

NOTE 2 Changes in consolidation scope and other significant events

Macroeconomic environment and business trend within the Covid-19 pandemic context

During the financial year 2020, the Group's revenue was impacted by the pandemic in the twelve countries in which it operates in the first half of the year, before experiencing a sharp rebound in business in the second half of the year.

In this specific context, the Group's priority has been first of all to ensure the health safety of its employees, of its customers and of its suppliers by strictly applying procedures adapted to the health situation.

- In France, although the level of activity was significantly impacted by the health crisis and the government measures put in place to deal with it at the end of March and during the months of April and May, the situation has improved significantly from June. Thus, the rebound in activity observed over the last seven months of the year made it possible to partially make up for the decline recorded during the first half of the year;
- In Switzerland, activity remained well oriented in the Cement and Concrete & Aggregates activities;
- In Western Africa, activity remained dynamic in Cement, supported by positive volumes and prices trend. The Aggregates business in Senegal was affected by the sharp slowdown in public infrastructure projects;
- In the United States, despite the worrying evolution of the pandemic, business remained well oriented both in terms of volumes and selling prices, benefiting in particular from the economic support measures put in place by the State;
- In Brazil, the sector environment in the markets in which the Group operates was little affected by the Covid-19 epidemic, and activity remained dynamic throughout the year;
- In the Mediterranean region (Turkey and Egypt), the macro-economic and competitive environments remained difficult without this being specifically attributable to the Covid-19 epidemic. In this context, while the commercial strategies implemented by the Group have enabled it to record an increase in its activity over the full year, operating results have once again deteriorated;
- In Kazakhstan, after a particularly dynamic start in the early part of the year, lockdown decisions and the competitive environment slightly impacted volumes and selling prices during the second quarter. The environment was more favorable in the second half of the year, enabling the Group to record an improvement in its revenue at constant exchange rates in 2020;
- Finally, in India, after the strict lockdown decisions taken by the authorities significantly affecting the level of activity in the first half of the year, the situation gradually improved during the second half of the year, and more particularly in the last quarter of the year, enabling the Group to record an almost stable level of activity at constant exchange rates over the full year.

In this unprecedented context, adaptive measures have been put in place as part of a cost-cutting plan, improvement of working capital and postponement of non-strategic industrial investments.

Furthermore, a certain number of measures to adapt working practices have been applied (temporary sites shutdowns, barrier measures, remote working, etc.). These various actions were reflected as follows in the Group's income statement as at December 31, 2020:

- additional and non-productive costs directly attributable to the application of barrier measures such as the purchase of masks, gels, the installation of specific equipment, etc. The impact of these charges is -€ 2 million and is presented in EBITDA;
- Government support measures which, for the Group, mainly take the form of short-time working schemes in France, Switzerland and Turkey for an amount of € 0.7 million recognized as a deduction from the corresponding personnel expenses (in accordance with IAS 20).

In this particular context, the Group took care to analyze all the potential accounting consequences related to the Covid-19 pandemic. Among these subjects are the impairment of receivables, impairment of inventories as well as fixed assets and investments in associated companies or deferred taxes asset recovery as well as to any evidence of impairment and valuation used for impairment tests.

None of these subjects had a significant impact on the Group's accounts as of December 31.

Transfer of the head office from Paris to L'Isle d'Abeau

Measures to adapt the Group's cost structures were put in place from the first half of 2020 as part of a plan to reduce operating costs and postpone non-strategic industrial investments. In this context, the Group has in particular decided to relocate its head office in L'Isle d'Abeau near Lyon, the Group's operational center in France where the Corporate teams were installed in September.

Volatility of exchange rates and impact on the income statement

The income statement for the first half of 2020 was strongly impacted by the depreciation of the majority of foreign currencies against the euro, mainly the Brazilian real, the Indian rupee and the Turkish lira. Over the period, this resulted in a negative currency effect of -€ 104.7 million on consolidated revenue and -€ 23.6 million on EBITDA.

Consolidated shareholders' equity showed a negative translation adjustment in 2020 for a total net amount of € 270.2 million.

Egypt

Despite an operation that has now been under way for nearly two years, the Egyptian army has not yet succeeded in fully restoring security to all parts of the Sinaï. However, commercial operations have restarted and logistic flows have more or less returned to the previous situation.

As a result, commercial activity is up significantly, with sales volumes increasing by 28% compared to the previous year, despite the disruptions related to the health crisis and the freeze on building permits, which penalized activity for several months. Nevertheless, the entire cement industry has suffered with a market slowed down by the Covid-19 crisis, and furthermore, still disrupted by a cement player dependent on the State.

Taking into account this gap in the expected improvement of the operating conditions and results of its operations, the Group recognized impairment of assets related to Egypt for nearly €19 million.

Provided no further adverse geopolitical, health or security developments occur, these events and their ramifications are so far unlikely to jeopardize the medium-term prospects of an improvement in the subsidiary's profitability, which should begin to gradually occur starting from 2021. Renewed growth in cement consumption amid the upturn in Egypt's macroeconomic conditions, observed before the health crisis holds out the prospect of major development opportunities for Sinaï Cement Company, especially if this return to growth is accompanied, as announced by the Egyptian authorities, by a solution to the troubles in Sinaï and the Gaza Strip as well as the opening of export opportunities.

To be fully able to benefit from the expected market recovery, SCC plans to invest in the production facility, which has been damaged by years in a difficult operating environment. To fund with the capital projects to improve its productivity and control its costs, the Group launched an EGP 650 million capital increase to strengthen the subsidiary's financial structure. The funds provided by the shareholders will be released to the subsidiary, once these administrative approvals have been obtained. The release of the funds contributed by the shareholders will take place after obtaining the administrative approvals, the process of which has been ongoing for more than two years. This deadlock, which gave rise to discussions with the authorities, was due in particular to a difference in the interpretation of the legislation on foreign interests in the Sinai region. With a favorable decision from the Cairo Economic Court in January 2020, the Group expects a resolution of the situation in the coming months.

US Private Placement reimbursement

In the Third quarter of 2020, the Group refinanced part of its debt, which allowed it to extend the average maturity and reduce the average cost of its financing. On November 30, 2020, the Group drew a USPP, originally denominated in euros, for an amount of € 174.6 million, at a fixed rate of 2.07% and with a maturity of 15 years. This arrangement made it possible to repay, at maturity, the ten-year tranche of the US Private Placement set up in 2010 for an amount of US$ 230 million.

Summary of significant events in 2019

Acquisition of Ciplan

Further to the agreement signed in early October 2018, the Vicat Group acquired Ciplan (Cimento do Planalto) on January 21, 2019, and now holds a majority 66.07% stake in the company's share capital, after taking into account the working capital requirement and net debt at the transaction date. This deal took place through a reserved capital increase of € 295 million, which was used to repay most of Ciplan's existing debt. Vicat financed the acquisition by drawing on its existing bank facilities.

Ciplan operates a modern plant, in the vicinity of Brasilia, with a total installed cement capacity of 3.2 million tons per year. It is backed by high quality and abundant mineral resources. The Company also boasts nine ready-mixed concrete plants and five quarries (including two aggregates quarries).

This acquisition represents a further step forward in Vicat's strategy of selective acquisitions and geographical diversification and will establish Vicat in a new emerging market with strong growth potential. To help it capture the full potential of the Brazilian market's prospective growth, Vicat will be able to leverage a highly efficient industrial asset base, high brand recognition, abundant quarry reserves and strong competitive positions in its local markets.

Group refinancing – *Schuldschein*

The Vicat Group successfully completed a € 290 million *Schuldscheindarlehe*n issue (German private placement) on April 26, 2019 to refinance its debt while lowering its average borrowing costs, extending its average debt maturity and diversifying its funding sources.

This financing consists of five-, seven- and ten-year maturities, combining fixed- and floating-rate tranches. Average maturity worked out at 6.24 years and the average interest rate at 1.3% on the date of the transaction.

Furthermore, Vicat activated the option allowing it to retain the initial five-year term at the end of the second year on the € 550 million syndicated loan as well as the bilateral lines. These transactions extend the average debt maturity which stood at 4.4 years at December 31, 2019.

NOTE 3 Goodwill

The change in the net goodwill is analyzed in the table below:

(in thousands of euros)	December 31, 2020	December 31, 2019
Opening	1,231,538	1,006,753
Acquisitions/Additions	834	232,841
Disposals/Decreases	(9,814)	(2,988)
Change in foreign exchange rate	(97,527)	(5,068)
Other movements	(6,157)	-
CLOSING	**1,118,874**	**1,231,538**

Impairment test on goodwill

In accordance with IFRS 3 and IAS 36, at the end of each year and in the event of any evidence of impairment, goodwill is subject to an impairment test using the method described in notes 1.4 and 1.11.

At the end of these analyzes, an impairment of € 7.7 million of goodwill was recognized at December 31, 2020. This impairment loss was included in the line "Other CGUs cumulative" and mainly concerns Egypt.

Goodwill is distributed as follows by cash-generating unit (CGU):

December 2020	Goodwill *(in thousands of euros)*	Discount rate after tax used for the impairment tests *(in %)*	Growth rate to infinity used for the impairment tests *(in %)*	Impairment which would result from a change of +1% in the discount rate	Impairment which would result from a change of -1% in the growth rate to infinity
India CGU	209,598	9.7%	5.5		
West Africa Cement CGU	147,763	7.8% to 11.8%	3.5 to 4		
France-Italy CGU	219,811	6.5%	1.3		
Switzerland CGU	144,941	6.5%	1.0		
Brazil CGU	140,456	8.3%	3.0		
Other CGUs cumulated	256,305	6.6% to 18.3%	2 to 8.3	(39,941)	(19,438)
TOTAL	**1,118,874**			**(39,941)**	**(19,438)**

The impairment tests carried out in 2019 did not result in the recognition of any impairment of goodwill.

Sensitivity tests for a 1% change in the discount rate and a -1% change in the perpetual growth rate carried out at the balance sheet date resulted in the recoverable amount of two CGUs in the Mediterranean region in both cases being less than their net carrying amount.

