FINANCIAL STATEMENT

6.1. CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED INCOME STATEMENT

(in thousand euros)	Notes	December 31, 2021	December 31, 2022
Net sales	2-2	1,831,895	2,233,941
Cost of goods	4	(901,142)	(1,155,929)
Gross profit [a]		**930,753**	**1,078,012**
Distribution costs	4	(270,886)	(299,694)
Administrative expenses	4	(220,123)	(269,846)
Other operating expenses	4	(160,000)	(201,889)
Other income	5	180,372	6,655
Other expenses	5	(8,108)	(9,710)
Earnings before interest and taxes (EBIT)		**452,006**	**303,528**
Income from cash and cash equivalents	6	3,709	10,428
Net finance income/(net finance costs)	6	(7,926)	(23,330)
Income before tax		**447,789**	**290,626**
Income tax expense	7	(133,595)	(81,742)
Net income from consolidated entities		**314,195**	**208,884**
Net income from continuing operations	8	314,195	208,884
Net income from discontinued operations		-	-
Consolidated income		**314,195**	**208,884**
Of which non-controlling interests		-	-
Net income Group share	**8**	**314,195**	**208,884**
Earnings per share *(in euros)*		7.02	4.75
Diluted earnings per share (in euros) [b]		6.99	4.69

(a) Gross profit is the margin that the Group realizes after deducting its manufacturing costs.
(b) The dilutive elements taken into account are free shares.

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2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousand euros)		Notes	December 31, 2021	December 31, 2022
GROUP NET INCOME	**A**		**314,195**	**208,884**
OTHER COMPREHENSIVE INCOME			**-**	**-**
Actuarial differences on post-employment benefits not recyclable to the income statement [(a)]			46,158	17,071
Deferred tax on actuarial differences on post-employment benefits		7-2	(10,543)	(4,274)
Other comprehensive income not recyclable to the income statement – net of tax	**B**		**35,615**	**12,797**
Gain/(Loss) on hedge derivates			(26,523)	11,727
Exchange differences arising on translation of overseas operations [(b)]			43,868	44,447
Equity instruments at fair value			10	2
Deferred tax and current tax recognized on other comprehensive income		7-2	7,422	(2,691)
Other comprehensive income recyclable to the income statement – net of tax	**C**		**24,777**	**53,485**
TOTAL COMPREHENSIVE INCOME	**D = A + B + C**		**374,587**	**275,166**
Attributable to:				
• BIC Group			374,587	275,166
• Non-controlling interests			-	-
TOTAL			**374,587**	**275,166**

(a) *The impact of actuarial differences is mainly due to U.S., France and UK plans.*
(b) *The main items impacting the translation reserve variance for the period, by currency, are as follows: U.S. dollar (24.5 million euros), Brazilian real (17.2 million euros) and Mexican peso (14.4 million euros).*

3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

(in thousand euros)	Notes	December 31, 2021	December 31, 2022
Goodwill	10	256,058	297,610
Other intangible assets	11	66,032	109,782
Property, plant and equipment	9	588,799	612,632
Investment properties		1,892	1,598
Other non-current assets	12	25,788	29,736
Deferred tax assets	13	131,458	129,709
Derivative instruments	24-4, 24-5	62	3,464
Non-current assets		**1,070,090**	**1,184,531**
Inventories	14	490,222	588,257
Income tax advance payments		30,475	39,335
Trade and other receivables	14, 22-5	418,186	414,682
Other current assets		16,259	23,022
Derivative instruments	24-4, 24-5	1,694	10,802
Other current financial assets	20, 22-6	-	6,540
Cash and cash equivalents	20, 22-4	468,914	416,317
Current assets		**1,425,750**	**1,498,955**
TOTAL ASSETS		**2,495,840**	**2,683,486**

Equity and liabilities

(in thousand euros)	Notes	December 31, 2021	December 31, 2022
Share capital	15-1	169,665	166,307
Reserves and retained earnings		1,554,155	1,709,979
Shareholders' equity Group share		**1,723,820**	**1,876,286**
Non-controlling interests		-	-
Shareholders' equity	**SHEQ**	**1,723,820**	**1,876,286**
Non-current borrowings	16, 22-6	23,782	42,839
Other non-current liabilities		12,866	9,338
Employee benefits obligation	18.3	80,016	57,419
Provisions	17	20,328	19,124
Deferred tax liabilities	13	68,654	73,161
Derivative instruments	24-4, 24-5	14	237
Non-current liabilities		**205,660**	**202,118**
Trade and other payables	14	149,154	181,108
Current borrowings	16	76,287	76,543
Current tax due		35,265	44,747
Other current liabilities	19	292,154	293,201
Derivative instruments	24-4, 24-5	13,499	9,483
Current liabilities		**566,360**	**605,082**
TOTAL EQUITY AND LIABILITIES		**2,495,840**	**2,683,486**

SHEQ: see consolidated statement of changes in equity.

4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousand euros)	Notes	Share capital	Accu-mulated profits	Additional paid in capital	Actuarial differences recognized in equity	Translation reserve	Hedge derivatives	Share-holders' equity Group share	Non-control-ling interests	Share-holders' equity
At January 1, 2021		**171,809**	**1,621,415**	**17,786**	**(111,979)**	**(255,486)**	**12,663**	**1,456,208**	**-**	**1,456,208**
Dividends paid	*21*	*-*	*(80,919)*	*-*	*-*	*-*	*-*	*(80,919)*	*-*	*(80,919)*
Decrease in share capital		*(2,742)*	*(36,487)*	*-*	*-*	*-*	*-*	*(39,229)*	*-*	*(39,229)*
Treasury shares		*598*	*(482)*	*-*	*-*	*-*	*-*	*116*	*-*	*116*
Recognition of share-based payments	*23*	*-*	*-*	*10,446*	*-*	*-*	*-*	*10,446*	*-*	*10,446*
Hyperinflation impact in Argentina		*-*	*2,523*	*-*	*-*	*-*	*-*	*2,523*	*-*	*2,523*
Other		*-*	*89*	*-*	*-*	*-*	*(1)*	*88*	*-*	*88*
Total transactions with Shareholders		***(2,144)***	***(115,276)***	***10,446***	***-***	***-***	***(1)***	***(106,975)***	***-***	***(106,975)***
Net income for the period		*-*	*314,195*	*-*	*-*	*-*	*-*	*314,195*	*-*	*314,195*
Other comprehensive income		*-*	*(42)*	*-*	*35,615*	*43,868*	*(19,049)*	*60,392*	*-*	*60,392*
Total comprehensive income		***-***	***314,153***	***-***	***35,615***	***43,868***	***(19,049)***	***374,587***	***-***	***374,587***
At December 31, 2021		**169,665**	**1,820,292**	**28,232**	**(76,364)**	**(211,618)**	**(6,387)**	**1,723,820**	**-**	**1,723,820**
At January 1, 2022		**169,665**	**1,820,292**	**28,232**	**(76,364)**	**(211,618)**	**(6,387)**	**1,723,820**	**-**	**1,723,820**
Dividends paid	*21*	*-*	*(94,744)*	*-*	*-*	*-*	*-*	*(94,744)*	*-*	*(94,744)*
Decrease in share capital [(a)]		*(2,772)*	*(36,403)*	*-*	*-*	*-*	*-*	*(39,175)*	*-*	*(39,175)*
Treasury shares		*(586)*	*(14,180)*	*-*	*-*	*-*	*-*	*(14,766)*	*-*	*(14,766)*
Recognition of share-based payments	*23*	*-*	*-*	*14,663*	*-*	*-*	*-*	*14,663*	*-*	*14,663*
Hyperinflation impact in Argentina		*-*	*11,391*	*-*	*-*	*-*	*-*	*11,391*	*-*	*11,391*
Other		*-*	*(69)*	*-*	*-*	*-*	*-*	*(69)*	*-*	*(69)*
Total transactions with Shareholders		***(3,358)***	***(134,005)***	***14,663***	***-***	***-***	***-***	***(122,700)***	***-***	***(122,700)***
Net income for the period		-	208,884	-	-	-	-	208,884	-	208,884
Other comprehensive income		-	729	-	12,797	44,447	8,309	66,282	-	66,282
Total comprehensive income		***-***	***209,613***	***-***	***12,797***	***44,447***	***8,309***	***275,166***	***-***	***275,166***
At December 31, 2022		**166,307**	**1,895,900**	**42,895**	**(63,567)**	**(167,171)**	**1,922**	**1,875,286**	**-**	**1,876,286**

(a) 725,703 shares have been cancelled during the year 2022.

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5. CONSOLIDATED CASH FLOW STATEMENT

(in thousand euros)	Notes	December 31, 2021	December 31, 2022
Operating activities			
Net income Group share	IS	314,195	208,884
Argentina hyperinflationary accounting		1,943	7,959
Depreciation and amortization of intangible and tangible assets and investment properties	2, 4	111,794	117,201
Impairment loss on tangible and non-tangible assets	2	2	2,144
Subsidiaries acquisition costs		-	2,540
Provision for employee benefits	18	3,226	8,083
Other provisions (excluding provisions on current assets)	17	(1,683)	(1,754)
Unrealized foreign currency gain/loss	20 [(a)]	(1,445)	(3,315)
Hedging and derivative instruments		8,637	(5,152)
Option premium expense		491	729
Recognition of share-based payments	SHEQ, 23	10,446	14,663
Financial expense/(income)		(372)	(4,274)
Income tax expense	7	140,965	80,951
Deferred tax variation		(7,370)	791
(Gain)/loss from disposal of other fixed assets	5, 20 [(b)]	140	(1,431)
Gain on sale of Clichy headquarters	5, 20 [(b)]	(167,711)	-
Gain on disposal of Pimaco	5, 20 [(b)]	(3,027)	-
Cash flow from operations		**410,231**	**428,020**
(Increase)/decrease in net working capital	14, 20 [(c)]	(19,928)	(29,199)
Payments related to employee benefits	18-2, 20 [(d)]	(9,325)	(17,048)
Income tax paid		(100,421)	(81,779)
NET CASH FROM OPERATING ACTIVITIES		**280,556**	**299,994**
Investing activities			
Diposal of Pimaco		4,600	1,098
Sale of Clichy headquarters	20 [(b)]	127,944	-
Disposal of other fixed assets	20 [(b)]	6,644	2,906
Purchases of property, plant and equipment	9-1, 20 [(e)]	(66,178)	(83,590)
Purchases of intangible assets	11, 20 [(e)]	(8,691)	(12,677)
(Increase)/Decrease in other investments		408	(1,584)
Purchase of other current financial assets	20 [(f)]	-	(4,822)
Acquisition of subsidiaries	20 [(g)]	(7,154)	(73,790)
NET CASH FROM INVESTING ACTIVITIES		**57,573**	**(172,459)**
Financing activities			
Dividends paid	SHEQ, 20 [(h)], 21	(80,919)	(94,744)
Borrowings/(repayments)	16, 20 [(i)]	(11,992)	(5,015)
Interest (paid)/received		364	2,038
Payments of obligations under leases	16	(16,650)	(16,597)
Purchase of financial instruments		(222)	(877)
Increase in treasury shares	20 [(j)]	(38,854)	(53,828)
External loans		-	(6,152)
NET CASH FROM FINANCING ACTIVITIES		**(148,273)**	**(175,175)**
Net cash variation		189,856	(47,640)
Opening cash and cash equivalents net of bank overdrafts	BS, 16, 22	264,733	468,413
Exchange difference		13,824	(5,553)
CLOSING CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS	**BS, 16, 22**	**468,413**	**415,219**

IS: see consolidated income statement.
SHEQ: see consolidated statement of changes in equity.
BS: see consolidated balance sheet.
References from (a) to (j) explained in Note 20.

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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SOCIÉTÉ BIC is a French public limited company (société anonyme), subject to the regulatory corupus governing commercial companies in France, and particularly to the provisions of the French Commercial Code. Its headquarters are located at 12, boulevard Victor Hugo, (92110) Clichy in France and the company is listed on Euronext. The principal place of business is located at the same address.

The annual consolidated financial statements reflect the accounting position of SOCIÉTÉ BIC and its subsidiaries (the "Group"). They are presented in euros and rounded to the nearest thousand. The Group's business is the production and sale of stationery, lighters and shavers.

NOTE 1 MAIN RULES AND ACCOUNTING POLICIES

Approval of the financial statements

The Group's consolidated financial statements for the year ending 2022 were approved by the Board of Directors' Meeting of February 14, 2023 and are submitted for approval to the Annual Shareholders' Meeting to be held on May 16, 2023.

1-1 Accounting policies

1-1-1 General policies

Pursuant to European regulation (EC) n° 1606/2002 of July 19, 2002 on the application of international accounting standards, the consolidated financial statements of the Group have been prepared in accordance with accounting principles as defined by the International Accounting Standards Board (IASB) as adopted by the European Union as of December 31, 2022.

The international standards include the IFRS (International Financial Reporting Standards), the IAS (International Accounting Standards), as well as their SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee) interpretations.

At the end of the year, the reference standards used and the standards adopted by the IASB, for which application is mandatory for the period presented, matched.

The financial statements have been prepared on a historical cost basis, except for the valuation of certain financial instruments measured at the fair value. The main accounting policies remained unchanged compared to the 2021 fiscal year, except for the following policies, effective since January 1, 2022.

1-1-2 Adoption of new and revised IFRS, interpretations and amendments

Standards, interpretations and amendments effective for periods starting January 1, 2022

The following standards and amendments, effective since January 1, 2022, were applied to the consolidated financial statements for the period ended December 31, 2022:

- Amendments to IFRS 4 – Temporary exemption from IFRS 9;
- Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use;
- Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets – Onerous contracts – Cost of Fulfilling a Contract;
- Annual Improvements – 2018-2020;
- Amendments to IFRS 3 – Business Combinations – References to the conceptual framework;
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2.

The application of these standards and amendments did not have any material impact on the Group's accounts.

Standards, interpretations and amendments with mandatory application after 2021 and adopted by the European Union

- Amendments to IAS 8 – Accounting Policy changes;
- Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses;
- Amendments to IFRS 16 – Leases – Covid-19 rent relief beyond June 30, 2021.

In 2022, the Group did not elect to apply early any standard, interpretation or amendment approved by the European Union.

Standards, interpretations and amendments issued with mandatory application after 2022 but not yet adopted by the European Union that may have an impact on the Group's financial statements

- Amendments to IAS 1 – Presentation of Financial statements: Classification of Liabilities as Current or Non-current.

Analysis on the practical consequences of this new amendment is in progress.

1-1-3 Consolidation of subsidiaries

The consolidated financial statements include the financial statements of the parent company, SOCIÉTÉ BIC, and of the entities controlled by SOCIÉTÉ BIC ("its subsidiaries"). An investor controls an investee if it has the exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with those used by other entities of the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

1-1-4 Estimates and judgments

In preparing the consolidated financial statements, the Group formulates estimates and assumptions that impact the financial statements and information in certain notes to the financial statements. The Group regularly reviews these estimates and assumptions in order to take into account past experience as well as changes in the economic environment, especially in some key countries of the Group. The results of these reviews could lead to the amounts published in future consolidated financial statements differing from those previously disclosed.