NOTE 4 Other intangible assets

Gross values *(in thousands of euros)*	Concessions, patents & similar rights	Software	Other intangible assets	Intangible assets in progress	Total
AT DECEMBER 31, 2018	82,215	55,894	71,831	10,738	220,678
Acquisitions	3,161	4,243	722	10,481	18,607
Disposals	-	(3,060)	(1,149)	-	(4,209)
Changes in consolidation scope	44,521	1,692	15,930	-	62,143
Change in foreign exchange rate	(1,193)	235	722	207	(29)
Other movements	2,979	3,430	1,071	(5,048)	2,432
AT DECEMBER 31, 2019	131,683	62,434	89,127	16,378	299,622
Acquisitions	2,003	3,384	2,035	10,381	17,803
Disposals	-	(536)	(280)	(2,392)	(3,208)
Changes in consolidation scope	-	-	-	-	-
Change in foreign exchange rate	(13,531)	(816)	(7,026)	(48)	(21,421)
Other movements	2,446	1,670	(49)	(4,575)	(508)
AT DECEMBER 31, 2020	**122,601**	**66,136**	**83,807**	**19,744**	**292,288**

Depreciation and impairment *(in thousands of euros)*	Concessions, patents & similar rights	Software	Other intangible assets	Intangible assets in progress	Total
AT DECEMBER 31, 2018	(24,302)	(37,661)	(40,399)	-	(102,362)
Increase	(1,604)	(5,789)	(4,553)	-	(11,946)
Decrease	-	505	449	-	954
Changes in consolidation scope	(71)	(8)	179	-	100
Change in foreign exchange rate	(456)	(251)	(708)	-	(1,415)
Other movements	(2,464)	-	4,557	-	2,093
AT DECEMBER 31, 2019	(28,897)	(43,204)	(40,475)	-	(112,576)
Increase	(1,578)	(6,735)	(4,249)	-	(12,562)
Decrease	-	48	280	-	328
Changes in consolidation scope	-	-	-	-	-
Change in foreign exchange rate	525	347	2,022	-	2,894
Other movements	259	(45)	226	-	440
AT DECEMBER 31, 2020	**(29,691)**	**(49,589)**	**(42,196)**	**-**	**(121,476)**
Net book value at December 31, 2019	102,786	19,230	48,652	16,378	187,046
NET BOOK VALUE AT DECEMBER 31, 2020	**92,910**	**16,547**	**41,611**	**19,744**	**170,812**

No development costs were capitalized in 2020 and 2019.

Research & development costs recognized as expenses in 2020 amounted to € 3.4 million (€ 4. 2 million in 2019).

NOTE 5 Property, plant and equipment

Gross values *(in thousands of euros)*	Lands & Buildings	Industrial sites or facilities	Other property, plant and equipment	Assets in progress and advances/down payments	Total
AT DECEMBER 31, 2018	**1,158,777**	**2,998,692**	**140,876**	**121,719**	**4,420,064**
Acquisitions	10,099	27,706	6,840	177,208	221,853
Disposals	(6,645)	(16,849)	(11,866)	(39)	(35,399)
Changes in consolidation scope	154,070	39,282	9,055	394	202,801
Change in foreign exchange rate	4,134	18,873	2,164	970	26,141
Other movements	28,574	78,195	4,252	(120,150)	(9,129)
AT DECEMBER 31, 2019	**1,349,009**	**3,145,899**	**151,321**	**180,102**	**4,826,331**
Acquisitions	16,167	31,569	9,067	249,359	306,162
Disposals	(3,612)	(30,194)	(6,512)	(378)	(40,696)
Changes in consolidation scope	-	250	16	-	266
Change in foreign exchange rate	(88,011)	(166,279)	(2,814)	(12,723)	(269,827)
Other movements	36,382	103,553	2,531	(147,616)	(5,150)
AT DECEMBER 31, 2020	**1,309,935**	**3,084,798**	**153,609**	**268,744**	**4,817,086**

Depreciation and impairment *(in thousands of euros)*	Lands & Buildings	Industrial sites or facilities	Other property, plant and equipment	Assets in progress and advances/down payments	Total
AT DECEMBER 31, 2018	**(551,209)**	**(1,960,334)**	**(102,476)**	**(5)**	**(2,614,024)**
Increase	(44,408)	(132,074)	(9,223)	-	(185,705)
Decrease	6,156	15,529	10,912	-	32,597
Changes in consolidation scope	(1,449)	(2,532)	(4,396)	-	(8,377)
Change in foreign exchange rate	(5,937)	(13,730)	(1,678)	-	(21,345)
Other movements	2,346	1,897	(1,944)	5	2,304
AT DECEMBER 31, 2019	**(594,501)**	**(2,091,244)**	**(108,805)**	**-**	**(2,794,550)**
Increase	(45,875)	(135,219)	(9,584)	-	(190,678)
Decrease	811	26,328	6,039	-	33,178
Changes in consolidation scope	-	-	(5)	-	(5)
Change in foreign exchange rate	21,813	93,169	1,519	-	116,501
Other movements	(2,818)	12,584	(3,446)	-	6,320
AT DECEMBER 31, 2020	(620,570)	(2,094,382)	(114,282)	-	(2,829,234)
Net book value at December 31, 2019	754,508	1,054,655	42,516	180,102	2,031,781
NET BOOK VALUE AT DECEMBER 31, 2020	**689,365**	**990,416**	**39,327**	**268,744**	**1,987,852**

Property, plant and equipment under construction amounted to € 258 million as at December 31, 2020 (€ 161 million as at December 31, 2019) and advances/down payments on property, plant and equipment represented € 11 million as at December 31, 2020 (€ 19 million as at December 31, 2019).

Contractual commitments to acquire tangible and intangible assets amounted to € 160 million as at December 31, 2020 (€ 274 million as at December 31, 2019).

Capitalized interest amounted to €1.9 million as at December 31, 2020 (€0.7 million in 2019).

NOTE 6 Right of use related to leases

Gross values *(in thousands of euros)*	**Land**	**Buildings**	**Plant, machinery and equipment**	**Other property, plant and equipment**	**Total**
AT DECEMBER 31, 2018	83,601	68,413	164,410	73,513	389,937
Acquisitions	3,770	5,549	25,418	16,126	50,863
Disposals	(359)	(2,152)	(20,601)	(14,253)	(37,365)
Changes in consolidation scope	141	3,149	837	-	4,127
Change in foreign exchange rate	470	374	781	102	1,727
Other movements	(5,476)	(549)	1,874	(6,297)	(10,448)
AT DECEMBER 31, 2019	82,147	74,784	172,719	69,191	398,841
Acquisitions	5,544	5,470	26,339	12,640	49,993
Disposals	(914)	(3,793)	(46,505)	(13,072)	(64,284)
Changes in consolidation scope	-	-	-	-	-
Change in foreign exchange rate	(3,427)	(1,813)	(9,239)	(1,130)	(15,609)
Other movements	(1,624)	23	(1,345)	(11,388)	(14,334)
AT DECEMBER 31, 2020	**81,726**	**74,671**	**141,969**	**56,241**	**354,607**

Depreciation and impairment *(in thousands of euros)*	**Land**	**Buildings**	**Plant, machinery and equipment**	**Other property, plant and equipment**	**Total**
AT DECEMBER 31, 2018	(21,184)	(34,855)	(72,126)	(37,980)	(166,145)
Increase	(5,542)	(6,440)	(31,174)	(14,464)	(57,620)
Decrease	357	1,752	17,496	14,139	33,744
Changes in consolidation scope	(133)	(712)	(636)	-	(1,481)
Change in foreign exchange rate	(103)	(151)	(486)	(81)	(821)
Other movements	(300)	345	2,298	10,205	12,548
AT DECEMBER 31, 2019	(26,905)	(40,061)	(84,628)	(28,181)	(179,775)
Increase	(5,882)	(7,601)	(29,471)	(11,346)	(54,300)
Decrease	900	3,169	42,540	12,965	59,574
Changes in consolidation scope	-	-	-	-	-
Change in foreign exchange rate	695	891	4,259	242	6,087
Other movements	1,324	1,134	(3,030)	1,208	636
AT DECEMBER 31, 2020	**(29,868)**	**(42,468)**	**(70,330)**	**(25,112)**	**(167,778)**
Net book value at December 31, 2019	55,242	34,723	88,091	41,010	219,066
NET BOOK VALUE AT DECEMBER 31, 2020	**51,858**	**32,203**	**71,639**	**31,129**	**186,829**

Main leasing activities

Most of the leases in force in the Group concern vehicles directly linked to operational activity (construction sites, road transportation and private cars) and real estate (land and buildings). In fact, the Group leases land and buildings, mainly for its offices, concrete batching plants, quarries and warehouses. To a lesser extent, they also concern machinery, equipment and IT equipment.

The majority of these contracts are carried by the Group's French entities, and to a lesser extent by American, Swiss and Turkish companies. The other countries in which the Group operates have an insignificant number of contracts.

Payments made for leases with a term of 12 months or less, or for those relating to low-value assets (unit value of < US$ 5 thousand or equivalent) and expenses related to variable lease payments that are not reliant on a rate and/or index are not included in the measurement of lease liabilities.

An analysis of lease obligations is presented in note 16 “Net financial liabilities and put options”.

NOTE 7 Investment properties

(in thousands of euros)	Gross value	Depreciation & Impairment	Net book value
AT DECEMBER 31, 2018	40,533	(25,042)	15,491
Acquisitions/Additions	271	(933)	(662)
Disposals/Decreases	(242)	184	(58)
Change in foreign exchange rate	441	(159)	282
Changes in consolidation scope and other	75	(3)	72
AT DECEMBER 31, 2019	41,078	(25,953)	15,125
Acquisitions/Additions	654	(870)	(216)
Disposals/Decreases	(569)	314	(255)
Change in foreign exchange rate	59	(20)	39
Changes in consolidation scope and other	326	(188)	138
AT DECEMBER 31, 2020	**41,548**	**(26,717)**	**14,831**
Fair value of investment properties at December 31, 2019			77,761
FAIR VALUE OF INVESTMENT PROPERTIES AT DECEMBER 31, 2020			**78,568**

Rental income from investment properties amounted to € 4 million at December 31, 2020 and € 4.3 million at December 31, 2019.

NOTE 8 Investments in associated companies

Change in investments in associated companies *(in thousands of euros)*	2020	2019
AT JANUARY 1st	85,212	53,044
Earnings from associated companies	4,021	5,094
Dividends received from investments in associated companies	(4,860)	(1,486)
Changes in consolidation scope [(1)]	(902)	25,861
Change in foreign exchange rates and other	(5,598)	2,699
AT DECEMBER 31st	**77,873**	**85,212**

(1) Change in 2019 mainly due to equity investments in Turkey, Brazil and France.

NOTE 9 Receivables and other non-current assets

(in thousands of euros)	Gross value	Impairment	Net book value
AT DECEMBER 31, 2018	**154,658**	**(1,827)**	**152,831**
Acquisitions/Additions	46,212	(1,227)	44,985
Disposals/Decreases	(13,291)	-	(13,291)
Changes in consolidation scope (1)	65,625	-	65,625
Change in foreign exchange rate	(1,202)	(22)	(1,224)
Changes of other items in other comprehensive income	(12,432)	-	(12,432)
Others	(1,019)	667	(352)
AT DECEMBER 31, 2019	**238,551**	**(2,409)**	**236,142**
Acquisitions/Additions	55,900	(11,918)	43,982
Disposals/Decreases	(10,198)	1,707	(8,491)
Changes in consolidation scope	-	-	-
Change in foreign exchange rate	(29,739)	-	(29,739)
Changes of other items in other comprehensive income	(5,990)	115	(5,875)
Others	3,694	(537)	3,157
AT DECEMBER 31, 2020	**252,218**	**(13,042)**	**239,176**
including:			
■ investments in subsidiaries & affiliates companies (see note 17)	39,900	(479)	39,421
■ loans and receivables (1) (2)	192,062	(12,563)	179,499
■ employee benefit plan assets (see note 14)	13,141	-	13,141
■ financial instruments (see note 16)	7,115	-	7,115
AT DECEMBER 31, 2020	**252,218**	**(13,042)**	**239,176**

(1) *Ciplan:*
At the time of its acquisition by the Vicat Group, Ciplan received a firm and irrevocable guarantee from from its minority shareholders for all litigation or future litigation relating to the period prior to the acquisition. This guarantee is recognized in other non-current assets in the amount of € 48 million at end-December 2020 (€ 66 million at end-December 2019) for the same amount as provisions for indemnifying claims (see note 15).

(2) *Bharathi Cement:*
On December 31, 2020, € 32 million (including interest) recorded in "Other non-current receivables", is the subject of two provisional attachments on the bank accounts of an Indian company in the Group, Bharathi Cement, as part of a preliminary investigation by the administrative and judicial authorities into events before Vicat entered its capital. The Group's partner in Bharathi Cement is the focus of an inquiry by the CBI (Central Bureau of Investigation) regarding the source and the growth of his assets.
In connection with this inquiry, the CBI filed 14 charge sheets in September 2012 and over the course of 2013, presenting its allegations. Among these, four also involve Bharathi Cement (the CBI is interested in determining whether the investments made in this company by Indian investors were carried out in good faith in the ordinary course of business and if the mining concession was granted in accordance with regulations).

The proceedings, in 2015, led to a precautionary seizure by the Enforcement Directorate of INR 950 million (approximately € 12 million) on a bank account held by Bharathi Cement. A second precautionary seizure of INR 1,530 million (approximately € 19 million) was made in 2016 within the context of charges regarding the mining concession. While these measures are not such as to hinder the Company's operations, the Company is appealing to the administrative and judicial authorities to challenge their validity.

In July 2019, the Court of Appeal in Delhi invalidated the seizure of INR 1,530 million and demanded a bank guarantee prior to the repayment of the funds.
The Enforcement Directorate has appealed this judgment.
The provisional attachments do not prejudice the merits of the case (CBI investigation) which is still under review and has not at this point led to a charge. The Company has no reason to think there is any probable or measurable financial risk.

Given how long the proceedings, started in 2012, are taking, the receivable related to these precautionary seizures was reclassified at end-2018 as "Other non-current receivables" (see note 11).

Impairment of loans and receivables:

Difficulties related to the macroeconomic environment led the Group to record during the first half of 2020 a depreciation of € 10.9 million related to loans made in connection with investments in the Mediterranean area.

NOTE 10 Inventories and work-in-progress

(in thousands of euros)	December 31, 2020			December 31, 2019		
	Gross	Provisions	Net	Gross	Provisions	Net
Raw materials and consumables	268,824	(28,162)	240,662	302,524	(26,750)	275,774
Work-in-progress, finished goods and goods for resale	120,284	(6,009)	114,275	131,990	(6,213)	125,777
TOTAL	**389,108**	**(34,171)**	**354,937**	**434,514**	**(32,963)**	**401,551**

Surplus greenhouse gas emission quotas received free of charge in France are recorded under inventories at a zero value (corresponding to 5,155 thousand tons at year-end 2020 and 4,757 thousand tons at year-end 2019).

NOTE 11 Receivables

(in thousands of euros)	Trade and other receivables	Provisions Trade and other receivables	Trade and other receivables Net	Other tax receivables	Payroll-related receivables	Other receivables (1)	Provisions other receivables	Total other receivables net
AT DECEMBER 31, 2018	431,363	(24,278)	407,085	57,028	4,042	84,322	(2,647)	142,745
Increase	-	(6,126)	(6,126)	-	-	-	(108)	(108)
Reversal of provisions used	-	5,913	5,913	-	-	-	54	54
Change in foreign exchange rate	(1,397)	242	(1,155)	(631)	136	1,073	14	592
Changes in consolidation scope	18,182	(3,174)	15,008	6,845	235	6,038	-	13,118
Other movements	(4,157)	-	(4,157)	8,798	(255)	27,837	(5)	36,375
AT DECEMBER 31, 2019	443,991	(27,423)	416,568	72,040	4,158	119,270	(2,692)	192,776
Increase	-	(5,631)	(5,631)	-	-	-	(123)	(123)
Reversal of provisions used	-	6,675	6,675	-	-	-	149	149
Change in foreign exchange rate	(26,376)	2,305	(24,071)	(7,173)	(91)	(3,513)	139	(10,638)
Changes in consolidation scope	406	-	406	(6)	-	53	-	47
Other movements	46,948	(21)	46,927	(494)	567	(31,746)	1,958	(29,715)
AT DECEMBER 31, 2020	**464,969**	**(24,095)**	**440,874**	**64,367**	**4,634**	**84,064**	**(569)**	**152,496**
of which past due as at December 31, 2020:								
■ less than 3 months	64,864	(4,872)	59,992	5,256	2,086	21,579	(95)	28,826
■ more than 3 months	19,219	(15,437)	3,782	11,571	414	2,910	(269)	14,626
of which not past due as at December 31, 2020:								
■ less than 1 year	378,039	(1,801)	376,238	47,500	2,134	47,406	(205)	96,835
■ more than 1 year	2,847	(1,985)	862	40	-	12,169	-	12,209

(1) Including on December 31, 2020 a total of € 16.0 million (€ 16.5 million at December 31, 2019) corresponding to a tax credit (including interest) for a sales tax (PIS COFIN) contested by our Brazilian subsidiary which obtained a favorable final judgment in the courts in the second semester of 2019.

NOTE 12 Cash and cash equivalents

(in thousands of euros)	December 31, 2020	December 31, 2019
Cash	145,416	171,841
Marketable securities and term deposits < 3 months	277,427	226,673
CASH AND CASH EQUIVALENTS	**422,843**	**398,514**

Cash deposits include, at December 31, 2020, € 34 million (€ 36 million at the end of 2019) corresponding to the exchange value in "euros" of subscriptions by the shareholders of Sinaï Cement Company, our Egyptian subsidiary, for the ongoing capital increase subscription for which release and thus availability is contingent on approval of the local competent regulatory authorities (See note 2).

NOTE 13 Share capital

Vicat share capital is composed of 44,900,000 fully paid-up ordinary shares with a nominal value of € 4 each, including 717,855 treasury shares as at December 31, 2020 (652,682 as at December 31, 2019) acquired under the share buyback programs approved by the Ordinary General Meetings, and through Heidelberg Cement's disposal of its 35% stake in Vicat in 2007.

These are registered shares or bearer shares, at the shareholder's option. Voting rights attached to shares are proportional to the share of the capital which they represent and each share gives the right to one vote, except in the case of fully paid-up shares registered for at least four years in the name of the same shareholder, to which two votes are assigned.

The dividend paid in 2020 in respect of 2019 amounted to € 1.50 per share, amounted to a total of € 67,350 thousand, equal to € 1.50 per share paid in 2019 in respect of 2018 and amounted to a total of € 67,350 thousand. The dividend proposed by the Board of Directors to the Ordinary General Meeting for 2020 amounts to € 1.50 per share, totaling € 67,350 thousand.

In the absence of any dilutive instrument, diluted earnings per share are identical to basic earnings per share, and are obtained by dividing the Group's net income by the weighted average number of Vicat ordinary shares outstanding during the year.

Since June 30, 2018, for a period of 12 months renewable by tacit agreement, Vicat has engaged Oddo BHF (previously Natixis Securities) to implement a liquidity agreement in accordance with the AMAFI (French financial markets professional association) Code of Ethics of September 20, 2008.

The following amounts were allocated to the liquidity agreement for its implementation: 20,000 Vicat shares and € 3 million in cash.

As at December 31, 2020, the liquidity account is composed of 50,006 Vicat shares and € 1,514 thousand in cash.