The assumptions on which the main estimates are based and the assessment made are explained in the following notes:

- Note 1.2: Change in Group structure;
- Note 10: Goodwill;
- Note 13: Deferred tax;
- Note 17: Provisions;
- Note 18: Pensions and other employee benefits;
- Note 22.6: Fair value of financial assets and liabilities;
- Note 24: Derivative financial instruments and hedge accounting.

1-1-5 Hyperinflation accounting in Turkey

Turkey is now considered as “hyperinflationary” as defined by IFRS rules.

The hyperinflation in Turkey has no significant impact on Group’s accounts.

1-1-6 Climate change and sustainable development

Climate change is one of the most important challenge of mankind in the 21st century. The Group has long committed to review, disclose and reduce its activities’ impact on the environment. These actions have been rewarded with a renewed A- grade in the leadership category of the Carbon Disclosure Project (CDP).

When preparing financial statements, the Group uses estimates and judgments for valuation and recognition of assets and liabilities. These estimates are linked to identified risks applicable to the Group’s activities. Among those, climate-change related risks are being carefully considered.

Those risks are mainly related to:

- increase in carbon-intensive raw material costs (plastic, metal, gaz and chemicals) due to energy-saving programs and other indirect costs to enable an improved access to sustainable raw material, amid global competition;
- destruction of assets linked to physical climate related event directly impacting BIC’s operations.

As part of its program “Writing the future, together” and according to the Paris Agreement, the Group has committed by 2030 to reduce its GHG compared to 2019:

- 50% for direct GHG emissions (scope 1), through the use of alternative heat sources and low impact refrigerants;
- 100% for direct GHG emissions (scope 2), thanks to renewable sourcing for all electricity consumption;
- 5% for GHG of scope 3, through the selection of suppliers of low carbon impact raw material.

In addition to strategic decision and commitments, BIC has made effective investments in 2022 to reach these objectives. The Group has put into service noticeable industrial asset in the Manaus factory. This investment, amounting 3 million euros, has led to a reduction of annual electricity consumption of 6 GWh as well as 66% reduction of cooling gas consumption, having a favorable impact on GHG emissions of scope 1.

The Management includes climate-change related risks in its business plans used in impairment tests. The Group’s commitments have not triggered any impact on impairment tests.

1-2 Change in Group structure

Accounting policies

In accordance with Revised IFRS 3 – Business Combinations, business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities assumed are measured at fair value at the acquisition date and, when appropriate, non-controlling interests in the acquiree are measured at either fair value or at the proportionate part in the fair value of the assets and liabilities of the acquired entity. This option is available on an individual basis for each business combination transaction.

Any share previously held in the acquiree before the takeover, should be reassessed at fair value and the corresponding profit or the loss recorded in the income statement.

Badwill is recorded immediately in the income statement.

When incurred, acquisition costs are recognized immediately as expenses, except those relating to equity instruments (which are recognized as a deduction to the Shareholders' equity).

Any potential price adjustment is estimated at fair value as of the acquisition date and this initial assessment can only later be adjusted against goodwill in the case of new information related to facts and circumstances existing at the date of acquisition and to the extent that the assessment was still described as provisional (assessment period limited to 12 months); any subsequent adjustments that do not meet these criteria are recorded as a liability or receivable through the Group income statement.

Put options granted to non-controlling interests of fully consolidated subsidiaries are considered as financial debt. The value of the debt is estimated using the formulas or prices set contractually. When utilizing formulas based upon multiples of earnings minus debt, the Group uses the actual profit/loss of the entity in the period and its debt at the closing date of the fiscal year.

The Group enters these put options as a financial debt at the present value of the put exercise price with Group Shareholders' equity as a counterpart; subsequent changes in debt are treated similarly.

Change in the consolidation scope

Inkbox

BIC has announced on February 1, 2022 that is has completed the acquisition of Inkbox Ink Incorporated for 65 million U.S. dollars (58 million euros).

This investment was fully consolidated in the financial statements as of February 1, 2022. This acquisition has been treated as a business combination.

A preliminary goodwill amounting 65.9 million U.S. dollars (58 million euros as of February 1, 2022) has been determined based on the fair value of net assets of Inkbox at the acquisition date. This amount is provisional as of February 1, 2022. The preliminary goodwill was allocated to the assets as follows:

- the Inkbox trademark amounting 24.2 million U.S. dollars, *i.e.* 21.5 million euros as of February 1, 2022;
- the patent and the software amounting 13.4 million U.S. dollars, *i.e.* 11.9 million euros as of February 1, 2022;
- a non-compete agreement amounting 1.1 million U.S. dollars, *i.e.* 0.9 million euros as of February 1, 2022;
- the related deferred tax liability amounting 3.9 million U.S. dollars, *i.e.* 3.5 million euros as of February 1, 2022.

The preliminary goodwill amounts thus 31.3 million U.S. dollars, *i.e.* 27.8 million euros as of February 1, 2022.

Tattly

On July 26, 2022 BIC acquired Tattly to build capabilities in skin creative in-line with our *Horizon* strategy.

The total consideration for this acquisition is not significant.

Advanced Magnetic Interaction (AMI)

On September 6, 2022 BIC acquired AMI to strengthen BIC's R&D capabilities in digital expression, one of the pillars of BIC's *Horizon* strategic plan, and will accelerate the deployment of AMI's patented technology, notably through B2B activity in digital creative and consumer electronics applications.

The total consideration for this acquisition is not significant.

1-3 Significant events

In March 2022, the new BIC headquarters has been finalized. This new lease is increasing the property, plant and equipment and the borrowings by 25 million euros following IFRS 16 (see Note 9 and Note 16).

Ukraine crisis - February 2022

The Group closely monitors the potential consequences of the Ukraine crisis, which is evolving rapidly. Our utmost priority is to help and protect our team members. An action plan has been implemented to ensure their safety.

Russia and Ukraine accounted for 2.8% of BIC's 2022 total net sales. The Group doesn't have any industrial presence in these two countries.

This crisis could affect the supply and prices of certain raw materials, and has increased the risk of cyberattack.

1-4 Subsequent events

No other subsequent event occurred between January 1, 2023 and the reporting date.

NOTE 2 OPERATING SEGMENTS

Accounting policies

IFRS 15 requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is presented in a five-step model:

1. identify the contract(s) with a customer;
2. identify the performance obligations in the contract;
3. determine the transaction price;
4. allocate the transaction price to the performance obligations in the contract;
5. recognize revenue when (or as) the entity satisfies a performance obligation.

The impact on the consolidated financial statements is limited and concerns certain contractual clauses in the sales agreements. The main impact is related to business development funds that consist of general brand promotions or advertising services (that the Group could have also acquired from a third-party advertising supplier) and is accounted for as an operating expense instead of net sales.

2-1 General information

According to IFRS 8, the Group operating segments have been determined based on the reports regularly provided to the management and used to make strategic decisions.

The measurement policies that the Group uses for segmental reporting under IFRS 8 are the same as those used in its financial statements.

The management, composed of operational representatives responsible for the continents, representatives of the categories and cross-functional areas, considers the business from a product category perspective, knowing that each category can be reviewed for a specific geographic area if necessary.

These operating segments receive their revenues from the production and distribution of each product category.

Following the new organization announced at the time of BIC's transformation plan launched in February 2019, a new financial information structure was put in place starting in 2020.

The unallocated costs have been excluded from categories' income from operations and normalized income from operations, and will be presented separately:

- Human Expression;
- Flame for Life;
- Blade Excellence;
- other products;
- unallocated costs.

Unallocated costs include the following:

- net costs (balance of income and expenses):
  - corporate headquarters costs including information technology, finance, legal and HR costs,
  - shared services center costs;
- other net costs that can't be allocated to categories, notably restructuring costs, gains or losses on assets' divestiture, etc.

2-2 Information by activity

Since Q1 2021, BIC has evolved its financial communication and KPIs to adapt to the *Horizon* plan.

Normalised income from operations is replaced by adjusted EBIT.

All indicators are determined according to IFRS, except for:

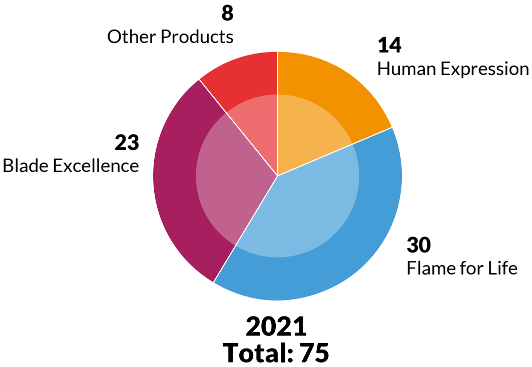
- adjusted income from operations, which is the EBIT restated for non-recurring items (in particular real estate gains, the gain or loss on the sale of businesses and restructuring costs). It constitutes the key financial metrics used within the Group;
- capital additions, which are the purchases and internal generation of property, plant and equipment and intangible fixed assets for the period.

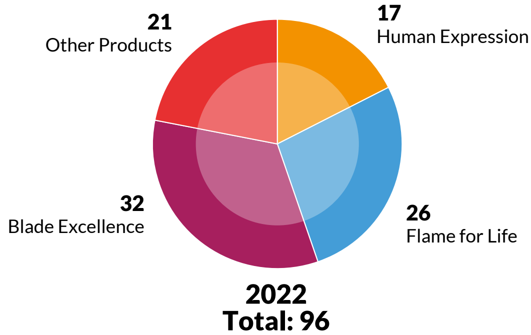
	At December 31, 2021						At December 31, 2022					
(in million euros)	**Human Expression**	**Flame for Life**	**Blade Excellence**	**Other Products**	**Unallo-cated costs**	**Total**	**Human Expression**	**Flame for Life**	**Blade Excellence**	**Other Products**	**Unallo-cated costs**	**Total**
Income statement												
• *Net sales*	*684*	*719*	*401*	*28*	*-*	*1,832*	839	872	497	26	-	2,234
• *Depreciation and amortization*	*(31)*	*(28)*	*(27)*	*(26)*	*-*	*(112)*	(35)	(29)	(32)	(21)	-	(117)
• *Impairment loss*	*-*	*-*	*-*	*-*	*-*	*-*	-	-	(2)	-	-	(2)
• *EBIT*	*41*	*268*	*57*	*(5)*	*91*	*452*	21	304	64	(3)	(83)	304
Restatements made to obtain adjusted EBIT												
• *Restructuring costs*	*1*	*2*	*-*	*-*	*1*	*4*	-	-	-	-	-	-
• *Clichy headquarters sales capital gain*	*-*	*-*	*-*	*-*	*(168)*	*(168)*	-	-	-	-	-	-
• *PIMACO divestiture capital gain*	*(3)*	*-*	*-*	*-*	*-*	*(3)*	-	-	-	-	-	-
• *Acquisition costs / Price adjustments Rocketbook & Djeep*	*1*	*-*	*-*	*-*	*-*	*1*	*4*	*1*	-	-	-	5
• *Europe Pensions*	*(4)*	*-*	*1*	*-*	*(4)*	*(7)*	-	-	-	-	-	-
• *Ukraine impairment*	*-*	*-*	*-*	*-*	*-*	*-*	-	1	2	-	-	3
Adjusted EBIT	**37**	**270**	**57**	**(5)**	**(79)**	**280**	**25**	**305**	**67**	**(3)**	**(83)**	**312**

As of December 31, 2022, BIC has not identified any customer with which it realized more than 10% of its net sales over the period.

CAPITAL ADDITIONS [1] [2] (WITHOUT RIGHTS OF USE)

(in million euros)

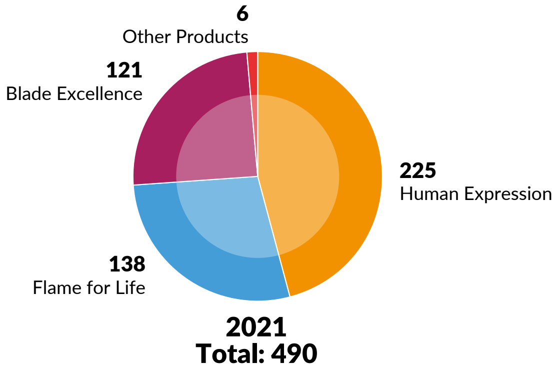


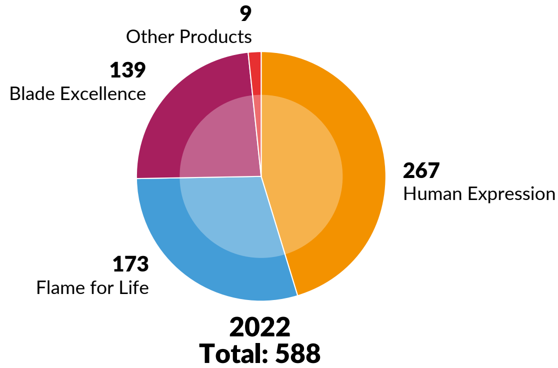


(1) Excluding 2022 capital additions not cashed out end of December 2022 and including capital additions cashed out in 2022 related to 2021 for a net amount of -2.1 million euros.
(2) Excluding 2021 capital additions not cashed out end of December 2021 and including capital additions cashed out in 2021 related to 2020 for a net amount of + 6.1 million euros.

NET INVENTORIES

(in million euros)



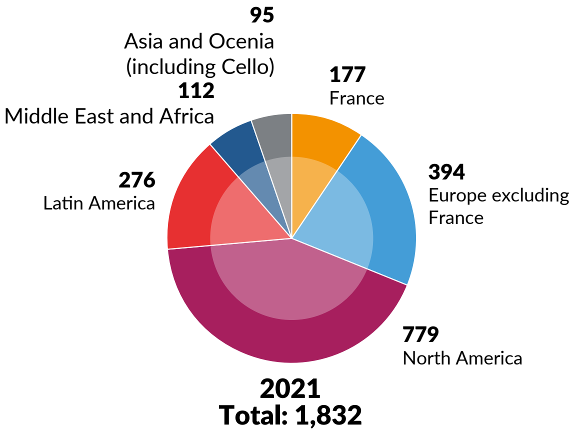


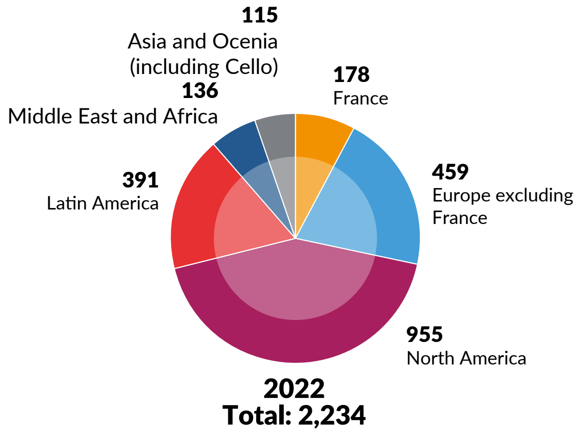
2-3 Information by geography

The regions identified by the management are the following:

NET SALES

(in million euros)

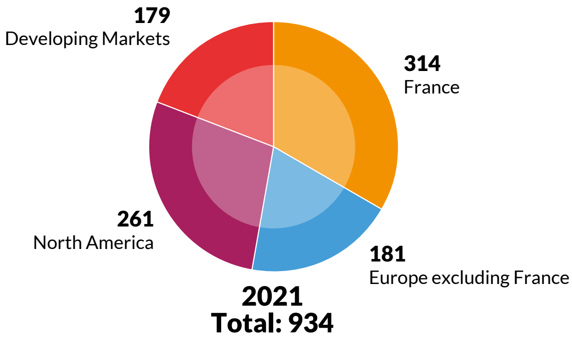


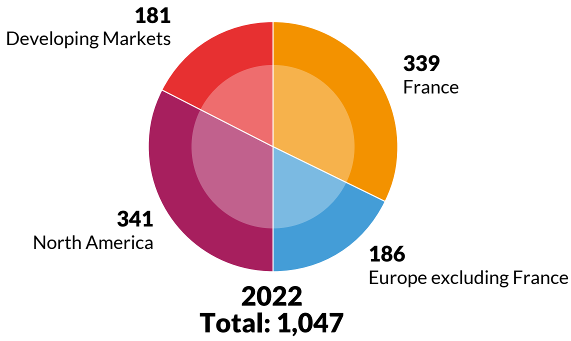


The Group may grant year-end rebates. These rebates are booked in net sales and amounted 103 million euros as of December 31, 2022 compared to 124 million euros as of December 31, 2021.

NON CURRENT ASSETS[(1)]

(in million euros)





(1) Other than financial instruments (3.5 million euros in 2022 and 0.1 million euros in 2021), deferred tax assets (129.7 million euros in 2022 and 131.4 million euros in 2021) and deferred pensions (4.1 million euros in 2022 and 4.4 million euros in 2021).

NOTE 3 EXCHANGE RATES OF FOREIGN CURRENCIES

Accounting policies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the result and financial position of each entity are expressed in a common currency, the euro, which is the functional currency of SOCIÉTÉ BIC as well as the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At each closing date, monetary items denominated in foreign currencies are translated at the closing rate. Non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the transaction date. Non-monetary items that are measured at fair value are translated using the exchange rates prevailing at the date of the measurement.

Exchange differences arising from the settlement of monetary items, and on the translation of monetary items, are recognized in profit or loss for the period.

To hedge its exposure to certain foreign exchange risk, the Group enters into forward contracts and options (see Note 24 for details of the Group's accounting policies regarding derivative financial instruments).

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are converted into euros using the exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized as a separate line item in equity under the Group's translation reserve and are recognized in profit or loss in the period in which the foreign operation is disposed of.

The following table shows foreign currency equivalents of one euro (for instance: average 2022 is 1 euro = 1.05 U.S. dollars).

	Average 2021	Average 2022	December 31, 2021	December 31, 2022
Foreign currency	**Euro**	**Euro**	**Euro**	**Euro**
U.S. dollar – USD	1.18	1.05	1.13	1.07
Australian dollar – AUD	1.57	1.52	1.56	1.57
Canadian dollar – CAD	1.48	1.37	1.44	1.44
Swiss franc – CHF	1.08	1.00	1.03	0.98
Chinese renminbi – CNY	7.62	7.08	7.19	7.36
British pound – GBP	0.86	0.85	0.84	0.89
Hong Kong dollar – HKD	9.19	8.25	8.83	8.32
Indian rupee – INR	87.39	82.76	84.23	88.17
Japanese yen – JPY	129.91	138.11	130.38	140.66
Korean won – KRW	1,353.80	1,357.76	1,346.00	1,344.09
Malaysian ringgit – MYR	4.90	4.63	4.72	4.70
New Zealand dollar – NZD	1.67	1.66	1.66	1.68
Philippine peso – PHP	58.27	57.33	57.76	59.32
Polish zloty – PLN	4.57	4.69	4.60	4.68
Swedish krona – SEK	10.15	10.64	10.25	11.12
Kenyan Shilling – KES	129.85	124.66	128.67	131.71
Nigerian Naira – NGN	481.54	446.03	480.35	473.57
South African rand – ZAR	17.47	17.21	18.06	18.10
Argentinian peso – ARS	116.32	188.94	116.32	188.94
Brazilian real – BRL	6.38	5.44	6.31	5.64
Mexican peso – MXN	23.99	21.19	23.14	20.86
Ukrainian hryvnia – UAH	32.90	34.33	30.94	39.39
Russian ruble – RUB	87.13	72.77	85.30	76.94

As of December 31, 2022, Argentina is still considered a “hyperinflationary” country. As a result, the Group continues to apply IAS 29.

At the closing date, non-monetary assets and liabilities are restated using the general price index IPIM (Internal Wholesale Price Index).

Income statement items are restated by applying the change in this general price index from the initial recognition of income and expense items in the financial statements.

6

NOTE 4 OPERATING EXPENSES

Accounting policies

Government grants are recognized in profit or loss over the periods necessary to match them with the associated costs and presented as a reduction to the related expenses.

Research expenses are recognized as expenses in the period in which they are incurred.

Operating expenses breakdown is as follow:

(in thousand euros)	As of December 31, 2021	As of December 31, 2022
Raw materials, consumables used and change in inventory	497,399	639,671
Staff costs	488,984	547,512
Depreciation and amortization expenses	111,794	117,201
Other operating expenses	469,110	596,841
Impairment loss on manufacturing equipment	2	42
(Profit) / loss on operational foreign currency translation	(15,137)	26,091
TOTAL	**1,552,152**	**1,927,358**

Other income and expenses are not included in the total amount and are disclosed in Note 5.

Other operating expenses mainly include outside services.

Research and development costs recognized under "Other operating expenses" for 2022 amounted to 24.1 million euros, *versus* 25.7 million euros during 2021.

They include the French research tax credit for 1.3 million euros, compared to 1.5 million euros in 2021.

NOTE 5 OTHER INCOME AND EXPENSES

(in thousand euros)	As of December 31, 2021	As of December 31, 2022
Royalty income	5	38
Gain on sale of Clichy's headquarters	167,711	-
Gain on disposal of fixed assets	2,038	1,431
France and United Kingdom favorable pensions adjustment	7,040	-
PIMACO divestiture gain	3,027	-
Other	551	5,186
Other income	**180,372**	**6,655**
Impairment	-	(2,106)
Cost reduction plans	(4,248)	-
Djeep & Rocketbook earn-out adjustment	-	(701)
Other	(3,860)	(6,903)
Other expenses	**(8,108)**	**(9,710)**
TOTAL	**172,264**	**(3,055)**

Other expenses incurred in 2022 mainly include:

- 1.4 million euros impairment of receivables and 0.7 million euros impairment of inventories which have been booked to reflect the situation in Ukraine;
- 0.7 million euros earn-out increase adjustment related to Djeep and Rocketbook acquisitions.

Other income and expenses incurred in 2021 mainly include:

- 167.7 million euros from Clichy Headquarters sale;
- 7.0 million euros of favorable pensions adjustment in France linked to the change of the collective agreement to be effective in 2024 and in the United Kingdom;
- PIMACO divestiture gain for 3.0 million euros;
- 4.2 million euros of restructuring costs, of which the transformation plan is the main driver.

NOTE 6 NET FINANCIAL INCOME

Accounting policies

Interest income is accrued on a time basis, by reference to the effective yield on the asset, namely the interest rate, which exactly discounts estimated future cash receipts over the expected life of the financial asset to the asset's initial value.

Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

Considering the nature of the BIC Group's activities, interest and dividends received are disclosed as financial income in the income statement.

All borrowing costs are recognized as expenses in the period in which they are incurred.

For lease contracts falling within the scope of IFRS 16, the rental expense is replaced by a depreciation charge on the right of use booked in operating expenses (see Note 4) and an interest expense recorded in financial expense.

Net financial income breakdown is as follow:

(in thousand euros)	As of December 31, 2021	As of December 31, 2022
Interest income from cash and cash equivalents	966	2,694
Interest on bank deposits	2,743	7,735
Income from cash and cash equivalents	**3,709**	**10,428**
Interest expense	(2,548)	(7,629)
Cost of financial debt – IFRS 16	(1,188)	(965)
Argentina hyperinflation accounting – IAS 29	(5,505)	(18,760)
Net financial foreign exchange difference	1,315	4,024
Net finance income/(net finance costs)	**(7,926)**	**(23,330)**
FINANCE (COSTS)/REVENUE	**(4,217)**	**(12,902)**

Net financial income decreased during 2022 compared to 2021. It comes from several factors:

- 2022 was more negatively impacted by Argentina hyperinflation;

partly offset by:

- income from cash and cash equivalents increased compared to the previous period due to higher interest rates, thanks to the return of positive interests on currency markets, especially euro and U.S. dollar.

In fiscal year 2020, the Group has improved its access to short and medium-term liquidity through the implementation of a 3-year, 200 million euros Revolving Credit Facility (R.C.F.) and a 200 million euros NeuCP program.

To date, the R.C.F. has not yet been drawn down, and NeuCP's outstanding balance amounts to 50 million euros.

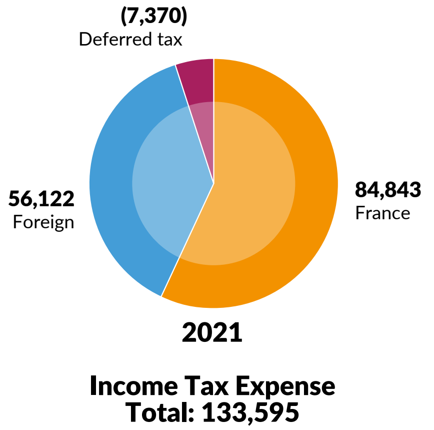
NOTE 7 INCOME TAX

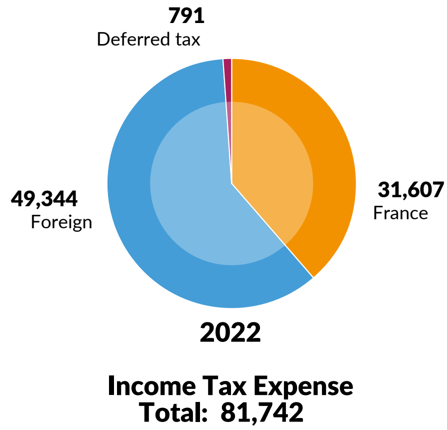
Accounting policies

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable income differs from income as published in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Liability for current tax is calculated using tax rates that have been enacted as of the balance sheet date.

7-1 Income tax expense





The normal income tax rate in France is 25.83% (including social contributions) for the fiscal year 2022.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective countries.

The Group uses the French tax rate as the theoretical base for the reconciliation between the theoretical income tax expense and the effective income tax expense. Reconciliation primarily involves the effect of differences in tax rates.

The main tax consolidation groups are France and Spain.

As of December 31, 2022, the main contributors are the U.S. and Brazil. As of December 31, 2021, the main contributors were the U.S., Greece, Brazil and India.

Reconciliation between the theoretical and effective income tax expense:

(in thousand euros)	December 31, 2021	December 31, 2022
Income before tax	447,789	290,626
Tax rate	28.41%	25.83%
Theoretical tax expense	**127,217**	**75,069**
Effects of:		
• differences in tax rates	(6,986)	937
• income taxed at reduced rate	(215)	(43)
• initial recognition exemptions	15,777	13,314
• intra-group accruals eliminations	(2,044)	1,010
• tax assets not recognized on tax losses	6,885	2,157
• tax assets/liabilities not recognized on prior years	998	930
• tax credits	(6,891)	(10,945)
• foreign exchange differences	(1,145)	(686)
INCOME TAX EXPENSE	**133,595**	**81,742**
EFFECTIVE TAX RATE	**29.83%**	**28.13%**

In addition, as of December 31, 2022, the Group has 61 million euros of unrecognized deferred tax assets relating to unused tax losses mostly in India, *versus* 47 million euros in 2021.

7-2 Deferred and current tax recognized in other comprehensive income

Accounting policies

See: *Note 13*

Deferred and current taxes recognized in other comprehensive income result from the following items:

December 31, 2022

(in thousand euros)	Other comprehensive income	Deferred taxes
Actuarial differences on defined-benefit plans (1)	17,071	(4,274)
Other comprehensive income (2)	56,176	(2,691)
Hedge derivates	*11,727*	*(3,418)*
Foreign exchange impact	*44,447*	*711*
Other	*2*	*16*
TOTAL (1)+(2)	**73,247**	**(6,965)**

December 31, 2021

(in thousand euros)	Other comprehensive income	Deferred taxes
Actuarial differences on defined-benefit plans (1)	46,158	(10,543)
Other comprehensive income (2)	17,355	7,422
Cash flow hedge	*(26,523)*	*7,474*
Foreign exchange impact	*43,868*	*(52)*
Other	*10*	*-*
TOTAL (1)+(2)	**63,513**	**(3,121)**

NOTE 8 EARNINGS PER SHARE

Earnings per share and diluted earnings per share correspond to the Group net income divided by the relevant number of shares.

The number of shares used to calculate the earnings per share is the weighted average number of ordinary shares outstanding during the period less the weighted average number of shares held in treasury stock by SOCIÉTÉ BIC during the period and presented as a reduction to equity.

The number of shares used to calculate the diluted earnings per share is the weighted average number of shares potentially in circulation during the period, which corresponds to the number of shares used for basic earnings per share, adjusted for the dilutive effect of free shares and stock options.

As of December 31, 2022, there are no share with relutive impact and the maximum dilutive effect from unvested free shares and stock-options are around 1.3% of the share capital.

Numerator *(in thousand euros)*	As of December 31, 2021	As of December 31, 2022
Net income Group share from continuing operations	314,195	208,884
Denominator *(in number of shares)*		
Weighted average number of ordinary shares in circulation	44,778,191	43,974,525
Dilutive effect of free shares	175,620	600,012
Diluted weighted average number of ordinary shares in circulation	44,953,811	44,574,537
Earnings per share from continuing operations *(in euros)*		
Earnings per share from continuing operations	7.02	4.75
Diluted earnings per share from continuing operations	6.99	4.69

NOTE 9 PROPERTY, PLANT AND EQUIPMENT

Accounting policies

Land and buildings held by the Group for use in the production or supply of goods or services, or for administrative purposes, are recognized in the balance sheet at their initial acquisition cost, less any accumulated depreciation and impairment losses.