In February 2020, Vicat and Natixis entered into a new share buyback mandate under which Vicat gave a mandate to Natixis to acquire on its behalf and in its name, as part of its share buyback program, a maximum quantity of 40,000 shares. This program was fully implemented during the year.

NOTE 14 Employee benefits

(in thousands of euros)	December 31, 2020	December 31, 2019
Pension plans and termination benefits (TB)	62,233	65,309
Other benefits	76,789	75,926
Total pension and other post-employment benefit provisions	**139,022**	**141,235**
Plan assets (note 9)	(13,141)	(5,810)
NET LIABILITY	**125,881**	**135,425**

The Group's main plans: The Group's main defined benefit pension plans are located in Switzerland, the United States and France. Most of these plans are pre-funded through insurance policies or investments in pension funds. Funding approaches used comply with local law, particularly with respect to the minimum funding requirements for past entitlements. Given the material nature of these commitments, the Group updates its actuarial analysis each year in order to reflect the cost of these plans in its financial statements.

Net liability recognized in the balance sheet

(in thousands of euros)	December 31, 2020 Pension plans and TB	December 31, 2020 Other benefits	December 31, 2020 Total	December 31, 2019 Pension plans and TB	December 31, 2019 Other benefits	December 31, 2019 Total
Present value of funded liabilities	509,245	76,789	586,034	505,838	75,926	581,764
Fair value of plan assets	(464,627)		(464,627)	(446,339)		(446,339)
Net liability before asset limit	**44,618**	**76,789**	**121,407**	**59,499**	**75,926**	**135,425**
Limit on recognition of plan assets (asset ceiling)	4,474		4,474	-		-
NET LIABILITY	**49,092**	**76,789**	**125,881**	**59,499**	**75,926**	**135,425**

Analysis of net annual expense

(in thousands of euros)	December 31, 2020 Pension plans and TB	December 31, 2020 Other benefits	December 31, 2020 Total	December 31, 2019 Pension plans and TB	December 31, 2019 Other benefits	December 31, 2019 Total
Current service costs	(14,764)	(2,134)	(16,898)	(11,857)	(1,877)	(13,734)
Financial cost	(3,779)	(2,582)	(6,361)	(7,826)	(2,796)	(10,622)
Interest income on assets	2,332	-	2,332	5,859	-	5,859
Recognized past service costs	-	-	-	(906)	(129)	(1,035)
Curtailments and settlements	6,415	-	6,415	-	-	-
TOTAL CHARGE WITH INCOME STATEMENT IMPACT	(9,796)	(4,716)	(14,512)	(14,730)	(4,802)	(19,532)
Actuarial gains and losses on plan assets	20,846	-	20,846	36,404	-	36,404
Experience adjustments	(21,046)	5,351	(15,695)	(234)	(1,041)	(1,275)
Adjustments related to demographic assumptions	15,238	611	15,849	7,859	434	8,293
Adjustments related to financial assumptions	(9,684)	(11,270)	(20,954)	(50,856)	(10,023)	(60,879)
TOTAL CHARGE WITH IMPACT ON OTHER COMPREHENSIVE INCOME	5,354	(5,308)	46	(6,827)	(10,630)	(17,457)
TOTAL CHARGE FOR THE YEAR	**(4,442)**	**(10,024)**	**(14,466)**	**(21,557)**	**(15,432)**	**(36,989)**

The curtailments recorded during the year under "Pension plans and TB" mainly concerns the freezing of the supplementary pension plan under Article 39.

Change in financial assets used to fund the plans

(in thousands of euros)	2020 Pension plans and TB	2020 Other benefits	2020 Total	2019 Pension plans and TB	2019 Other benefits	2019 Total
FAIR VALUE OF ASSETS AT JANUARY 1st	446,339		446,339	400,913		400,913
Interest income on assets	2,332		2,332	5,665		5,665
Contributions paid in	17,684		17,684	15,777		15,777
Translation differences	(2,744)		(2,744)	15,055		15,055
Benefits paid	(24,346)		(24,346)	(20,815)		(20,815)
Changes in consolidation scope and other	-		-	-		-
Actuarial gains (losses)	25,362		25,362	29,744		29,744
FAIR VALUE OF ASSETS AT DECEMBER 31st	**464,627**		**464,627**	**446,339**		**446,339**

Analysis of plan assets by type and country at December 31, 2020

Breakdown of plan assets	France	Switzerland	United-States	India	Total
Cash and cash equivalents		2.1%			0.0%
Equity instruments		28.5%			0.2%
Debt instruments		26.5%			0.2%
Real estate assets		26.1%			0.2%
Assets held by insurers	100.0%	0.1%		100.0%	2.7%
Others		16.7%	100.0%		96.6%
TOTAL	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
PLAN ASSETS *(in thousands of euros)*	**127**	**415,308**	**47,962**	**1,230**	**464,627**

Change in net liability

(in thousands of euros)	2020 Pension plans and TB	2020 Other benefits	2020 Total	2019 Pension plans and TB	2019 Other benefits	2019 Total
NET LIABILITY AT JANUARY 1st	59,499	75,926	135,425	51,343	59,780	111,123
Charge for the year	4,441	10,025	14,466	21,557	15,432	36,989
Contributions paid in	(10,765)	-	(10,765)	(10,005)	-	(10,005)
Translation differences	(2,737)	(6,905)	(9,642)	7	1,098	1,105
Benefits paid by employer	(1,695)	(2,257)	(3,952)	(2,559)	(2,179)	(4,738)
Changes in consolidation scope	69	-	69	166	-	166
Others	280	-	280	(1,010)	1,795	785
NET LIABILITY AT DECEMBER 31st	**49,092**	**76,789**	**125,881**	**59,499**	**75,926**	**135,425**

Principal actuarial assumptions	France	Europe (excluding France)	United-States	Turkey and India	West Africa & the Middle East
Discount rate					
2020	0.25%	0.15% to 0.5%	2.75%	5.9% to 13%	4.5% to 14.5%
2019	0.5%	0.15% to 0.5%	3.5%	6.8% to 13.2%	4.5% to 14.0%
Rate of increase in medical costs					
2020			7.1% to 4.5%		
2019			7.1% to 4.5%		

Discount rate

Discount rates are determined in accordance with the principles set out in IAS 19 Revised, with reference to a market rate at year-end, based on the yields of high-quality corporate bonds issued in the monetary zone in question. They are determined on the basis of yield curves derived by outside experts from AA-rated public bonds.

When the corporate bond market in a zone is not sufficiently liquid, IAS 19 (Revised) recommends using government bonds as a benchmark.

In any event, the benchmarks used must have a maturity comparable to the commitments.

Sensitivity analysis

The main factors contributing to the volatility of the balance sheet are the discount rate and the rate of increase in medical costs.

The sensitivity of the defined benefit obligation at the end of 2020 corresponding to a variation of +/-50 basis points in the discount rate is -€ 36.9 million and +€ 40 million, respectively.

The sensitivity of the defined benefit obligation at the end of 2020 corresponding to a change of +/-1% in the rate of increase of medical costs is +€ 1 million and -€ 0.8 million, respectively.

Average duration of benefits

The average duration of benefits under all plans within the Group is 14 years.

It is expected that € 15 million in contributions will be paid into the plans over the coming year.

NOTE 15 Other provisions

(in thousands of euros)	Restoration of sites	Demolitions	Other risks (1)	Other expenses	Total
AT DECEMBER 31, 2018	49,618	1,027	24,462	5,255	80,361
Increase	3,157	13	29,478	2,271	34,919
Reversal of provisions used	(2,413)	(109)	(12,331)	(829)	(15,682)
Reversal of unused provisions	-	-	(42)	-	(42)
Change in foreign exchange rate	1,193	27	(2,644)	351	(1,073)
Changes in consolidation scope	(159)	-	52,651	42	52,534
Other movements	24	(394)	16	215	(139)
AT DECEMBER 31, 2019	51,420	564	91,590	7,305	150,878
Increase	7,420	28	11,364	3,238	22,050
Reversal of provisions used	(2,226)	(73)	(19,589)	(1,124)	(23,012)
Reversal of unused provisions	(17)	-	(113)	-	(130)
Change in foreign exchange rate	(302)	3	(19,938)	(338)	(20,575)
Changes in consolidation scope	-	-	-	-	-
Other movements	2,973	-	(2,480)	582	1,075
AT DECEMBER 31, 2020	**59,268**	**522**	**60,834**	**9,663**	**130,286**
of which less than one year	*29*	-	*5,363*	*8,131*	*13,522*
of which more than one year	*59,239*	*522*	*55,471*	*1,530*	*116,764*

Impact (net of expenses incurred) in the income statement for 2020:	Additional expense	Reversals unused
Operating income	15,674	
Non-operating income	6,376	(130)

(1) At December 31, 2020, other risks included:

- *the provisions recognized in Ciplan's (Brazil) financial statements for a total amount of € 38.8 million (€ 66 million at December 31, 2019) which mainly concern:*
  - *tax litigation relating chiefly to tax credits (ICMS) attributable to import duties related to the purchase of coke and diesel for production purposes, and disputed by the tax authorities (€ 36.4 million),*
  - *industrial relations and labor tribunal disputes following the departure of former employees (€ 2.0 million),*
  - *civil litigation involving fines and claims challenged by the company (€ 0.4 million).*

  At the time of its acquisition by the Vicat Group, Ciplan received a firm and irrevocable guarantee from its Brazilian partners for all litigation or future litigation relating to the period prior to the acquisition. This guarantee is recognized in other non-current assets for € 48.0 million (see note 9), on the one hand in respect of indemnifiable claims accounted for as a provision (€ 38.4 million) and on the other hand, in respect of a tax recorded as tax debts greater than one year (€ 9.6 million);
- *an amount of € 9.7 million (€ 11.6 million as at December 31, 2019) corresponding mainly to the estimated amount of the deductible at year-end for work-related accident claims in the United States and which will be paid by the Group;*
- *the remaining amount of other provisions amounting to € 12.3 million as at December 31, 2020 (€ 14 million as at December 31, 2019) corresponds to the sum of other provisions that, taken individually, are not material.*