Depreciation is booked to profit or loss so as to reduce the carrying amount of assets, other than land and properties under construction, over their estimated useful life, using the straight-line method. Property, plant and equipment in the course of construction for production, rental or administrative purposes, are carried at cost, less any identified impairment loss. Depreciation of these assets, on the same basis as other property, plant and equipment, starts when the assets are ready for their intended use.

Fixtures and equipment are stated at initial acquisition cost less accumulated depreciation and impairment losses.

Leases that convey to the customer (the lessee) the right to control the use of an identified asset for a period of time in exchange for consideration fall within the scope of IFRS 16 "Leases". The lessee entities of the Group recognize a right of use under assets with a lease liability as a counterpart, for all leases.

The term used corresponds to the non-cancellable period, the periods covered by an extension option, the exercise of which is reasonably certain, and the periods covered by a termination option, the non-exercise of which is reasonably certain.

9-1 Property, plant and equipment – Gross value

(in thousand euros)	Land & buildings	Machinery & equipment	Construction in progress	Other fixed assets	Land & buildings – Right of use	Machinery & equipment – Right of use	Vehicles – Right of use	Other tangible fixed assets – Right of use	Total
At January 1, 2021	**457,446**	**1,305,870**	**125,494**	**24,196**	**52,477**	**6,379**	**14,657**	**677**	**1,987,196**
Acquisitions	1,730	13,868	56,122	85	5,153	1,114	4,129	30	82,231
Business disposal	(1,309)	(1,572)	(31)	-	-	(12)	-	-	(2,924)
Disposals/Write-offs	(32,329)	(85,564)	497	(3,118)	(4,210)	(1,177)	(4,701)	(59)	(130,661)
Constructions in progress put in use	(5,730)	55,744	(50,922)	908	-	-	-	-	-
Exchange differences	8,596	19,097	2,688	20	2,373	192	(94)	1	32,872
At January 1, 2022	**428,404**	**1,307,443**	**133,848**	**22,091**	**55,793**	**6,496**	**13,991**	**649**	**1,968,715**
Acquisitions	1,682	12,574	67,024	205	34,824	154	4,225	142	120,830
Business acquisition	59	352	-	-	1,648	-	-	-	2,059
Disposals/Write-offs	(1,147)	(15,939)	(4,836)	(3,766)	(1,199)	(1,303)	(2,557)	(101)	(30,848)
Constructions in progress put in use	11,210	46,095	(61,501)	4,196	-	-	-	-	-
Exchange differences	9,544	26,670	655	399	800	143	2	1	38,214
At December 31, 2022	**449,752**	**1,377,195**	**135,190**	**23,125**	**91,866**	**5,490**	**15,661**	**691**	**2,098,970**

9-2 Property, plant and equipment- Depreciation and impairment loss

Accounting policies

At each balance sheet date, the Group examines the carrying amount of its property, plant and equipment and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine, if applicable, the amount of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately as an expense in profit or loss.

Where an impairment loss subsequently reverses or is reduced, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount. However, the increased carrying amount should not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation decrease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in profit or loss.

The depreciation method is the straight-line method, on the following basis:

- buildings: 25 years;
- fixtures, machinery and equipment: 5 to 8 years;
- vehicles: 3 to 5 years.

(in thousand euros)	Land & buildings	Machinery & equipment	Construction in progress	Other fixed assets	Land & buildings – Right of use	Machinery & equipment – Right of use	Vehicles – Right of use	Other tangible fixed assets – Right of use	Total
At January 1, 2021	**265,459**	**1,027,197**	**25,987**	**17,164**	**23,923**	**3,677**	**8,967**	**1,449**	**1,373,823**
Amortization for the period	15,409	72,478	-	1,460	9,995	1,447	2,718	118	103,625
Impairment loss	-	149	-	54	-	-	-	-	203
Disposals/Write-offs	(25,756)	(82,097)	-	(2,303)	(3,320)	(916)	(3,653)	(59)	(118,104)
Business disposal	(1,016)	(1,522)	-	-	-	(3)	-	-	(2,541)
Other movements	(7,879)	8,026	-	(61)	-	-	1,116	(1,114)	88
Exchange differences	4,169	15,330	1,649	379	1,246	124	(76)	1	22,822
At January 1, 2022	**250,386**	**1,039,561**	**27,636**	**16,693**	**31,844**	**4,329**	**9,072**	**395**	**1,379,916**
Depreciation for the period	16,272	72,597	-	2,037	13,042	1,330	3,267	96	108,641
Impairment loss	-	1,840	66	-	-	-	-	-	1,906
Disposals/Write-offs	(785)	(20,386)	-	(3,814)	(739)	(1,304)	(2,259)	(101)	(29,388)
Other movements	-	(1,249)	-	1,249	-	-	-	-	-
Exchange differences	4,729	20,693	(1,217)	362	640	82	(27)	1	25,263
At December 31, 2022	**270,602**	**1,113,056**	**26,485**	**16,527**	**44,787**	**4,437**	**10,053**	**391**	**1,486,338**
NET VALUE									
At December 31, 2022	**179,150**	**264,139**	**108,705**	**6,598**	**47,079**	**1,053**	**5,608**	**300**	**612,632**
At December 31, 2021	**178,019**	**267,883**	**106,212**	**5,398**	**23,949**	**2,166**	**4,919**	**254**	**588,799**

As of December 31, 2022, the gross value of fully depreciated but still used property, plant and equipment is 924 million euros.

NOTE 10 GOODWILL

Accounting policies

Goodwill arising from the acquisition of a subsidiary represents the excess of the acquisition price over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognized at the date of acquisition. Goodwill is calculated in the currency of the acquired company. It is initially recognized as an asset at historical cost and is subsequently measured less any accumulated impairment losses.

Goodwill and fair value adjustment arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

For the purpose of impairment testing, goodwill is allocated to cash-generating units ("CGU") representing the lowest level at which the goodwill is monitored at Group level. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is first allocated to the reduction in the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the unit prorated on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of an activity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Goodwill breakdown is as follow:

(in thousand euros)	Gross value	Impairment loss	Net value
At January 1, 2021	**342,552**	**(98,723)**	**243,829**
Rocketbook Acquisition	2,509	-	2,509
PIMACO disposal	(3,651)	3,651	-
Exchange differences	14,946	(5,226)	9,720
At January 1, 2022	**356,356**	**(100,298)**	**256,058**
Inkbox Acquisition	26,861	-	26,861
Tattly Acquisition	2,280	-	2,280
AMI Acquisition	2,197	-	2,197
Exchange differences	6,433	3,781	10,214
At December 31, 2022	**394,127**	**(96,517)**	**297,610**

The balance, as of December 31, 2022, includes the following principal net goodwill:

(in thousand euros)	December 31, 2021	December 31, 2022
BIC CORPORATION [(a)] – Human Expression	52,352	54,911
BIC CORPORATION [(a)] – Flame for Life	41,578	43,794
BIC Violex – Blade Excellence	70,718	71,873
Kenya – Human Expression	5,057	4,966
Nigeria – Human Expression	12,558	12,738
Djeep – Flame for Life	29,885	29,885
Rocketbook – Human Expression	26,178	27,797
Inkbox – Human Expression	-	29,306
Tattly – Human Expression	-	2,115
Advanced Magnetic Interaction – Human Expression	-	2,197
Other [(a)]	17,733	18,028
TOTAL	**256,058**	**297,610**

(a) These goodwill amounts are linked to cash-generating units represented by distribution subsidiaries.

To perform the impairment tests, the Group used the following discount and perpetual growth rates:

	Weighted average cost of capital (WACC) before tax		Perpetual growth rate	
	2021	**2022**	**2021**	**2022**
BIC CORPORATION				
Human Expression	9.9%	9.7%	1.5%	1.5%
Flame for Life	9.6%	9.8%	1.5%	1.5%
Cello Pens – Human Expression	14.2%	14.3%	4.0%	4.0%
BIC Violex – Blade Excellence	13.8%	13.9%	1.9%	1.9%
Kenya – Human Expression	17.9%	19.0%	5.0%	5.0%
Nigeria – Human Expression	28.2%	29.0%	10.3%	11.5%
Djeep – Flame for Live	9.2%	9.5%	-	-
Rocketbook – Human Expression	9.1%	9.2%	1.5%	1.5%
Inkbox – Human Expression	-	17.7%	-	6.7%

Each goodwill item has been allocated to a cash-generating unit ("CGU") representing the lowest level at which goodwill is monitored by the Group.

The goodwill on BIC CORPORATION is thus allocated to cash-generating units linked to the distribution by BIC CORPORATION of stationery products and lighters.

The goodwill on Cello Pens is allocated to the cash-generating units linked to the production and distribution of stationery products by Cello and was fully depreciated.

The remaining goodwill on BIC Violex is allocated to the cash-generating unit linked to shavers developed and/or produced by BIC Violex and sold all over the world. This cash-generating unit also includes the portion of BIC CORPORATION goodwill allocated to shavers.

The goodwill on the Kenya subsidiary is allocated to the cash-generating unit linked to the production and distribution of stationery products by BIC East Africa.

The goodwill on the Nigeria subsidiary is allocated to the cash-generating unit linked to the production and distribution of stationery products by Lucky Stationery Limited.

The goodwill on Djeep is allocated to the cash-generating unit linked to the production and distribution of lighters by Djeep.

The goodwill on Rocketbook is allocated to the cash-generating unit linked to the distribution of the Core and Fusion notebooks, reusable notebooks used with erasable pens by Rocketbook.

The goodwill generated on Inkbox is allocated to the cash-generating unit linked to the distribution of semi-permanent tattoos by Inkbox.

As every year, as of June 30, 2022, the Group performed annual impairment tests on these goodwill amounts.

The goodwill impairment test methodology is based on a comparison between the recoverable amount of each of the Group's cash-generating units and the corresponding assets' net book value (including goodwill).

Such recoverable amounts correspond to the value in use and are determined using discounted future cash flow projections over a maximum of five years and a terminal value using the perpetual annuity method, including notably the following:

- the discount rate before taxes used is the weighted average cost of capital. Particular attention has been paid to the analysis of the main market items used for the calculation of the discount rates;
- the perpetual growth rates were determined based on external (inflation rate) and internal (business growth) sources. Perpetual growth rates above 2% take into account market specifics, notably in Nigeria, Kenya and in India.

Considering the impairment on part of the assets on the CGU Cello, any negative variance of drivers (performance and perpetual growth rates) or positive variance (of driver discount rate) would lead to an additional impairment of other assets.

The sensitivity of the other impairment tests to changes in the key assumptions indicates that no reasonably likely change would lead to impairment, taking into account the observed headroom on the other tests conducted.

NOTE 11 OTHER INTANGIBLE ASSETS

Accounting policies

Internally-generated intangible assets – research and development expenditure

Internally-generated intangible assets are amortized on a straight-line basis over their estimated useful life.

When the requirements for recognition of internally-generated intangible assets are not satisfied, development expenditure is charged to profit or loss in the period in which it is incurred.

Patents, trademarks, licenses and software

Patents, trademarks, licenses and softwares are measured initially at purchase cost less accumulated amortization and impairment loss. Amortization is booked to profit or loss so as to reduce the carrying amount of assets over their estimated useful life, using the straight-line method.

Impairment of intangible assets (excluding goodwill)

See Note 9.2

(in thousand euros)	Software	Trademarks & patents	Research & development	Intangible assets in progress	Other	Total
GROSS VALUE						
At January 1, 2021	**69,086**	**105,847**	**4,077**	**10,566**	**23,478**	**213,054**
Acquisitions	404	66	-	8,216	5	8,691
Disposals/Write-offs	(1,655)	-	-	(2)	34	(1,623)
Business disposal	(465)	(2,607)	-	-	-	(3,072)
Constructions in progress put in use	7,110	-	-	(6,778)	(332)	-
Exchange differences	1,606	5,819	190	56	735	8,406
At January 1, 2022	**76,086**	**109,125**	**4,267**	**12,058**	**23,920**	**225,456**
Acquisitions	307	47	-	12,229	95	12,678
Inkbox – Acquisition of subsidiaries	2,121	31,029	-	-	961	34,111
AMI – Acquisition of subsidiaries	-	-	1,005	-	-	1,005
Disposals/Write-offs	(129)	(1)	-	-	-	(130)
Constructions in progress put in use	5,684	-	-	(5,733)	49	-
Exchange differences	2,895	4,833	153	99	13	7,993
At December 31, 2022	**86,964**	**145,033**	**5,425**	**18,653**	**25,038**	**281,113**

(in thousand euros)	Software	Trademarks & patents	Research & development	Intangible assets in progress	Other	Total
AMORTIZATION AND IMPAIRMENT LOSS						
At January 1, 2021	**61,809**	**77,602**	**4,077**	**-**	**3,569**	**147,057**
Amortization for the period	5,096	761	-	-	2,205	8,062
Disposals/Write-offs	(1,523)	(14)	-	-	-	(1,537)
Business disposal	(442)	(20)	-	-	-	(462)
Other movements	-	-	-	-	-	-
Exchange differences	1,545	4,471	190	-	98	6,304
At January 1, 2022	**66,485**	**82,800**	**4,267**	**-**	**5,872**	**159,424**
Amortization for the period	5,793	1,099	152	-	1,395	8,439
Disposals/Write-offs	(112)	-	-	-	-	(112)
Exchange differences	1,754	1,762	153	-	(89)	3,580
At December 31, 2022	**73,920**	**85,661**	**4,572**	**-**	**7,178**	**171,331**
NET VALUE						
At December 31, 2022	**13,044**	**59,372**	**853**	**18,653**	**17,860**	**109,782**
At December 31, 2021	**9,601**	**26,325**	**-**	**12,058**	**18,048**	**66,032**

Software

Internally-generated software is principally related to investments linked to the upgrade of information technology systems.

Trademarks and patents

Following the acquisition of Inkbox in 2022, purchase price allocation work was performed and enabled the identification of intangible assets amounting to 38.7 million U.S. dollars (36.3 million euros at December 31, 2022), mainly trademark for an amount of 24.2 million U.S. dollars (22.7 million euros at December 31, 2022) and the patents and softwares amounting 13.4 million U.S. dollars (12.6 million euros as of December 31, 2022). These assets were allocated to the cash-generating unit constituted by the subsidiary Inkbox.

The main trademarks booked in the balance sheet as of December 31, 2022 are the Inkbox® trademark for 22.7 million euros, Rocketbook® trademark for 13.9 million euros, and the Cello® trademark for 9.7 million euros.

These trademarks have an infinite lifetime. For impairment test purposes, they are linked to the Rocketbook and Cello Pens subsidiaries' cash-generating units. With regard to the latter, an impairment amounting to 14.9 million euros was recognized as of June 30, 2020, and in the amount of 21 million euros in 2019.