NOTE 16 Net financial liabilities and put options

Financial liabilities as at December 31, 2020 break down as follows:

(in thousands of euros)	December 31, 2020	December 31, 2019
Financial liabilities at more than one year	1,261,797	1,102,263
Put options at more than one year	8,365	7,506
Lease liabilities at more than one year	157,563	178,398
Financial liabilities and put options at more than one year	**1,427,725**	**1,288,167**
Financial instrument assets at more than one year (1) - see note 9	(7,115)	(13,105)
TOTAL FINANCIAL LIABILITIES NET OF FINANCIAL INSTRUMENT ASSETS AT MORE THAN ONE YEAR	**1,420,610**	**1,275,062**
Financial liabilities at less than one year	165,375	391,594
Put options at less than one year	-	-
Lease liabilities at less than one year	47,382	59,864
Financial liabilities and put options at less than one year	**212,757**	**451,458**
Financial instrument assets at less than one year (1)	(300)	(30,072)
TOTAL FINANCIAL LIABILITIES NET OF FINANCIAL INSTRUMENT ASSETS AT LESS THAN ONE YEAR	**212,457**	**421,386**
Total financial liabilities net of financial instrument assets (1)	1,624,702	1,688,942
Total put options	8,365	7,506
TOTAL FINANCIAL LIABILITIES NET OF FINANCIAL INSTRUMENT ASSETS	**1,633,067**	**1,696,448**

(1) As at December 31, 2020, financial instrument assets (€ 7.4 million) are presented either under non-current assets (see note 9), if their maturity is more than one year (€ 7.1 million) or under other receivables, if their maturity is less than one year (€ 0.3 million). They totaled € 43.2 million as at December 31, 2019.

The change, by type of net financial liabilities and put options, breaks down as follows:

(in thousands of euros)	Financial liabilities and put options > 1 year	Financial instruments assets > 1 year	Lease liabilities > 1 year	Financial liabilities and put options < 1 year	Financial instruments assets < 1 year	Lease liabilities < 1 year	Total
AT DECEMBER 31, 2018 RESTATED	**879,713**	**(25,537)**	**195,751**	**152,813**	**-**	**47,797**	**1,250,537**
Issues	419,706		44,564	9,227		6,299	479,796
Repayments	(38,279)		(6,667)	(5,623)		(45,852)	(96,421)
Change in foreign exchange rate	(4,846)		1,136	(1,675)		(4)	(5,389)
Changes in consolidation scope	66,652		2,653	9,956		341	79,602
Other movements (1)	(213,177)	12,432	(59,039)	226,896	(30,072)	51,283	(11,677)
AT DECEMBER 31, 2019	**1,109,769**	**(13,105)**	**178,398**	**391,594**	**(30,072)**	**59,864**	**1,696,448**
Issues	196,169		42,768	14,560		7,226	260,723
Repayments	(106)		(10,994)	(209,326)		(51,203)	(271,630)
Change in foreign exchange rate	(17,819)		(8,223)	(8,253)		(2,945)	(37,239)
Changes in consolidation scope	109		26				135
Other movements (1)	(17,960)	5,990	(44,412)	(23,200)	29,772	34,440	(15,370)
AT DECEMBER 31, 2020	**1,270,162**	**(7,115)**	**157,563**	**165,375**	**(300)**	**47,382**	**1,633,067**

(1) Mainly reclassifications of less than one year of debt dated more than one year the previous financial year, and changes in bank overdrafts.

16.1. Financial liabilities

Analysis of financial liabilities by category and maturity

December 31, 2020 *(in thousands of euros)*	Total	2021	2022	2023	2024	2025	More than 5 years
Bank borrowings and financial liabilities	1,319,515	74,478	126,010	25,307	176,634	564,104	352,982
Of which financial instrument assets	*(7,416)*	*(301)*	(7,115)				
Of which financial instrument liabilities	*1,856*	*31*		803	*333*		*689*
Miscellaneous borrowings and financial liabilities	15,214	5,569	216	116	164	5,141	4,008
Lease liabilities	204,946	47,382	40,660	24,315	15,425	11,296	65,868
Current bank lines and overdrafts	85,026	85,026					
FINANCIAL LIABILITIES	**1,624,701**	**212,455**	**166,886**	**49,738**	**192,223**	**580,541**	**422,858**
of which commercial paper	*550,000*					*550,000*	

Financial liabilities due in less than one year are mainly composed of bilateral lines of Sococim Industries in Senegal, IFRS 16 debts, and bank credit balances.

December 31, 2019 *(in thousands of euros)*	Total	2020	2021	2022	2023	2024	More than 5 years
Bank borrowings and financial liabilities	1,346,450	266,522	12,967	105,144	12,640	206,646	742,531
Of which financial instrument assets	*(43,177)*	(30,072)		(13,105)			
Of which financial instrument liabilities	*2,000*	*309*			1,087	*238*	366
Miscellaneous borrowings and financial liabilities	15,223	5,993	179	194	174	268	8,415
Lease liabilities	238,262	59,864	44,065	33,869	19,269	11,075	70,120
Current bank lines and overdrafts	89,007	89,007					
FINANCIAL LIABILITIES	**1,688,942**	**421,386**	**57,211**	**139,207**	**32,083**	**217,989**	**821,066**
of which commercial paper	*550,000*						*550,000*

Characteristics of borrowings and financial debts (currencies and interest rates)

By currency (net of currency swaps)

(in thousands of euros)	December 31, 2020	December 31, 2019
Euro	1,058,152	1,105,500
US dollar	81,728	71,945
Turkish lira	17,766	10,966
CFA Franc	117,954	115,419
Swiss franc	212,644	238,578
Mauritanian ouguiya	4,284	8,159
Egyptian pound	59,901	47,022
Indian rupee	27,581	27,986
Kazakh tenge	394	103
Brazilian real	44,297	63,264
TOTAL	**1,624,701**	**1,688,942**

By interest rate

(in thousands of euros)	December 31, 2020	December 31, 2019
Fixed rate	826,223	858,512
Floating rate	798,478	830,430
TOTAL	**1,624,701**	**1,688,942**

The average interest rate on gross debt at December 31, 2020 was 3.06%, down from 3.36% at December 31, 2019.

The average maturity of the debt at December 31, 2020 is equal to 5.1 years an increase compared to December 31, 2019 where it was established at 4.3 years.

16.2. Put options granted to the minority shareholders on shares in consolidated subsidiaries

Agreements were concluded between Vicat and the International Finance Corporation in order to organize their relations as shareholders of Mynaral Tas, under which the Group granted put options to its partner on its shareholding in Mynaral Tas.

The put option granted to the International Finance Corporation was exercisable at the earliest in December 2013. Booking of this option resulted in the recognition of a liability of € 8.4 million at more than one year as at December 31, 2020 (€ 7.5 million as at December 31, 2019). This liability corresponds to the present value of the exercise price of the option granted to the International Finance Corporation.

NOTE 17 Financial instruments

In 2020, the health crisis did not call into question the risk management policy relating to financial instruments. The Vicat Group continued to manage its hedging instruments and its liquidity risk without difficulty throughout the year, as evidenced by the following:

Foreign exchange risk

The Group's activities are carried out by subsidiaries operating almost entirely in their own country and local currency. This limits the Group's exposure to foreign exchange risk. These companies' imports and exports denominated in currencies other than their own local currency are generally hedged by forward currency purchases and sales. The foreign exchange risk on intercompany loans is hedged, where possible, by the companies when the borrowing is denominated in a currency other than their operating currency.

The table below sets out the breakdown of the total amount of Group's assets and liabilities denominated in foreign currencies as at December 31, 2020:

(in millions of euros)	US dollar (USD)	EUR	Swiss franc (CHF)
Assets	186	70	192
Liabilities and contracted commitments	(158)	(79)	(37)
Net position before risk management	**27**	**(9)**	**155**
Hedging instruments	(22)	-	(180)
Net position after risk management	**5**	**(9)**	**(25)**

The net position after "risk management" in Swiss francs corresponds mainly to the debts of the Kazakh subsidiary to the Group, not swapped in the operating currency, in the absence of a sufficiently structured and liquid hedge market.

The risk of a foreign exchange loss on the net currency position assuming an unfavorable and uniform change of one percent in the operating currencies against the US dollar, totals, in euro equivalent, € 0.3 million (mainly for the Kazakhstan loan).

Moreover the principal and interest due on loans originally issued by the Group in US dollars (US$ 120 million for Vicat) was translated into euros through a series of cross currency swaps, included in the portfolio presented below (see point a).

Interest rate risk

Floating rate debt is hedged through the use of caps on original maturities of five, seven and ten years.

The Group is exposed to an interest rate risk on its financial assets and liabilities and its cash. This exposure corresponds to the price risk for fixed-rate assets and liabilities, and cash flow risk related to floating-rate assets and liabilities.

The Group estimates that a uniform change in interest rates of 100 basis points would not have a material impact on its earnings, or on the Group's net financial position as illustrated in the table below:

(in thousands of euros)	Impact on income before tax (1)	Impact on shareholders' equity (excluding impact on earnings) before tax (2)
Impact of a change of +100 bps. in the interest rate	(618)	(5,237)
Impact of a change of -100 bps. in the interest rate	2,835	2,418

(1) A positive figure corresponds to lower interest expense.
(2) A negative figure corresponds to a lower financial liability.

Liquidity risk

As at December 31, 2020, the Group had € 536 million in unutilized confirmed lines of credit that were not allocated to the hedging of liquidity risk on commercial paper (€ 440 million as at December 31, 2019).

The Group also has a € 550 million commercial paper issue program. At December 31, 2020, the amount of commercial paper issued stood at € 550 million. Commercial paper consists of short-term debt instruments backed by confirmed lines of credit in the amounts issued and classified as medium-term borrowings in the consolidated balance sheet.