NOTE 12 OTHER NON-CURRENT ASSETS

(in thousand euros)	December 31, 2021	December 31, 2022
Guarantee deposits	3,519	5,319
Deferred pensions	4,398	4,056
Deferred compensation in the U.S. (other than pensions)	10,412	5,598
Other non-current assets	7,459	14,763
TOTAL	**25,788**	**29,736**

NOTE 13 DEFERRED TAX

Accounting policies

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases using the balance sheet liability method, and tax rates enacted or nearly enacted at the balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that profits will be available against which deductible temporary differences can be utilized.

Such assets and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising from investments in subsidiaries and associates, and interests in joint ventures and branches, except when the date on which temporary differences will be reversed can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the periods when the liability will be settled or the asset realized.

Deferred tax is charged or credited to profit or loss in the period, except when it relates to a transaction or an event directly credited or charged to equity, in which case the deferred tax is also recognized in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Uncertain tax positions relating to IAS 12 income taxes are recognized as deferred tax liabilities (respectively assets) or as current tax liabilities if it is considered probable that the tax authorities will reject (accept) the position.

Deferred tax breakdown is as follow:

(in thousand euros)	December 31, 2021	December 31, 2022
Deferred tax assets	131,458	129,709
Deferred tax liabilities	(68,654)	(73,161)
NET POSITION	**62,804**	**56,548**

The movement for the year in the Group's deferred tax position was as follows:

(in thousand euros)	Notes	December 31, 2022
Net position at January 1, 2022		**62,804**
Deferred tax income/(expense) for the period [(a)]	CF	(791)
Inkbox acquisition		(3,467)
Booked in Shareholders' equity and other comprehensive income		(7,083)
Exchange differences		5,085
Net position at December 31, 2022		**56,548**

(in thousand euros)	Notes	December 31, 2021
Net position at January 1, 2021		**53,388**
Deferred tax income/(expense) for the period [(a)]	CF	7,370
PIMACO divestiture		639
Reclassification from current to deferred tax in the balance sheet		1,375
Booked in Shareholders' equity and other comprehensive income		(3,133)
Exchange differences		3,165
Net position at December 31, 2021		**62,804**

(a) Excluding amounts booked to uncertain tax treatment.

ORIGIN OF DEFERRED TAX

(in thousand euros)	December 31, 2021	December 31, 2022
Pension and other employee benefits	18,652	21,559
Intra-Group profit elimination	29,482	26,184
Tax losses carried forward	126	3,869
Other temporary differences	57,396	44,158
Uncertain tax treatment	(42,853)	(39,222)
NET DEFERRED TAX	**62,804**	**56,548**

NOTE 14 CHANGE IN NET WORKING CAPITAL

Accounting policies

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct raw material costs and, where applicable, direct labor costs, as well as those overheads that have been directly incurred in bringing the inventories to their present location and condition. Cost is generally calculated using the weighted average cost method. Net realizable value represents the estimated selling price in the normal course of business less all estimated costs of completion and costs to be incurred in the sale (marketing, selling and distribution).

Impairment of financial assets (particularly trade receivables) is based on expected credit losses (no longer on observed losses), starting from initial recognition.

To determine the expected credit losses, the Group uses the simplified method, thus a provision matrix based on its historical observed default rates over the expected remaining life of the trade receivables, which is adjusted for forward-looking estimates.

Trade payables are initially measured at fair value.

Change in net working capital breakdown is as follow:

(in thousand euros)	**December 31, 2021**	**Cash flows impact Operating**	**Cash flows impact Investing [(a)]**	**Price adjustment Djeep**	**Acquisitions [(b)]**	**Price adjustment & earn-out clauses Rocketbook**	**Argentina hyper-inflation**	**Cash received from Pimaco sale**	**External loans**	**Reclassification Provision from LT to ST**	**Foreign exchange and other**	**December 3 2022**
Net inventory	490,222	74,727	-	-	1,970	-	732	-	-	-	20,606	588,257
• *Inventory – Gross value*	*506,151*	*76,266*	-	-	*1,970*	-	*732*	-	-	-	*20,853*	*605,973*
• *Inventory – Impairment*	*(15,930)*	*(1,539)*	-	-	-	-	-	-	-	-	*(247)*	*(17,715)*
Trade and other receivables	418,186	(15,134)	-	-	796	-	-	(1,098)	-	-	11,933	414,682
Trade and other payables	(149,154)	(27,538)	2,105	-	(1,822)	-	-	-	-	-	(4,699)	(181,108)
Other receivables and payables [(c)]	(270,943)	(2,856)	-	410	(1,721)	7,883	-	-	6,152	(340)	2,200	(259,215)
NET WORKING CAPITAL	**488,311**	**29,199**	**2,105**	**410**	**(777)**	**7,883**	**732**	**(1,098)**	**6,152**	**(340)**	**30,040**	**562,617**

(a) Cash flows impact Investing includes capital additions cashed out in 2022 relating to 2021 and excludes 2022 capital additions not yet cashed out.

(b) Acquisitions detail	**Inkbox**	**Tattly**	**AMI**
Net inventory	1,320	264	386
• *Inventory – Gross value*	*1,320*	*264*	*386*
• *Inventory – Impairment*	-	-	-
Trade and other receivables	208	40	547
Trade and other payables	(833)	(50)	(939)
Other receivables and payables	(1,739)	26	(8)
NET WORKING CAPITAL	**(1,043)**	**280**	**(14)**

(c) Other receivables and payables are composed of:	Notes	December 31, 2021	December 31, 2022
Other current assets	Asset	16,259	23,021
+ Other non-current assets	Asset	25,736	29,680
- Guarantee deposits	12	(3,520)	(5,321)
- Deferred pensions	12	(4,398)	(4,056)
- Other current liabilities	Liabilities	(292,155)	(293,201)
- Other non-current liabilities	Liabilities	(12,866)	(9,338)
TOTAL		**(270,943)**	**(259,215)**

The working capital is used to finance the Group's operating cycle. Details of the elements used in the calculation are presented above.

NOTE 15 SHARE CAPITAL

15-1 Share capital

(in thousand euros)	December 31, 2021	December 31, 2022
Authorized, issued and fully paid-up share capital	170,670	167,898
Repurchase of shares of the Company	(1,004)	(1,591)
SHARE CAPITAL	**169,665**	**166,307**

As of December 31, 2022, the share capital of SOCIÉTÉ BIC was 167,897,503.32 euros divided into 43,952,226 shares of 3.82 euros each. Nominative shares held for more than two years carry double voting rights.

In addition, SOCIÉTÉ BIC holds 416,605 treasury shares, acquired at an average price of 68.83 euros in accordance with Article L. 225-209 of the French Commercial Code, which represent 0.95% of the share capital.

The share capital breakdown is shown in section 7.3 "Shareholding" of the Universal Registration Document.

15-2 SOCIÉTÉ BIC shares held in treasury stock and share repurchase program as of December 31, 2022

Purpose of the repurchase	Number of shares	Average acquisition price *(in euros)*	% of the share capital
Liquidity agreement [(a)]	23,338	63.47	0.05%
Free share grants [(a)]	393,267	69.15	0.89%
TOTAL	**416,605**	**68.83**	**0.95%**

(a) Article L. 225-209 of the French Commercial Code.

In accordance with the liquidity agreement, transferred by Natixis to ODDO on June 27, 2018, in respect of SOCIÉTÉ BIC shares, as of December 31, 2022, the liquidity account contained the following:

- 23,338 BIC shares;
- 1,588,633 euros.

At initial contract set-up, the liquidity account contained the following:

- 2,312 BIC shares;
- 912,744.48 euros.

SOCIÉTÉ BIC obtained authorization from the Annual Shareholders' Meeting on May 19, 2021, to renew its share repurchase program (see 2021 Universal Registration Document, chapter 8, p. 304).

Number of shares purchased in 2022 [(b)]	
• Share repurchase program authorized by the Annual Shareholders' Meeting held on May 19, 2021	454,743
• Share repurchase program authorized by the Annual Shareholders' Meeting held on May 18, 2022	550,350
Average share repurchase price for the purchases during the year 2022 (in euros)	54.23

(b) Excluding shares repurchased under the liquidity contract.

During the first semester 2022, SOCIÉTÉ BIC cancelled 725,703 shares.

To the best of the Company's knowledge, as of December 31, 2022, Shareholders holding respectively more than 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.66%, 90% or 95% of the share capital and/or of the voting rights of the Company were as follows:

	At December 31, 2022	
	% of shares (approx.)	% of voting rights (approx.)
SOCIÉTÉ M.B.D.	29.32%	39.67%
Bich family	16.33%	21.93%
Silchester International Investors*	8.21%	5.56%

** based on December 28, 2022 numbers of shares and voting rights (AMF disclosure)*

NOTE 16 BORROWINGS AND FINANCIAL LIABILITIES

(in thousand euros)	Bank overdrafts	Short-term borrowings	Current borrowings and financial liabilities	Non-current borrowings and financial liabilities	Current lease liability	Non-current lease liability	Total
At January 1, 2021	**1,011**	**75,000**	**1,174**	**4,710**	**12,792**	**23,275**	**117,961**
Cash Flows	(525)	(16,000)	4,008	-	(15,817)	(832)	(29,167)
"Non cash" changes	15	-	(817)	186	15,448	(3,557)	11,275
• *Variations in obligations under leases*	-	-	-		*15,069*	*(4,350)*	*10,719*
• *PIMACO disposal*	-	-	-	-	*(6)*	*(3)*	*(9)*
• *Exchange difference*	*15*	-	*(817)*	*186*	*385*	*796*	*565*
At January 1, 2022	**501**	**59,000**	**4,364**	**4,896**	**12,422**	**18,886**	**100,069**
Cash Flows	593	(9,000)	9,011	(5,026)	(15,360)	(1,396)	(21,178)
"Non-cash" changes	5	-	(1,532)	130	16,539	25,349	40,491
• *Variations in obligations under leases*	-	-	-	-	*15,848*	*23,556*	*39,404*
• *Change in scope*	-	-	-	-	*379*	*1,269*	*1,648*
• *Exchange difference*	*5*	-	*(1,532)*	*130*	*312*	*524*	*(561)*
At December 31, 2022	**1,099**	**50,000**	**11,843**	**-**	**13,601**	**42,839**	**119,382**

Bank overdrafts are due within one year.

Bank loans and financial liabilities come due as following:

(in thousand euros)	December 31, 2021	December 31, 2022
On demand or within one year	63,263	61,843
In the 2nd year	-	-
In the 3rd year	4,896	-
TOTAL	**68,159**	**61,843**

Main bank loans/credit lines and financial liabilities are as follows:

Borrowing country *(in thousand euros)*	Currency	Euros equivalents December 31, 2021	Euros equivalents December 31, 2022
• France	EUR	59,000	50,140
• Turkey	TRY	1,696	3,443
• Kenya	KES	4,896	-
• Nigeria	NGN	-	845
• India	INR	2,567	7,415
TOTAL		**68,159**	**61,843**

Information on interest rates

As of December 31, 2022, outstanding loans and credit lines, apart from NeuCP bonds, were contracted with floating rates ranging between 7.76% and 25.28%.
The borrowings indicated for France consist exclusively of NeuCP bonds, issued on average at 1.976%.
Relative exposure, deemed not significant, has not been hedged.

Information on covenants

None of the current loans contains any covenant that could trigger early repayment of the debt.

IFRS 16 Liability

BIC has opted to use an incremental borrowing rate for discounting debt. The rate used for each lessee is the rate he would have to pay to borrow, over a similar period and with similar security, the funds necessary to obtain an asset of similar value to the leased asset in a similar economic environment.

Lease payment under IFRS 16 in 2022

Lease payments in 2022 in respect of leases falling within the scope of IFRS 16 for an amount of 18.7 million euros break down as follows:

- Depreciation: 17.7 million euros;
- Interest: 1 million euros.

Cash Flows for future years

The Group is expected to pay 15.4 million euros in 2023.

Expected total lease payments, in thousand of euros, are as follows:

2023	15,356
2024	13,333
2025	8,982
2026	6,330
2027	5,278
Beyond 2027	12,088

NOTE 17 PROVISIONS (NON-CURRENT LIABILITIES)

Accounting policies

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that an economic outflow will be required to settle said obligation and such outflow can be reliably measured. Provisions will be measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date, and will be discounted to present value where the effect is material.

Provisions breakdown is as follow:

(in thousand euros)	Tax and social risks and litigation	Litigation	Product liability	Other risks and charges	Total
At January 1, 2021	**3,845**	**13,375**	**311**	**8,029**	**25,560**
Additional provisions	985	5,289	-	362	6,636
Reversals of provisions utilized	(821)	(3,575)	-	(1,798)	(6,194)
Reversals of provisions not utilized	(889)	(305)	-	(820)	(2,014)
Exchange differences	(6)	464	26	(39)	445
PIMACO disposal	(9)	(492)	-	-	(501)
Reclassification	-	(2,098)	-	(1,395)	(3,493)
Discount	-	-	-	(111)	(111)
At January 1, 2022	**3,105**	**12,658**	**337**	**4,228**	**20,328**
Additional provisions	1,744	4,515	-	1,325	7,585
Reversals of provisions utilized	(1,055)	(3,974)	-	(895)	(5,924)
Reversals of provisions not utilized	(209)	(2,896)	-	(157)	(3,261)
Exchange differences	186	573	20	(527)	251
At December 31, 2022	**3,734**	**10,913**	**356**	**4,119**	**19,124**

Tax (excluding income tax) and social risks and litigation

Provisions for tax (excluding income tax) and social risks and litigation relate mainly to:

- tax risks;
- U.S. workers' compensation.

Uncertain tax positions relating to IAS 12 income taxes are recognized as deferred tax liabilities if it is considered probable that the tax authorities will reject the position (see Note 13).

Tax audits are carried out regularly by local tax authorities which may dispute positions taken by Group subsidiaries. In accordance with the Group's accounting policies, it may be decided to record provisions when tax-related risks are considered likely to generate a payment to local tax authorities.

The Group reviews the evaluation of all its tax positions on a regular basis, using external counsels and considers that its tax positions are adequately provided for. However, the Group cannot predict the ultimate outcome of future audits.

Litigation

As of December 31, 2022, the litigation provision mainly represents distributor and commercial agent risks.

NOTE 18 PENSION AND OTHER EMPLOYEE BENEFITS

Accounting policies

Pursuant to IAS 19 "Employee Benefits", the Group's employees commitments regarding post employment benefits are valued by independent actuaries.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit plans are dealt with as payments to defined contribution plans where the Group's obligation under these plans are equivalent to those arising in defined contribution retirement benefit plans.

For defined benefit retirement plans, the amount of provision is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. All actuarial differences are recognized in other comprehensive income in the period in which they occur. Past service costs are recognized for their full amount as a component of cost of services (in the income statement), whether benefits are vested definitively to their beneficiaries or are being acquired.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation reduced by the fair value of plan assets. Any net asset resulting from this calculation is limited to the present value of available refunds and reduction in future contributions to the plan.

Turnover rate is calculated by taking the number of departures including contractual terminations and dismissals during the year divided by the headcount as of January 1.