Unused confirmed lines of credit are used to cover the risk of the Group's inability to issue commercial paper on the market, for an amount corresponding to the notes issued, *i.e.* € 550 million on December 31, 2020.

Some medium-term or long-term loan agreements contain specific covenants especially with regards to compliance with financial ratios, reported each half year, which can lead to an anticipated repayment (acceleration clause) in the event of non-compliance. These covenants are based on a profitability ratio (leverage: net indebtedness/consolidated EBITDA) and on capital structure ratio (gearing: net indebtedness/consolidated shareholders equity) of the Group or its subsidiaries concerned. For the purposes of calculating these covenants, the net debt is determined excluding put options granted to minority shareholders. Furthermore, the margin applied to some financing operations depends on the level reached on one of these ratios.

Considering the small number of companies concerned, essentially Vicat SA, the parent company of the Group, the low level of gearing (49.86%) and leverage (2.16) and the liquidity of the Group's balance sheet, the existence of these covenants does not constitute a risk for the Group's financial position. As at December 31, 2020, the Group is compliant with all ratios required by covenants included in financing agreements.

The portfolio of derivative financial instruments is as follows at the end of December 2020:

				Current maturity		
(in thousands of currencies)	Nominal value *(currency)*	Nominal value *(euro)*	Market value *(euro)*	< 1 year *(euro)*	1 - 5 years *(euro)*	+5 years *(euro)*
CASH FLOW HEDGES (1)						
Composite instruments						
■ Cross Currency Swap $ fixed/€ fixed	$ 120,000	97,792	7,115		7,115	
OTHER DERIVATIVES						
Interest rate instruments						
■ Euro Caps	€ 714,500	714,500	(1,825)		(1,136)	(689)
FOREIGN EXCHANGE INSTRUMENTS (1)						
Hedging for foreign exchange risk on intra-group loans						
■ VAT $	$ 40,000	32,597	63	63		
■ AAT BRL	BRL 163,000 (Brazilian real)	25,575	(31)	(31)		
■ VAT CHF	CHF 180,000 (Swiss franc)	166,636	238	238		
TOTAL		**1,037,100**	**5,560**	**270**	**5,979**	**(689)**

(1) The difference between the value of the liability at the hedged rate and at amortized cost comes to € 7.1 million.

In accordance with IFRS 13, counterparty risks were taken into account. This mainly relates to derivatives (cross currency swaps) used to hedge the foreign exchange risk of debts in US dollars, which is not the Group's operating currency. The impact of the credit value adjustment (CVA, or the Group's exposure in the event of counterparty default) and of the debit value adjustment (DVA, or the counterparty's exposure in the event of Group default) on the measurement of derivatives was determined by assuming an exposure at default calculated using the add-on method, a 40% loss given default, and a probability of default based on the credit ratings of banks or the estimated credit rating of the Group. The impact on fair value was not material and was not included in the market value of financial instruments as presented above.

In application of IFRS 7, the breakdown of financial instruments measured at fair value by hierarchical level of fair value in the consolidated statement of financial position is as follows as at December 31, 2020:

(in millions of euros)	December 31, 2020
Level 1: instruments quoted on an active market	-
Level 2: valuation based on observable market information	5.6
Level 3: valuation based on non-observable market information	39.4

NOTE 18 Other liabilities

(in thousands of euros)	December 31, 2020	December 31, 2019
Payroll liabilities	73,291	72,648
Tax liabilities	65,278	49,783
Other liabilities and accruals	131,974	118,884
TOTAL	**270,543**	**241,315**

NOTE 19 Revenue

(in thousands of euros)	2020	2019
Sales of goods	2,581,948	2,379,686
Sales of services	223,214	360,307
SALES REVENUES	**2,805,162**	**2,739,993**

Change in revenue on a like-for-like basis

(in thousands of euros)	2020	Changes in consolidation scope	Change in foreign exchange rate	2020 At constant scope and exchange rates	2019
Sales revenues	2,805,162	19,741	(104,654)	2,890,075	2,739,993

NOTE 20 Personnel costs and workforce

(in thousands of euros)	2020	2019
Wages and salaries	371,372	345,338
Payroll taxes	113,791	125,048
Employee profit sharing (French companies)	4,758	5,010
PERSONNEL COSTS	**489,921**	**475,396**
Average number of employees of the consolidated companies	9,902	9,858

Profit sharing is granted to employees of the Group's French companies in the form of either cash or shares, at the employee's option.

The allocation price of the profit share is determined on the basis of the average of the ten closing prices between the five days before and the five days after the publication of the results.

NOTE 21 Net depreciation, amortization and provisions expenses

(in thousands of euros)	2020	2019
Net charges to amortization/ depreciation of fixed assets	(203,258)	(201,525)
Net charges to amortization/ depreciation of lease right-of-use assets	(53,237)	(57,575)
Net provision expenses	(2,972)	1,207
Net charges to other assets depreciation	-	(1,595)
NET CHARGES TO OPERATING DEPRECIATION, AMORTIZATION AND PROVISIONS	**(259,467)**	**(259,488)**
Other net charges to non-operating depreciation, amortization and provisions (1)	(14,207)	(19,206)
NET CHARGES TO DEPRECIATION, AMORTIZATION AND PROVISIONS	**(273,674)**	**(278,694)**

(1) Mainly including December 31, 2020:
a. a net reversal of provisions for risks and charges with Ciplan for €8.9 million for which the company received a firm and irrevocable guarantee from its minority shareholder (allocation to provisions €16.3 million at December 31, 2019) for indemnifiable disputes provisioned for the year and relating to the period before Vicat's acquisition, (See note 9) ;
b. a depreciation of € 10.9 million related to loans made in connection with investments in the Mediterranean area (See note 9) and a goodwill impairment loss of (€7.7) million (See note 3).

NOTE 22 Other income and expenses

(in thousands of euros)	2020	2019
Net income from disposal of assets	5,221	4,115
Income from investments properties	4,126	4,279
Others (1)	15,049	28,324
Other operating income (expense)	**24,396**	**36,718**
Other non-operating income and expenses (2)	**(6,080)**	**13,622**
TOTAL	**18,316**	**50,340**

(1) Including as at December 31, 2020 an amount of € 5.1 million (€ 11.8 million as at December 31, 2019) corresponding to a tax credit related to sales tax (PIS COFIN) recorded by our Brazilian subsidiary.
(2) Mainly including December 31, 2020:
a. an expense of €8.9 million at Ciplan corresponding to the change in the firm and irrevocable guarantee provided by the minority shareholder to cover the net reversal of provisions for risks and charges in respect of disputes relating to the period prior to the acquisition.
b. income of €6.1 million at Ciplan corresponding to the income from the tax amnesty upon the repayment of the REFIS 2015 debt.
Including, on December 31, 2019, guarantee income, recognized by Ciplan, of € 16.3 million corresponding to indemnifiable disputes provisioned for the period before the acquisition by Vicat (See notes 9 and 21).

NOTE 23 Financial income

(in thousands of euros)	2020	2019
Interest income from financing and cash management activities	22,897	27,395
Interest expense from financing and cash management activities	(50,049)	(49,778)
Interest expense from lease liabilities	(9,718)	(10,984)
Cost of net financial debt	**(36,870)**	**(33,367)**
Dividends	942	1,269
Foreign exchange gains	11,122	10,732
Fair value adjustments to financial assets and liabilities	475	22
Write-back of impairment of financial assets	2,040	6
Net expense from disposal of financial assets	-	524
Discount income	3,179	-
Other income	2,913	24
Other financial income	**20,671**	**12,577**
Foreign exchange losses	(11,983)	(10,661)
Fair value adjustments to financial assets and liabilities	(603)	-
Impairment on financial assets	(6,095)	(1,722)
Net expense from disposal of financial assets	(107)	-
Discounting expenses	-	(4,883)
Other expenses	158	-
Other financial expenses	**(18,630)**	**(17,266)**
NET FINANCIAL INCOME (EXPENSE)	**(34,829)**	**(38,056)**

NOTE 24 Income tax

Component of the tax charge

(in thousands of euros)	2020	2019
Current taxes	(69,523)	(62,377)
Deferred taxes	(5,086)	(5,852)
TOTAL	**(74,609)**	**(68,229)**

Reconciliation between the theoretical and the effective tax expense

The difference between the theoretical and the effective tax expense is analyzed as follows:

(in thousands of euros)	2020	2019
Net earnings from consolidated companies	168,121	154,773
Income tax	74,609	68,229
Profit (loss) before tax	242,730	223,002
Theoretical tax rate	32.0%	34.4%
Theoretical income tax expense at the parent company rate	**(77,722)**	**(76,780)**
Reconciliation:		
France/Foreign jurisdictions spreads (1)	11,597	13,419
Transactions taxed at specific rates	(494)	29
Changes in tax rates	5,407	5,276
Permanent differences	(11,537)	(7,886)
Tax credits	373	505
Others	(2,233)	(2,792)
EFFECTIVE TAX EXPENSE	**(74,609)**	**(68,229)**

(1) Differences between French and foreign tax rates relate mainly to Switzerland, Turkey, the United States, and Egypt.