18-1 Plan characteristics

Types of post-employment benefits and other long-term benefits

Pursuant to the laws and practices in force in the countries where it operates, the Group has obligations in terms of employee benefits, in particular post-employment benefits:

- **In the U.S.**

Two pension plans ("Salaried Pension Plan" and "Local 134L Pension Plan") are effective (depending on the site) and are funded by their respective pension funds. In addition to these plans, medical and life insurance plans exist ("Salaried Retiree Medical and Life Insurance Plan" and "Local 134L Retiree Medical and Life Insurance Plan" depending on the site):

a. *Salaried Pension Plan*

Retirement benefits under a combined average reference salary and years of service formula and including Social Security retirement benefits will be granted to beneficiaries hired prior to 2007. The formula provides for a life annuity, payable at normal retirement age (65), equal to 1.1% of the Social Security ceiling plus 1.5% of average pay in excess of the Social Security ceiling, multiplied by the number of years of service, which may not exceed 35 years, plus 1.4% of average pay per year of service in excess of 35 years (average pay is based on the highest three consecutive years within the last 10 years). In addition, the Plan provides reduced early retirement benefits for beneficiaries who retire prior to age 65 (or age 62 if they retire at or after age 55 with 10 or more years of service). Eligible beneficiaries who retire after January 1, 2015 are eligible for a lump sum payment from the plan.

Benefits under a Cash Balance Arrangement are granted to employees hired starting 2007. These participants receive annual credits of 5% of their year's pay for plan years before January 1, 2013, and for plan years after December 31, 2012, eligible beneficiaries receive annual credits of 5% per year for less than five years of service, 6% per year for at least five but less than 10 years of service, 7% per year for at least 10 but less than 15 years of service, 7.5% for at least 15 but less than 20 years of service and 8% for 20 or more years of service, which are accumulated with guaranteed interest equal to 30-year Treasury rates, to retirement. Participation in this plan is closed for BIC Graphic employees hired after January 1, 2011. The Plan is subject to minimum legal funding requirements.

On July 29, 2020, the Company announced a change to the salaried pension benefit for active team members hired prior to January 1, 2007. The BIC Corporation Salaried Pension Plan final average earnings formula was frozen on December 31, 2020 and future pension benefits for these team members will be accrued under the BIC Corporation Salaried Pension Plan Cash Balance formula (same formula used for team members who joined BIC after January 1, 2007).

The long-term objective of the Plan's investment policy is to provide sufficient funding to cover expected benefit obligations, while assuming a prudent level of portfolio risk relative to the Plan's liability. The Plan's assets are invested in the BIC Corporation Master Trust – with a target asset allocation of 20% equities and 80% fixed income.

b. *Local 134L Pension Plan*

For beneficiaries hired before December 4, 2007, benefits under the Plan are based on a participant's years of service multiplied by a fixed set amount (47.00 U.S. dollars per month for 2020, 47.25 U.S. dollars per month for 2021 and 47.50 U.S. dollars per month for 2022 and 47.75 U.S. dollars per month from January 1, 2022).

Employees hired after December 4, 2007 accrue benefits under a Cash Balance Arrangement. These participants receive annual credits equal to 3.00% of pay through November 30, 2012, 3.75% of pay from December 1, 2012 through November 30, 2017, 4.75% of pay beginning on December 1, 2017 and 5% of pay beginning on December 1, 2020, which are accumulated with interest, equal to 30-year Treasury rates, to retirement.

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These two schemes are subject to American legal minimum funding requirements.

The long-term objective of the Plan's investment policy is to provide sufficient funding to cover expected benefit obligations, while assuming a prudent level of portfolio risk relative to the liability. The Plan's assets are invested in the BIC Corporation Master Trust – with a target asset allocation of 10% equities, and 90% fixed income.

c. Salaried Retiree Medical and Life Insurance Plan

Employees hired prior to 2007 benefit from medical coverage for their entire retirement if they are at least 55 and have 20 or more years of service at retirement. The Plan is closed to new employees. Effective October 1, 2013, as part of an exchange, certain covered retirees and future retirees, age 65 and over, are granted a fixed payment of 3,500 U.S. dollars annually to purchase retiree medical coverage. This amount was increased to 4,020 U.S. dollars on January 1, 2019.This benefit will be reviewed in the future to reflect the upward trends in healthcare costs.

Retiree life insurance is available to employees who retire at or after age 55 with 10 or more years of service. Employees hired on or after January 1, 2018 are no longer eligible for this benefit. The death benefit is equal to 100% of final salary with a cap ranging from 10,000 U.S. dollars for non-managerial employees to 100,000 U.S. dollars for BIC level 4s and above.

On July 29, 2020, the Company announced changes to the salaried retirement benefits for active team members who were eligible for retiree medical and retiree life insurance benefits. With limited exceptions, if active team members leave BIC after December 31, 2021, they will no longer be eligible for these benefits.

The Plan does not have any assets.

d. Local 134 I Retiree Medical and Life Insurance Plan

Employees who retire at or after age 60 with 10 or more years of service are eligible to receive medical and life insurance coverage throughout their retirement.

Retirees prior to December 1, 2002 are granted fixed annual payments ranging from 2,600 U.S. dollars to 3,500 U.S. dollars to purchase retiree medical coverage. Post-age 65 retirees who retire on or after December 1, 2002, receive a fixed annual payment of 900 U.S. dollars to purchase prescription drugs. The amounts will be reviewed in the future to reflect the upward trends in healthcare costs. The Plan is closed to new employees hired after November 30, 2012.

For pre-age 65 eligible retirees and spouses, BIC pays 50% and the retiree pays 50% of the premium.

Retiree life insurance benefits include a death benefit of 12,500 U.S. dollars for employees who retire on or after December 1, 2017.

The Plan does not have any assets.

- **In the United Kingdom**

There is a closed defined-benefit plan which is not accessible to a specified list of beneficiaries (plan closed to new entrants) and closed to the acquisition of further rights. An independent professional Trustee, an employer-representative Trustee and an employee-representative Trustee oversee the governance of the scheme. Plan assets are currently invested in a portfolio of stocks, bonds and real estate. Asset allocation is reviewed regularly to ensure that the assets held are still appropriate and sufficient to cover future pension obligations.

Both schemes are subject to the same risks as the majority of final salary occupational pension schemes, *i.e.* inflation risks, investment risks, life expectancy risks, etc. The strategic asset allocation must comply with the investment guidelines laid out in the "Statement of Investment Principles" set up by the Trustee to limit the risks.

- **In France**

In France, employee benefit commitment is composed of an indemnity on retirement leave and jubilee.

The amount of the indemnity is determined by the applicable national collective bargaining agreement and is expressed in a number of months salary, based on company seniority at date of retirement. BIC is responsible for the payment of the indemnity only if the employee is working for the company at the time of retirement.

- **In Canada**

The Plan is funded chiefly through employer contributions and investment earnings on Plan assets. Prior to 1992, beneficiaries were required to contribute to the Plan, however since January 1, 1992 they are no longer required or permitted to make contributions to the Plan. BIC Inc. contributions to the Plan comply with the minimum funding requirements of the "Pensions Benefits Act of Ontario".

The Pension fund set up to finance the retirement scheme for employees of BIC Inc. is held by an Independent Trust in the interests of beneficiaries. This fund is not part of the income or assets of BIC Inc.

This Plan is closed to new employees hired after November 14, 2011.

For hourly paid employees, the retirement benefit is defined as a fixed amount per year of service, whose value varies according to the date on which the beneficiary retires (400 canadian dollars per year for retirement after January 1, 2010). For employees receiving a regular salary, the formula for calculating the retirement benefit is 1.5% of final average salary per year of service (the calculation of the final average salary is based on the highest three consecutive years out of the last 10 years preceding retirement). The total benefit under the Plan is capped by the limits imposed by the income tax act in Canada. The normal retirement age is 65, however beneficiaries can retire from age 55, with a reduced benefit for early retirement. The benefit is unreduced at age 63 for members who commence their pension immediately following employment at BIC.

To monitor and control the performance of the Fund, BIC Inc. and the Investment Manager must comply with the objectives set out in the "Statement of Investment Policy and Objectives". The basic goal underlying the establishment of these guidelines is to ensure that the Fund assets, together with the expected contributions and investment returns, are invested in a prudent manner so that the Fund can meet the obligations of the Plan as they come due.

The long-term investment strategy is to invest approximately 48% in bonds, 10% in Canadian equities, 30% in global equities, 10% in emerging markets equities and 2% in cash and cash equivalents.

- **For other countries**, the plans depend on local legislation, the activity and other historical practices of the subsidiary.

18-2 Change in the net obligation of defined-benefit plans

(in thousand euros)		Pension	Including United States Pension	Other employee benefits	Including other employee benefits in the United States	Total employee benefits	Including total employee benefits in the United States
PRESENT VALUE OF OBLIGATION							
At January 1, 2022		**447,281**	**337,865**	**85,852**	**85,660**	**533,133**	**423,525**
Reclassification		(145)	-	145	-	-	-
Period costs:		17,506	12,862	3,023	2,830	20,528	15,692
• *Current service costs*		7,264	3,631	(399)	467	6,866	4,098
• *Past service costs (including curtailment)*		(1,595)	-	1,034	-	(561)	-
• *Settlement*		319	-	-	-	319	-
• *Interest costs*		11,518	9,232	2,388	2,363	13,905	11,594
Benefits paid		(44,736)	(39,531)	(4,128)	(4,012)	(48,865)	(43,543)
Actuarial difference on gross obligation		(105,501)	(77,075)	(21,895)	(22,816)	(127,396)	(99,891)
• *Financial assumptions*		(104,523)	(74,460)	(15,710)	(16,612)	(120,233)	(91,072)
• *Demographic assumptions*		(978)	(2,615)	(6,185)	(6,204)	(7,163)	(8,819)
Taxes paid included in DBO		(16)	-	-	-	(16)	-
Contributions paid		8	-	-	-	8	-
Administrative expenses		(17)	-	-	-	(17)	-
Exchange differences		20,527	22,087	5,566	5,562	26,093	27,649
At December 31, 2022	**A**	**334,908**	**256,207**	**68,561**	**67,224**	**403,468**	**323,431**
FAIR VALUE OF PLAN ASSETS							
At January 1, 2022		**457,514**	**372,825**	**-**	**-**	**457,514**	**372,825**
Total period income:		12,446	10,495	-	-	12,446	10,495
• *Interest income*		*12,446*	*10,495*	-	-	*12,446*	*10,495*
Benefits paid		(42,962)	(39,531)	-	-	(42,962)	(39,531)
Contributions paid by participants		8	-	-	-	8	-
Contributions paid by employer		12,382	9,461	-	-	12,382	9,461
Taxes paid from plan assets		(1,124)	(1,107)	-	-	(1,124)	(1,107)
Administrative expenses		(146)	-	-	-	(146)	-
Return on assets (excluding interest income)		(110,305)	(95,104)	-	-	(110,305)	(95,104)
Exchange differences		22,291	24,341	-	-	22,291	24,341
At December 31, 2022	**B**	**350,105**	**281,379**	**-**	**-**	**350,105**	**281,379**
NET LIABILITY IN THE BALANCE SHEET AS OF AT DECEMBER 31, 2022	**C = A - B**	**(15,198)**	**(25,172)**	**68,561**	**67,224**	**53,362**	**42,052**
NET LIABILITY IN THE BALANCE SHEET AS OF AT DECEMBER 31, 2021		**(10,233)**	**(34,960)**	**85,852**	**85,660**	**75,619**	**50,700**

18-3 Funded/unfunded obligations

(in thousand euros)	Notes	Pension	Other employee benefits	Total
At December 31, 2022				
Amount of funded obligations		329,219	118	329,337
Fair value of plan assets		(350,105)	-	(350,105)
Surplus of obligation over assets		**(20,886)**	**118**	**(20,768)**
Fair value of unfunded obligations		5,687	68,443	74,130
Net value in the balance sheet		**(15,199)**	**68,561**	**53,362**
• **Assets**	**12, 18-7**	**-**	**-**	**4,056**
• **Liabilities**	**18-7**	**-**	**-**	**(57,419)**

(in thousand euros)	Pension	Other employee benefits	Total
At December 31, 2021			
Amount of funded obligations	440,798	-	440,798
Fair value of plan assets	(457,514)	-	(457,514)
Surplus of obligation over assets	**(16,716)**	**-**	**(16,716)**
Fair value of unfunded obligations	6,482	85,851	92,334
Net value in the balance sheet	**(10,234)**	**85,851**	**75,618**
• **Assets**	**-**	**-**	**4,398**
• **Liabilities**	**-**	**-**	**80,016**

18-4 Period costs

(in thousand euros)	December 31, 2021	December 31, 2022
Current service costs	7,462	6,866
Past service costs (including plan curtailment)	(6,688)	(561)
Settlement	322	319
Net interest costs	2,130	1,460
TOTAL	**3,226**	**8,083**

18-5 Additional information

Nature of plan assets

At December 31, 2022 *(in thousand euros)*	Fair value of plan assets		Including fair value of plan assets with a quoted price on an active market	
Equity	63,926	18.3%	63,926	18.3%
Bonds and other fixed income	275,920	78.8%	275,920	78.8%
Cash and cash equivalents	7,715	2.2%	7,715	2.2%
Real Estate	483	0.1%	483	0.1%
Assets held by insurance companies	2,060	0.6%	2,060	0.6%
TOTAL	**350,105**	**100%**	**350,105**	**100%**

At December 31, 2022 *(in thousand euros)*	U.S. fair value of plan assets		Including fair value of plan assets with a quoted price on an active U.S. market	
Equity	50,740	18.0%	50,740	18.0%
Bonds and other fixed income	227,711	80,9%	227,711	80.9%
Cash and cash equivalents	2,928	1.0%	2,928	1,0%
TOTAL	**281,379**	**100%**	**281,379**	**100%**

At December 31, 2021 *(in thousand euros)*	Fair value of plan assets		Including fair value of plan assets with a quoted price on an active market	
Equity	105,635	23.1%	105,635	23.1%
Bonds and other fixed income	320,901	70.1%	320,901	70.1%
Cash and cash equivalents	28,607	6.3%	28,607	6.3%
Real Estate	467	0.1%	467	0.1%
Assets held by insurance companies	1,904	0.4%	1,904	0.4%
TOTAL	**457,514**	**100%**	**457,514**	**100%**

At December 31, 2021 *(in thousand euros)*	Fair value of American plan assets		Including fair value of plan assets with a quoted price on an active American market	
Equity	63,333	17.0%	63,333	17.0%
Bonds and other fixed income	281,507	75.5%	281,507	75.5%
Cash and cash equivalents	27,984	7.5%	27,984	7.5%
TOTAL	**372,824**	**100%**	**372,824**	**100%**

18-6 Actuarial assumptions for main countries

Actuarial assumptions used to calculate the benefit obligations vary according to the economic conditions of each respective country. They have been adjusted according to the change in interest rates and the mortality table. Assumptions for plans representing the main obligations are set out below:

At December 31, 2022	United States	United Kingdom	France
Discount rate	5.22%	4.70%	3.75%
Inflation rate	2.50%	3.70%	2.00%
Expected rate of salary increases	3.60%	N/A	2.25%
Average plan duration (years)	9.7	14.0	10.6

At December 31, 2021	United States	United Kingdom	France
Discount rate	2.74%	1.90%	0.90%
Inflation rate	2.50%	3.80%	1.50%
Expected rate of salary increases	3.60%	N/A	1.75%
Average plan duration (years)	12.0	16.5	12.7

The discount rates for our United States and United Kingdom retirement plans were developed using the Mercer Pension Discount Yield Curve, which is based on the yields of the bonds of AA-rated companies. For our other international plans, the discount rates were set by benchmarking against the corporate bonds of companies rated AA or better on the various markets.