Change in deferred tax assets and liabilities

	Deferred tax assets		Deferred tax liabilities	
(in thousands of euros)	2020	2019	2020	2019
DEFERRED TAX AT JANUARY 1st	89,938	93,393	253,194	181,392
Expense/income for the year	(12,857)	(15,722)	(7,771)	(9,870)
Deferred tax recognized in other comprehensive income	2,411	3,024	3,261	1,552
Changes in consolidation scope	(94)	761	(6,102)	74,491
Reclassification	(255)	6,175	(255)	6,175
Translation and other changes	(7,221)	2,307	(28,591)	(546)
DEFERRED TAX AT DECEMBER 31st	**71,922**	**89,938**	**213,736**	**253,194**

Analysis of net deferred tax (expense)/income by principal category of timing difference

(in thousands of euros)	2020	2019
Net assets and right of use	17,249	5,300
Financial instruments	(589)	(1,983)
Pensions and other post-employment benefits	6,469	5,269
Special tax depreciation, regulated provisions and other provisions	(3,637)	8,621
Other timing differences, tax loss carry-forwards and miscellaneous	(25,428)	(21,587)
NET DEFERRED TAX INCOME/(EXPENSE)	**(5,936)**	**(4,380)**
▪ recognized in consolidated net income	*(5,086)*	*(5,852)*
▪ recognized in other comprehensive income	*(850)*	*1,472*

Source of deferred tax assets and liabilities

(in thousands of euros)	December 31, 2020	December 31, 2019
Net assets and right of use	155,386	201,426
Financial instruments	5,565	15,575
Pensions and other post-employment benefits	(34,349)	(35,209)
Special tax depreciation, regulated provisions and other provisions	19,460	10,005
Other timing differences, tax loss carry-forwards and miscellaneous	(4,248)	(28,541)
Net deferred tax liabilities	**141,814**	**163,256**
Deferred tax assets [(1)]	(71,922)	(89,938)
Deferred tax liabilities	213,736	253,194
NET BALANCE	**141,814**	**163,256**

(1) Deferred tax assets are mainly due to tax loss carryforwards of subsidiaries located in the United States and India, the limitation period of which is respectively from 2031 to 2037 and from 2022 to 2024 for the portion limited in time, the balance can be used indefinitely (18 million of deferred tax assets on tax loss carryforwards can be used indefinitely). Based on the operating forecasts of these subsidiaries, their tax loss carryforwards, whose allocation is limited in time, should be used within four years.

Deferred tax assets not recognized in the financial statements

Deferred tax assets not recognized in the financial statements as at December 31, 2020, owing either to their planned imputation during the exemption periods enjoyed by the entities concerned or to the probability of them not being recovered, amounted to € 15.5 million (€ 9.8 million as at December 31, 2019).

NOTE 25 Segment information

a) Information by business segment

Information relating to geographical areas is presented according to the geographical location of the entities concerned.

December 31, 2020 *(in thousands of euros except headcount)*	France	Europe (excluding France)	Americas	Asia	Mediterranean	Africa	Total
Income statement:							
Operating revenue	987,283	425,712	635,788	348,068	173,210	272,764	2,842,825
Inter-country eliminations	(24,136)	(2,243)	-	(72)	-	(11,212)	(37,663)
Consolidated sales	963,147	423,469	635,788	347,996	173,210	261,552	2,805,162
EBITDA (See note 1.23)	170,502	97,483	141,468	102,746	(11,009)	56,125	557,315
EBIT (See note 1.23)	92,065	55,296	86,461	68,498	(29,391)	24,919	297,848
Balance sheet							
Total non-current assets	792,729	651,369	949,285	679,009	290,748	505,029	3,868,169
Net capital employed (1)	814,515	623,455	742,390	669,945	278,996	536,163	3,665,464
Other information:							
Acquisitions of property, plant and equipment and intangible assets	92,861	42,968	169,708	16,687	14,764	38,489	375,477
Net depreciation and amortization charges	(83,230)	(37,518)	(55,519)	(33,440)	(16,028)	(30,592)	(256,327)
Average number of employees	2,987	1,097	2,132	1,228	1,510	948	9,902

December 31, 2019 *(in thousands of euros except headcount)*	France	Europe (excluding France)	Americas	Asia	Mediterranean	Africa	Total
Income statement:							
Operating revenue	1,008,475	401,410	588,862	374,628	171,313	219,801	2,764,489
Inter-country eliminations	(21,320)	(508)	-	(49)	-	(2,619)	(24,496)
Consolidated sales	987,155	400,902	588,862	374,579	171,313	217,182	2,739,993
EBITDA (See note 1.23)	182,422	96,464	115,435	88,678	(4,169)	47,301	526,131
EBIT (See note 1.23)	101,583	58,484	56,617	54,180	(22,516)	18,295	266,643
Balance sheet							
Total non-current assets	786,974	650,576	1,042,806	782,002	333,481	500,009	4,095,848
Net capital employed (1)	814,230	615,492	860,998	792,512	328,391	534,337	3,945,960
Other information:							
Acquisitions of property, plant and equipment and intangible assets	91,711	38,872	55,183	29,551	11,922	64,408	291,647
Net depreciation and amortization charges	(81,617)	(37,456)	(58,270)	(33,788)	(16,784)	(28,197)	(256,112)
Average number of employees	2,944	1,118	2,086	1,236	1,573	901	9,858

(1) Net capital employed corresponds to the sum of non-current assets, assets and liabilities held for sale, and working capital requirement, after deduction of provisions and deferred taxes.

b) Information by business segment

December 31, 2020 *(in thousands of euros)*	Cement	Concrete & Aggregates	Other products and services	Total
Income statement				
Operating revenue	1,673,216	1,082,841	434,414	3,190,471
Inter-segment eliminations	(252,160)	(33,076)	(100,072)	(385,309)
Consolidated sales	1,421,056	1,049,765	334,341	2,805,162
EBITDA (See note 1.23)	415,240	120,776	21,299	557,315
EBIT (See note 1.23)	264,432	33,531	(115)	297,848
Balance sheet				
Net capital employed (1)	2,588,856	945,340	131,268	3,665,464

December 31, 2019 *(in thousands of euros)*	Cement	Concrete & Aggregates	Other products and services	Total
Income statement				
Operating revenue	1,571,132	1,096,614	431,370	3,099,116
Inter-segment eliminations	(251,664)	(21,049)	(86,410)	(359,123)
Consolidated sales	1,319,468	1,075,565	344,960	2,739,993
EBITDA (See note 1.23)	373,129	129,868	23,134	526,131
EBIT (See note 1.23)	217,286	46,166	3,191	266,643
Balance sheet				
Net capital employed (1)	2,894,545	940,978	110,437	3,945,960

(1) Net capital employed corresponds to the sum of non-current assets, assets and liabilities held for sale, and working capital requirement, after deduction of provisions and deferred taxes.

c) Information about major customers

The Group is not dependent on any of its major customers, and no single customer accounts for more than 10% of revenue.

NOTE 26 Net cash flows generated from operating activities

Net cash flows from operating activities conducted by the Group in 2020 totaled € 528 million, compared with € 382 million as at December, 2019.

This increase in cash flows generated by operating activities between 2019 and 2020 is mainly due to a strong improvement in working capital of € 110 million compared to 2019 and an increase in cash flow from operations of € 35 million.

The components of the working capital requirement (WCR) by category are as follows:

(in thousands of euros)	WCR at 12/31/2018	Change in WCR year 2019	Other Changes (1)	WCR at 12/31/2019	Change in WCR year 2020	Other (1)	WCR at 12/31/2020
Inventories	385,133	(11,418)	27,836	401,551	(24,942)	(21,672)	354,937
Other WCR components	2,736	54,207	(65,513)	(8,570)	42,705	5,613	(45,662)
WCR	**387,869**	**42,789**	**(37,677)**	**392,981**	**(67,647)**	**(16,059)**	**309,275**

(1) Consolidation scope and miscellaneous.

NOTE 27 Net cash flows from investing activities

Net cash flows from investing activities conducted by the Group in 2020 were -€ 322 million, compared with -€ 577 million in 2019.

Acquisitions of property, plant and equipment and intangible assets

These reflect outflows for industrial investments (€ 300 million in 2020 and € 223 million in 2019) mainly corresponding, in 2020 and 2019, to investments made in the United States, France and Senegal.

Acquisition/disposal of shares in consolidated companies

Operations for the acquisition/disposal of consolidated companies carried out in 2020 resulted in a total outflow of -€ 3 million (total outflow of -€ 323 million in 2019).

The main outflows by the Group during 2020 were made for capital contributions to the Group's equity-accounted entities.

The main outflows by the Group during 2019 were mainly made to purchase 66.07% of the entity Ciplan in Brazil (see notes 2 and 3).

NOTE 28 Analysis of net cash balances

(in thousands of euros)	December 31, 2020	December 31, 2019
Cash and cash equivalents (see note 12)	422,843	398,514
Bank overdrafts	(63,684)	(69,840)
NET CASH BALANCES	**359,159**	**328,674**

NOTE 29 Remuneration of executives

Pursuant to the provisions of article 225.102-1 of the French Commercial Code, and in accordance with IAS 24, we hereby inform you that the total gross compensation paid to each company officer in 2020 was as follows: G. Sidos: € 1,181,206 and D. Petetin: € 449,389.

These amounts represent the total compensation paid by Vicat SA and any companies it controls, or is controlled by, as defined by article L. 233-16 of the French Commercial Code.

Furthermore, no stock or stock options have been granted to the above company officers with the exception of any income received under legal or contractual employee profit-sharing or incentive plans.

Lastly, the two aforementioned company officers also benefit from a supplemental pension plan as defined in article 39 of the French General Tax Code (CGI).

The corresponding commitments (€ 2,965 thousand in 2020 and € 3,966 thousand in 2019) were posted as provisions in the financial statements, in the same manner as all of the Group's postemployment benefits at the end of 2020 (See note 1.16). The change in these commitments is due to the freezing of this supplementary pension plan, as provided for by the regulations.

NOTE 30 Transactions with related companies

In addition to information required for related parties regarding the senior executives, described in note 29, related parties with which transactions are carried out include affiliated companies in which Vicat directly or indirectly holds a stake, and entities that hold a stake in Vicat.

These related-party transactions were not material and were all concluded on an arm's length basis.