The discount rate for the French obligation is based on the IBOXX AA 10+ index. The rate shown for France is that of the main plan (retirement indemnities).

The rate shown for the U.S. is for the main plan, each U.S. plan being valued with a specific discount rate (from 5.07% to 5.22%).

Sensitivity of the obligation to a change in discount rate

According to the Group's estimates, a +/-1% change in the discount rate would result in a change of -9.34% and +10.60% in the obligations, respectively. This change would not, however, impact the Group's total net liability on employee benefits, as a change in plan assets may partly offset the impact.

Sensitivity of the obligation to a change in inflation rate

According to the Group's estimates, a +/-0.5% change in the inflation rate would result in a change in the obligations for the following countries, of respectively:

- +0.02% for the U.S. in both cases;
- +3.39% and -3.33% for the UK.

This change would not, however, fully impact the Group net liability on employee benefits, as a change in plan assets fair value may partly offset the impact.

Cash Flows for future years

The Group is expected to pay 10.2 million euros in employer contributions for 2023.

The expected total benefit payments, in thousand euros, is:	
2023	32,656
2024	30,556
2025	30,740
2026	31,429
2027	30,632
Beyond 2027	157,988

18-7 Information by geography

At December 31, 2022 *(in thousand euros)*	**Obligation**		**Plan assets**		**Net liability**	
Europe	25,485	6.3%	9,326	2.7%	16,159	30.3%
United Kingdom	27,196	6.7%	34,774	9.9%	(7,578)	-14.2%
North America	343,372	85.1%	305,376	87.2%	37,997	71.2%
Other countries	7,415	1.8%	629	0.2%	6,786	12.7%
TOTAL	**403,468**	**100%**	**350,104**	**100%**	**53,363**	**100%**

At December 31, 2021 *(in thousand euros)*	**Obligation**		**Plan assets**		**Net liability**	
Europe	35,446	6.7%	8,937	2.0%	26,509	35.1%
United Kingdom	43,286	8.1%	46,313	10.1%	(3,028)	-4.0%
North America	447,976	84.0%	401,673	87.8%	46,303	61.2%
Other countries	6,424	1.2%	590	0.1%	5,834	7.7%
TOTAL	**533,132**	**100%**	**457,513**	**100%**	**75,619**	**100%**

For plans located in North America and Europe (mainly the United Kingdom), plan assets levels as of December 31, 2022 comply with minimum funding obligations, as legally or contractually defined.

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NOTE 19 OTHER CURRENT LIABILITIES

Other current liabilities breakdown is as follow:

(in thousand euros)	December 31, 2021	December 31, 2022
Social liabilities	111,706	100,829
Other tax liabilities	9,641	5,942
Accrued business development fund	87,419	105,465
Accrued costs – restructuring	8,563	5,780
Other current liabilities	74,825	75,185
OTHER CURRENT LIABILITIES	**292,154**	**293,201**

NOTE 20 COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT

References from (a) to (j) refer to the consolidated cash flow statement.

As of December 31, 2022 cash and cash equivalents amounted to 416.3 million euros and bank overdrafts to 1.1 million euros.

Net cash from operating activities

In 2022 net cash from operating activities amounted to 300.0 million euros, compared to 280.6 million euros in 2021.

The Group recorded foreign exchange (gains)/losses with no cash impact in financial income and restated these in the consolidated cash flow statement [(b)].

There is no individually significant disposal of fixed assets during 2022 [(b)].

In 2021, the sale of Clichy headquarters generated a capital gain of 167.7 million euros.

The divestiture of PIMACO generated a capital gain of 3.0 million euros [(c)].

The working capital (see Note 14 for the definition) has increased by 29.2 million euros compared to an increase during 2021 of 19.9 million euros. The 2022 change in working capital is mainly impacted by an increase in inventories (negative impact of cost inflation) [(c)] partially offset by a decrease of receivables and an increase of payables.

The 2021 variance is mainly explained by an increase in trade receivables and inventories, partly offset by an increase in trade payables.

The payments related to employee benefits were mainly driven by the U.S. and United Kingdom [(d)].

Net cash from investing activities

Net cash from investing activities amounted to -172.5 million euros during 2022 compared to 57.6 million euros in 2021.

During 2022, there was no disposal of individually significant fixed assets [(b)].

During 2021, the headquarters of Clichy were sold for a net amount of 173.9 million euros that represent the proceed on disposal net of related costs and also income tax paid on the capital gain for 45.9 million euros.

During 2021, PIMACO was disposed of for a net amount of 4.6 million euros that represents the proceed on disposal followed by some price adjustments, net of cash & cash equivalent of the divested entity, related costs and also income tax paid on the capital gain.

During 2022, BIC disbursed 96.3 million euros on property, plant and equipment and intangible assets (including -2.1 million euros related to the change in fixed asset supplier accounts) [(e)] compared to 74.9 million euros in 2021 (including +6.0 million euros related to change in fixed asset supplier accounts).

Purchases of property, plant and equipment do not include finance leases booked as a counterpart to a financial debt, as these transactions do not have any impact on cash [(e)].

“Other current financial assets” refer to investments not eligible for classification as cash & cash equivalents under IAS 7. These investments consisted of units of UCITS and negotiable debt securities, all of which are liquid within two days [f].

In 2022, payments were made relating to [g]:

- 58.2 million euros for the acquisition of Inkbox, corresponding to the purchase price net of cash and cash equivalents of the entity and related costs;
- the price adjustment of Djeep for 0.8 million euros;
- the earn-out clause for Rocketbook for 8.7 million euros;
- the acquisition of Tattly for 2.7 million euros;
- the acquisition of AMI for 3.4 million euros.

During the first half of 2021, payments were made in respect of Haco Kenya earn-out for 2.7 million U.S. dollars, Rocketbook price adjustment for 2.2 million U.S. dollars and Djeep price adjustment for 3 million euros.

Net cash from financing activities

Net cash from financing activities amounted to -175.2 million euros during 2022 compared to -148.3 million euros in 2021.

The dividends paid represent the dividends paid by SOCIÉTÉ BIC to its Shareholders (see Note 21)[h].

During 2022, repayments (net from new borrowings) amounted to 5.0 million euros, compared to 12.0 million euros of net repayments in 2021[i].

During 2022, 1 005 093 shares were repurchased by SOCIÉTÉ BIC for 54.5 million euros. Under the liquidity agreement, SOCIÉTÉ BIC bought 638 969 shares for 36.5 million euros, and sold 652 247 shares for 37.2 million euros[j].

During 2021, 717,928 shares were repurchased by SOCIÉTÉ BIC for 39.2 million euros. Under the liquidity agreement, SOCIÉTÉ BIC bought 546,989 shares for 29.2 million euros, and sold 566,079 shares for 29,6 million euros.

NOTE 21 DIVIDENDS

For the 2021 fiscal year, an ordinary dividend of 2.15 euros per share was distributed to Shareholders on June 1, 2022.

For the 2020 fiscal year, an ordinary dividend of 1.80 euros per share was distributed to Shareholders on June 2, 2021.

Projected dividend

The Board of Directors, meeting on February 14, 2023, decided to propose at the Annual Shareholders’ Meeting to be held on May 16, 2023, the distribution of an ordinary dividend of 2.56 euros per share for fiscal year 2022.

NOTE 22 EXPOSURE TO MARKET RISKS

22-1 Counterpart risk

All financial instruments are set up with banking institutions awarded top ratings by international rating agencies, making counterparty risk very low. The minimum Standard & Poor’s long-term rating of the main banking counterparties is A-, the rating range being from A+ to A-.

Cash investment decisions are subject to strict counterparty risk assessment (both depositories and custodians). The majority of the portfolio as of December 31, 2022 is on investment grade-rated supports. Counterparty risk is estimated not significant as of December 31, 2022.

22-2 Foreign exchange risk

See Note 24-2.

22-3 Interest rate risk

See Note 24-3.

22-4 Liquidity risk

The Group manages its equity such as to maintain a positive and liquid cash position, so as to be able to carry out its development and/or external growth strategy.

The excess cash and the funding needs of the Group are directly managed by the Treasury Department, following prudent policy guidelines that aim to preserve capital and to maintain a satisfactory liquidity position.

Excess cash is mainly invested in money market UCITS, negotiable debt securities and cash equivalents whose volatility is below 0.5, with a recommended holding period of less than three months.

The more structural portion of the cash can be invested in money market funds qualified as "dynamics", with a holding period that can be in excess of six months.

The market value of mark-to-market securities is assessed twice a month by the Group Treasury Department and the target is to reach an average annual performance that outperforms the capitalized ESTER rate.

As of December 31, 2022, total investments managed by Group Treasury amounted to 133.9 million euros, divided between 34 million euros in term accounts in euros or american dollars, and 99.9 million euros in euros.

The outperforming objective of the ESTER rate was largely achieved in 2022.

As previously mentioned in Note 6, BIC has also lowered its liquidity risk by setting up in 2020 a confirmed credit line of 200 million euros for a period of three years, which also secures a NeuCP program of 200 million euros, with an initial issuance in September 2020. During 2022, the NeuCP were regularly issued, based on the operating needs and the NeuCP BIC demand remain strong. The outstanding amount at 31 December 2022 is 50 million euros.

(in thousand euros)	December 31, 2021	December 31, 2022
Cash equivalents: marketable securities	253,317	209,285
Cash	215,597	207,032
CASH AND CASH EQUIVALENTS, EXCLUDING BANK OVERDRAFTS	**468,914**	**416,317**

22-5 Credit risk

(in thousand euros)		December 31, 2021	December 31, 2022
Gross trade receivables	**Note**		
Not yet due or past due for less than 60 days		352,246	319,074
Past due for 60 to 90 days		12,728	12,464
Past due for 90 to 120 days		7,418	7,635
Past due for more than 120 days		34,185	35,114
Total gross trade receivables		**406,577**	**374,287**
Doubtful receivables		14,515	17,119
TOTAL BEFORE ALLOWANCE		**421,092**	**391,406**
Allowance on trade receivables not yet due or past due for less than 60 days		(5,448)	(4,779)
Allowance on trade receivables past due for 60 to 90 days		(482)	(1,394)
Allowance on trade receivables past due for 90 to 120 days		(1,016)	(1,340)
Allowance on trade receivables past due for more than 120 days		(24,968)	(28,093)
Total allowance (B)		**(31,914)**	**(35,605)**
Allowance on specific trade receivables		*(26,183)*	(28,832)
Allowance on statistically calculated trade receivables		*(5,731)*	(6,773)
Other receivables (C)		**29,009**	**58,882**
TRADE AND OTHER RECEIVABLES – NET (A)+(B)+(C)	**14**	**418,186**	**414,682**

22-6 Fair value of financial assets and liabilities

Accounting categories and fair value of financial instruments

At December 31, 2022 — Breakdown by category of instruments

Balance sheet items *(in thousand euros)*	Notes	Balance sheet value	Fair value	At fair value through the income statement	Derivative hedging instruments	Receivables at amortized cost	Debts at amortized cost	At fair value through equity
Financial assets		**857,482**	**857,482**	**438,823**	**14,266**	**404,393**	**-**	**-**
Non-current								
• Derivative financial instruments	24	3,464	3,464	-	3,464	-	-	-
• Loans accorded to external partners	11	5,625	5,625	-	-	5,625	-	-
• Other investments		50	50	50	-	-	-	-
Current								
• Trade and other receivables	14	414,682	414,682	15,915	-	398,767	-	-
• Derivative financial instruments	24	10,802	10,802	-	10,802	-	-	-
• Other current financial assets		6,540	6,540	6,540	-	-	-	-
• Cash and cash equivalents	20	416,317	416,317	416,317	-	-	-	-
Financial liabilities		**318,944**	**318,944**	**8,734**	**9,721**	**-**	**300,489**	**-**
Non-current								
• Borrowings	16	42,839	42,839	-	-	-	42,839	-
• Derivative instruments	24	237	237	-	237	-	-	-
• Djeep earn-out clause		3,961	3,961	3,961	-	-	-	-
Current								
• Borrowings	16	76,543	76,543	-	-	-	76,543	-
• Derivative instruments	24	9,483	9,483	-	9,483	-	-	-
• Rocketbook earn-out clause		4,773	4,773	4,773	-	-	-	-
• Trade and other payables	14	181,108	181,108	-	-	-	181,108	-

At December 31, 2021				Breakdown by category of instruments				
Balance sheet items *(in thousand euros)*	**Notes**	**Balance sheet value**	**Fair value**	**At fair value through the income statement**	**Derivative hedging instruments**	**Receivables at amortized cost**	**Debts at amortized cost**	**At fair value through equity**
Financial assets		**888,902**	**888,902**	**268,307**	**1,756**	**618,840**	**-**	**-**
Non-current								
• Derivatives financial instruments	24	62	62	-	62	-	-	-
• Other investments		46	46	46	-	-	-	-
Current								
• Trade and other receivables	14	418,186	418,186	14,943	-	403,243	-	-
• Derivative financial instruments	24	1,694	1,694	-	1,694	-	-	-
• Other current financial assets		-	-	-	-	-	-	-
• Cash and cash equivalents	20	468,914	468,914	253,317	-	215,597	-	-
Financial liabilities		**276,432**	**276,432**	**13,696**	**13,513**	**-**	**249,223**	**-**
Non-current								
• Borrowings	16	23,782	23,782	-	-	-	23,782	-
• Derivative instruments	24	14	14	-	14	-	-	-
• Djeep earn-out clause		3,961	3,961	3,961	-	-	-	-
• Rocketbook earn-out clause		3,512	3,512	3,512	-	-	-	-
Current								
• Borrowings	16	76,287	76,287	-	-	-	76,287	-
• Derivative instruments	24	13,499	13,499	-	13,499	-	-	-
• Rocketbook earn-out clause		6,223	6,223	6,223	-	-	-	-
• Trade and other payables	14	149,154	149,154	-	-	-	149,154	-

The valuation methods adopted for financial instruments are as follows:

- Financial instruments other than derivatives recorded in the balance sheet:

  The book values used are reasonable estimates of their market value except for marketable securities whose carrying values are determined based on the last known net asset values as of December 31, 2022.