These transactions have all been recorded in compliance with IAS 24 and their impact on the Group's consolidated financial statements for 2020 and 2019 is as follows, broken down by type and by related party:

	December 31, 2020				December 31, 2019			
(in thousands of euros)	Sales	Purchases	Receivables	Debts	Sales	Purchases	Receivables	Debts
Associates	2,780	2,615	3,226	4,152	5,678	2,880	3,754	3,553
Other related parties	84	1,207	12	148	76	1,246	-	270
TOTAL	**2,864**	**3,822**	**3,238**	**4,300**	**5,754**	**4,126**	**3,754**	**3,823**

NOTE 31 Fees paid to statutory auditors

Fees paid to statutory auditors and other professionals in their networks as recognized in the financial statements of Vicat SA and its fully consolidated subsidiaries for 2020 are as follows:

	KPMG Audit		Wolff & associés		Others	
2020 *(in thousands of euros)*	Amount (excl. tax)	%	Amount (excl. tax)	%	Amount (excl. tax)	%
AUDIT						
Certification of individual and consolidated financial statements	1,169	42%	459	17%	1,123	41%
▪ Vicat SA	299	57%	229	43%	-	0%
▪ Controlled entities	870	39%	230	10%	1,123	51%
SUB-TOTAL, AUDIT FEES	1,169	42%	459	17%	1,123	43%
OTHER SERVICES						
Legal, tax, employment and other matters	18	3%	-	0%	682	97%
SUB-TOTAL, OTHER SERVICES	18	3%	-	0%	682	97%
TOTAL	**1,187**	**34%**	**459**	**13%**	**1,805**	**52%**

NOTE 32 Subsequent events

No post-balance sheet event has had a material impact on the consolidated financial statements as at December 31.

NOTE 33 List of main consolidated companies as at December 31, 2020

Fully consolidated: France

COMPANY	COUNTRY	CITY	December 31, 2020 % interest	December 31, 2019 % interest
VICAT	FRANCE	L'ISLE D'ABEAU	-	-
AGENCY BULK CHARTERING VICAT	FRANCE	NANTES	49.99	49.99
ANNECY BETON CARRIÈRES	FRANCE	L'ISLE D'ABEAU	49.98	49.98
LES ATELIERS DU GRANIER	FRANCE	CHAPAREILLAN	99.98	99.98
BÉTON CONTRÔLE CÔTE D'AZUR	FRANCE	NICE	99.97	99.97
BÉTON VICAT	FRANCE	L'ISLE D'ABEAU	99.98	99.98
BÉTON TRAVAUX	FRANCE	L'ISLE D'ABEAU	99.98	99.98
CARRIÈRE DE BELLECOMBES	FRANCE	L'ISLE D'ABEAU	49.98	49.97
CENTRE D'ÉTUDE DES MATÉRIAUX ET DES BÉTONS	FRANCE	FILLINGES	79.99	79.98
DELTA POMPAGE	FRANCE	CHAMBÈRY	99.98	99.98
GRANULATS VICAT	FRANCE	L'ISLE D'ABEAU	99.98	99.98
PARFICIM	FRANCE	L'ISLE D'ABEAU	100.00	100.00
SATMA	FRANCE	L'ISLE D'ABEAU	100.00	100.00
SATM	FRANCE	CHAMBÈRY	99.98	99.98
SIGMA BETON	FRANCE	L'ISLE D'ABEAU	99.99	99.98
VICAT PRODUITS INDUSTRIELS	FRANCE	L'ISLE D'ABEAU	99.98	99.98

Fully consolidated: Rest of the world

COMPANY	COUNTRY	CITY	December 31, 2020 % interest	December 31, 2019 % interest
CIPLAN	BRAZIL	BRASILIA	66.07	66.07
SINAÏ CEMENT COMPANY	EGYPT	CAIRO	56.20	56.20
JAMBYL CEMENT PRODUCTION COMPANY LLP	KAZAKHSTAN	ALMATY	90.00	90.00
MYNARAL TAS COMPANY LLP	KAZAKHSTAN	ALMATY	90.00	90.00
BUILDERS CONCRETE	USA	CALIFORNIA	100.00	100.00
KIRKPATRICK	USA	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY OF ALABAMA	USA	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY INC	USA	DELAWARE	100.00	100.00
NATIONAL CEMENT COMPANY OF CALIFORNIA	USA	DELAWARE	100.00	100.00
NATIONAL READY MIXED	USA	CALIFORNIA	100.00	100.00
VIKING READY MIXED	USA	CALIFORNIA	100.00	100.00
WALKER CONCRETE	USA	GEORGIA	100.00	100.00
CEMENTI CENTRO SUD Spa	ITALY	GENOVA	100.00	100.00
CIMENTS & MATÉRIAUX DU MALI	MALI	BAMAKO	94.90	94.90

(1) Company merged in 2020.

COMPANY	COUNTRY	CITY	December 31, 2020	December 31, 2019
			% interest	
GÉCAMINES	SENEGAL	THIES	100.00	100.00
POSTOUDIOKOUL	SENEGAL	RUFISQUE (DAKAR)	100.00	100.00
SOCOCIM INDUSTRIES	SENEGAL	RUFISQUE (DAKAR)	99.90	99.90
SODEVIT	SENEGAL	BANDIA	(1)	100.00
ALTOLA AG	SWITZERLAND	OLTEN (SOLOTHURN)	100.00	100.00
KIESWERK AEBISHOLZ AG	SWITZERLAND	AEBISHOLZ (SOLEURE)	100.00	100.00
BETON AG BASEL	SWITZERLAND	BASEL	100.00	100.00
BETON AG INTERLAKEN	SWITZERLAND	INTERLAKEN (BERN)	75.42	75.42
BETONPUMPEN OBERLAND AG	SWITZERLAND	WIMMIS (BERN)	82.46	82.46
CREABETON MATERIAUX SA	SWITZERLAND	LYSS (BERN)	100.00	100.00
EMME KIES + BETON AG	SWITZERLAND	LÜTZELFLÜH (BERN)	66.67	66.67
FRISCHBETON AG ZUCHWIL	SWITZERLAND	ZUCHWIL (SOLOTHURN)	88.94	88.94
FRISCHBETON LANGENTHAL AG	SWITZERLAND	LANGENTHAL (BERN)	79.17	78.67
FRISCHBETON THUN	SWITZERLAND	THOUNE (BERN)	53.48	53.48
KIESTAG STEINIGAND AG	SWITZERLAND	WIMMIS (BERN)	98.55	98.55
KIESWERK NEUENDORF	SWITZERLAND	NEUENDORF (SOLEURE)	50.00	50.00
SABLES + GRAVIERS TUFFIERE SA	SWITZERLAND	HAUTERIVE (FRIBOURG)	50.00	50.00
SHB STEINBRUCH + HARTSCHOTTER BLAUSEE MITHOLZ AG	SWITZERLAND	FRUTIGEN (BERN)	98.55	98.55
SOLOTHURNER ENTSORGUNGS GESELLSCHAFT	SWITZERLAND	FLUMENTHAL (SOLOTHURN)	100.00	100.00
SONNEVILLE AG	SWITZERLAND	DEITINGEN (SOLOTHURN)	100.00	100.00
VIGIER BETON JURA SA	SWITZERLAND	BELPRAHON (BERN)	84.81	82.59
VIGIER BETON KIES SEELAND AG	SWITZERLAND	LYSS (BERN)	100.00	100.00
VIGIER BETON MITTELLAND AG	SWITZERLAND	FELDBRUNNEN (SOLOTHURN)	100.00	100.00
VIGIER BETON ROMANDIE SA	SWITZERLAND	ST. URSEN (FRIBOURG)	100.00	100.00
VIGIER BETON SEELAND JURA AG	SWITZERLAND	SAFNERN (BERN)	94.24	91.76
VIGIER CEMENT AG	SWITZERLAND	PERY (BERN)	100.00	100.00
VIGIER HOLDING AG	SWITZERLAND	DEITINGEN (SOLOTHURN)	100.00	100.00
VIGIER MANAGEMENT AG	SWITZERLAND	DEITINGEN (SOLOTHURN)	100.00	100.00
VIGIER RAIL	SWITZERLAND	MÜNTSCHEMIER (BERN)	100.00	100.00
VIGIER TRANSPORT AG (ex-GRANDY)	SWITZERLAND	LANGENDORF (SOLEURE)	100.00	100.00
VITRANS AG	SWITZERLAND	PERY (BERN)	100.00	100.00

(1) Company merged in 2020.

COMPANY	COUNTRY	CITY	December 31, 2020	December 31, 2019
			% interest	
BASTAS BASKENT CIMENTO	TURKEY	ANKARA	91.60	91.60
BASTAS HAZIR BETON	TURKEY	ANKARA	91.60	91.60
KONYA CIMENTO	TURKEY	KONYA	83.08	83.08
KONYA HAZIR BETON	TURKEY	KONYA	83.08	83.08
TAMTAS	TURKEY	ANKARA	100.00	100.00
MAURICIM	MAURITANIA	NOUAKCHOTT	100.00	100.00
BHARATHI CEMENT	INDIA	HYDERABAD	51.02	51.02
KALBURGI CEMENT	INDIA	HYDERABAD	99.98	99.98

Equity method: France

COMPANY	COUNTRY	CITY	December 31, 2020	December 31, 2019
			% interest	
BIOVAL	FRANCE	L'ISLE D'ABEAU	39.99	-
CARRIÈRES BRESSE BOURGOGNE	FRANCE	EPERVANS	33.28	33.27
DRAGAGES ET CARRIÈRES	FRANCE	EPERVANS	49.98	49.98
SABLIÈRES DU CENTRE	FRANCE	LES MARTRES D'ARTIÈRE	49.99	49.99
SCI ABBE CALES	FRANCE	CHAMBÉRY	69.99	69.98
EST LYONNAIS GRANULATS	FRANCE	DIJON	33.33	33.33

Equity method: Rest of the world

COMPANY	COUNTRY	CITY	December 31, 2020	December 31, 2019
			% interest	
HYDROELECTRA	SWITZERLAND	AU (ST. GALLEN)	50.00	50.00
SILO TRANSPORT AG	SWITZERLAND	BERN	50.00	50.00
SINAÏ WHITE CEMENT	EGYPT	CAIRO	14.27	14.27
PLANALTO	BRAZIL	BRASILIA	32.38	32.38
BIKILTAS ENERJI PETROL MADENCILIK INSAAT AS	TURKEY	SELCUKLU/KONYA	50.00	50.00