- Derivative financial instruments:

  Market values are either those indicated by financial institutions or have been calculated by an external third-party on the basis of the last known closing prices as of December 31, 2022. They are consistent with the valuation reports provided by the financial institutions.

Fair value valuation method

The tables below set out the fair value method for valuing financial instruments, using the following three levels:

- level 1 (quoted prices in active markets): money market UCITS and other current financial assets;
- level 2 (observable inputs): derivatives – hedge accounting;
- level 3 (non-observable inputs): no such instruments are held as of December 31, 2022.

Category of instruments *(in thousand euros)*	At December 31, 2022			
	Total	**Level 1**	**Level 2**	**Level 3**
At fair value through the income statement – Assets	231,791	231,791	-	-
Derivative hedges – Assets	14,266	-	14,266	-
Derivative hedges – Liabilities	9,721	-	9,721	-

22-7 Net income impact by category of instruments

Net income related to the different categories of financial assets and liabilities are as follows:

At December 31, 2022	Breakdown by category of instruments					
Nature of impact *(in thousand euros)*	**Total**	**At fair value through the income statement**	**Derivative hedging instruments**	**Receivables at amortized cost**	**Debts at amortized cost**	**At fair value through equity**
Interest income/(expense)	1,836	2,694	-	7,735	(8,594)	-
Revaluation at fair value	-	-	-	-	-	-
Translation	(3,368)	-	-	-	(3,368)	-
Net depreciation	(3,691)	-	-	-	(3,691)	-
TOTAL	**(5,223)**	**2,694**	**-**	**7,735**	**(15,653)**	**-**

At December 31, 2021	Breakdown by category of instruments					
Nature of impact *(in thousand euros)*	**Total**	**At fair value through the income statement**	**Derivative hedging instruments**	**Receivables at amortized cost**	**Debts at amortized cost**	**At fair value through equity**
Interest income/(expense)	(27)	965	-	2,743	(3,736)	-
Revaluation at fair value	-	-	-	-	-	-
Translation	(16,548)	-	-	-	(16,548)	-
Net depreciation	(864)	-	-	-	(864)	-
TOTAL	**(17,439)**	**965**	**-**	**2,743**	**(21,148)**	**-**

NOTE 23 SHARE-BASED PAYMENTS

The Group issues free shares with or without performance conditions and stock options to certain employees as compensation for services provided. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. This fair value on the vesting date is expensed over the vesting period, based on the Group's estimate of the shares that will eventually be vested and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured using the method given below. The expected life used in the model has been adjusted, based on management's best estimates, for the effect of non-transferability, exercise restrictions and behavioral considerations.

Share-based payments are booked in staff costs (see Note 4 "Operating expenses"- "Staff costs" item and in the lines of the income statement presented by functions).

23-1 Free share allocations with performance conditions

From 2005 onwards, using the authorization granted by successive Annual Shareholders' Meetings, the Board of Directors, upon the recommendation of the Compensation and Nomination Committee, implemented a policy of performance share awards, subject to three-year performance conditions.

All performance share plan have been granted by SOCIÉTÉ BIC and shares are delivered to beneficiaries at the end of the vesting period.

The shares to be delivered by the current plans are existing shares.

	Plan no. 15	Plan no. 16	Plan no. 17	P2022
Annual Shareholders' Meeting date	May 16, 2018	May 20, 2020	May 20, 2020	May 19, 2021
Board of Directors' Meeting date	February 12, 2019	February 11, 2020	February 16, 2021	February 15, 2022
Grant	M	M	M	M
Number of beneficiaries	497	501	158	172
Number of free shares granted	162,025	234,118	244,181	240,156
Definitive grant date	February 12, 2022	March 31, 2023	March 31, 2024	March 31, 2025
Number of share grants definitively acquired at December 31, 2022 and transferred or to be transferred to beneficiaries by SOCIÉTÉ BIC	52,573	-	-	-
Delivery date of the shares by SOCIÉTÉ BIC to French or foreign beneficiaries	February 12, 2022	March 31, 2023	March 31, 2024	March 31, 2025
Total number of free share grants void as of December 31, 2022 [(a)]	109,452	62,226	53,308	8,731
Total number of free share grants vesting as of December 31, 2022	-	171,892	190,873	231,425

(a) These free share grants were void due to beneficiaries leaving the Company or to a part of the performance conditions not being achieved.
M = Main.
S = Secondary.

Estimated fair value of shares granted and impact on the income statement

	Plans' unit fair value *(in euros)*		**Expense/(income) booked in income statement** *(in thousand euros)*	
Grant date	**Main grant**	**Secondary grant**	**December 31, 2021**	**December 31, 2022**
May 16, 2018	77	N/A	789	-
February 12, 2019	81.14	N/A	974	574
February 11, 2020	58.30	N/A	2,839	3,228
February 16, 2021	42.93	N/A	2,305	2,295
February 15, 2022	42.57	N/A	-	2,454
TOTAL			**6,907**	**8,552**

The fair value of the free shares is the share price at the grant date adjusted for the present value of potential future dividends.

23-2 Free share allocations without performance conditions

As recommended by the Compensation and Nomination Committee, the Board of Directors decided to set up a policy of free share grants without performance conditions, rewarding employees selected by Management and key contributors during the year. The vesting period is three years and one month.

On October 26, 2021, the Board of Directors approved the recommendation of the Compensation Committee, to grant free shares without performance conditions, to all Group employees, under the aegis of Sharing *Horizon* plan. The shares granted under this plan will be delivered to employees still present at the expiry of the vesting period of two years.

Free shares are granted by SOCIÉTÉ BIC and delivered to employees still present at the expiry date of the vesting period, which is two years for Sharing *Horizon* plan and three years for the Free Shares grants.

These plans provide for the allocation of existing shares.

	Plan no. F8	Plan no. F9	Plan no. F10	Sharing *Horizon*	S2022
Annual Shareholders' Meeting date	May 16, 2018	May 20, 2020	May 20, 2020	May 19, 2021	May 19, 2021
Board of Directors' Meeting date	February 12, 2019	February 11, 2020	February 16, 2021	Octobre 26, 2021	February 15, 2022
Number of beneficiaries	238	242	660	11,944	743
Number of free shares granted	17,550	30,613	137,322	59,720	118,947
Definitive grant date	March 31, 2022	March 31, 2023	March 31, 2024	Octobre 26, 2023	March 31, 2025
Number of free share grants definitively acquired at December 31, 2022	10,950	-	170	-	-
Total number of free share grants void at December 31, 2022 [(a)]	6,600	5,808	21,257	8,520	7,638
Total number of free share grants still vesting at December 31, 2022	-	24,805	115,895	51,200	111,309

(a) *These free share grants were void due to beneficiaries leaving the Company.*

Estimated fair value of shares granted and impact on the income statement

Grant date	Plans' unit fair value – binomial model *(in euros)*	Expense/(income) booked in income statement *(in thousand euros)* December 31, 2021	Expense/(income) booked in income statement *(in thousand euros)* December 31, 2022
May 16, 2018	76.78	127	-
February 12, 2019	81.14	319	(90)
February 11, 2020	58.30	475	417
February 16, 2021	42.93	1,315	1,482
October 26, 2021	46.72	227	1,121
February 15, 2022	42.57	-	1,182
TOTAL		**2,463**	**4,112**

As of December 31, 2022, the total fair value of options and shares granted amounts to 14.7 million euros.

23-3 Grant of stock option plans with performance conditions

In 2021, as recommended by the Remuneration Committee, and after approval of the Shareholders Meeting, the board decided on a one-off grant of stock options with performance conditions for a limited number of the Group top executives. The options are on existing shares, with a vesting period of 5 years, subject to presence and performance conditions covering the same period.

Breakdown by plan	Achieving *Horizon* stock option plan	
Annual Shareholders' Meeting date	May 19, 2021	May 19, 2021
Board of Directors' Meeting date	May 19, 2021	December 9, 2021
Number of beneficiaries	14	2
Number of subscription options	1,224,500	170,000
Date from which options may be exercised	February 28, 2026	February 28, 2026
Exercise price (in euros) [(a)]	65	66
Number of options exercised as of December 31, 2022	-	-
Number of void options as of December 31, 2022	75,000	-
Number of remaining options as of December 31, 2022	1,149,500	170,000

(a) No discount on the exercise price.

Assumptions for fair value calculation of stock options plans according to binomial model

	Achieving *Horizon* stock option plan
Expected volatility	25.6%
Risk-free rate	0.0%
Expected dividend yield	3.5%
Expected life in years	5

NOTE 24 FINANCIAL INSTRUMENTS

Accounting policies

Financial assets and financial liabilities are recognized on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

a) Trade receivables

See Note 14.

b) Investments

In accordance with IFRS 9 "Financial Instruments", investments are classified into one of the following three categories:

- financial assets at fair value through profit or loss;
- financial assets measured at amortized cost;
- financial assets measured at fair value through other comprehensive income.

The classification determines the accounting treatment of these instruments. It is determined by the Group on the initial recognition date, based on the characteristics of the instrument and the management objective for which these assets were acquired. Purchases and sales of financial assets are recognized on the trade date, the date on which the Group is committed to buying or selling the asset. A financial asset is derecognized if the contractual rights to the cash flows associated with the financial asset expire or if the asset has been transferred.

1. Financial assets at fair value through profit or loss

Financial assets recognized at fair value through profit or loss are mainly financial assets for which the contractual cash flows do not only correspond to principal repayments and interest payments on the outstanding principal.

This category mainly includes UCITS and cash investments whose management and performance are based on fair value.

Changes in the value of these assets are recorded in the consolidated income statement. The net gains and losses of assets measured at fair value through profit or loss correspond to interest income, dividends and changes in fair value.

2. Financial assets measured at amortized cost

Financial assets are measured at amortized cost if their ownership is part of a business model aimed at receiving contractual cash flows corresponding solely to principal repayments and interest payments on the outstanding principal.

These instruments are initially recognized at fair value, then at amortized cost calculated using the effective interest rate method. Provisions are recorded in the consolidated income statement.

Net gains and losses on loans and receivables correspond to interest income and provisions.

3. Financial assets measured at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if their holding is part of an economic model that aims both to collect contractual cash flows, corresponding only to repayments of principal and interest payments on outstanding principal, and to the sale of financial assets.

This category includes debt securities that meet the contractual flow characteristics and management model set out above, as well as shares at fair value through equity on option.

c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term (less than three-months) highly liquid money market investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The application of IAS 7 has resulted in money market UCITS with a historical volatility over the last 12 months of above 0.50% being considered non-eligible as “Cash equivalents.” These items are now classified as “Other current financial assets.”

d) Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deduction of all its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

e) Bank borrowings

Interesting-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of direct issue costs) and the settlement of redemption or borrowing is recognized in profit or loss over the term of the borrowing in accordance with this method.

f) Trade payables

See Note 14.

g) Equity instruments

Equity instruments issued by the parent company are recorded at the proceeds received, net of direct issue costs.

h) Derivative financial instruments and hedge accounting

The Group’s activities expose it primarily to the financial risk of changes in foreign exchange and interest rates.

The Group uses derivative financial instruments (primarily over-the-counter foreign currency forward contracts and currency options) to hedge its risk associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions, a technique the Group designates as cash flow hedges.

The use of financial derivatives is governed by the Group’s policies approved by the Board of Directors, which provide written guidelines on the use of financial derivatives consistent with the Group’s risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

Measurement and presentation

Derivatives are initially recognized at fair value of received counterpart on the contract date and are remeasured to fair value at subsequent reporting dates. They are disclosed in the balance sheet in current assets and/or liabilities for the part within one year and in non-current assets and/or liabilities for the part beyond one year.

The fair value of over-the-counter forward exchange contracts and currency swaps is determined by discounting future cash flows, using closing-date market rates (exchange and interest rates).

The fair value of foreign exchange options is taken from the valuation reports provided by financial institutions and is determined using the interest rate curves, exchange rates as well as the volatility of each currency.

Counterparty risk was measured under IFRS 13 "Fair value measurement" and is not significant.

Hedge accounting

The treatment of derivatives designated as hedging instruments depends on the type of hedging relationship:

- cash flow hedge;
- hedge of a net investment in a foreign operation.

The Group clearly identifies the hedging instrument and the hedged item as soon as the hedge is set up, and formally documents the hedging relationship stating the hedging strategy, the risk hedged and the method used to determine the effectiveness of the hedge. This documentation is subsequently updated, such that the effectiveness of the designated hedge can be demonstrated.

Hedge accounting uses specific measurement and recognition methods for each category of hedge:

- **cash flow hedges**: no adjustment is made to the value of the hedged item; only the hedging instrument is adjusted to fair value. The counterpart of this adjustment is recorded, net of taxes, in equity. The cumulative amount included in equity is transferred to the income statement when the hedged item has an impact on net income.

If the cash flow hedge of a commitment or forecasted transaction results in the recognition of a non-financial asset or a liability, then, at the time the asset or liability is recognized, the associated gains or losses on the derivative that had previously been recognized in equity are included in the initial carrying amount of the non-financial asset or liability.

For foreign exchange derivatives, changes in the time value of options and changes in premiums/deferrals are also recorded in other comprehensive income.

For hedges that do not result in the recognition of an asset or a liability, amounts transferred to equity are recognized in the income statement in the same period in which the hedged item affects net income.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument initially recognized directly in equity while the hedge was effective, is retained in equity until the forecast transaction occurs.

The Group no longer uses hedge accounting if the commitment or forecast transaction is no longer expected to occur, and the net cumulative gain or loss recognized in equity is transferred to profit or loss for the period;

- **hedge of net investment in a foreign operation:** the hedging instrument is adjusted to fair value. Following this adjustment, the change in fair value attributable to the hedged exchange risk is recorded, net of taxes, in equity. The cumulative amount included in equity is transferred to the income statement at the date of liquidation or sale of the net investment.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and financial characteristics are not closely related to those of the host contract and the hybrid instrument is not carried at fair value with gains or losses reported in profit or loss. The BIC Group did not carry out any such transactions over the past three years.

i) Fair value hierarchy

Financial instruments measured at fair value are classified within three fair value levels (IFRS 13):

- level 1: quoted prices in active markets for identical assets or liabilities;
- level 2: directly or indirectly observable inputs other than quoted prices included within level 1;
- level 3: non-observable inputs.

24-1 Derivatives and hedge accounting

The financial risk management is mainly concentrated at the SOCIÉTÉ BIC level and managed and/or coordinated by the Group Treasury.

This department is not a profit center.

Group Treasury has ongoing contact with subsidiaries and collects information throughout the year to identify, follow and lead risk management.

Regarding foreign exchange risk, the Group policy consists in hedging the net position currency by currency on a yearly basis. Buyer and seller positions are aggregated and the determined net nominal is hedged on the market.

Depending on the fluctuation of the foreign exchange market, Group Treasury can speed up the hedging pace in order to benefit from favorable trends or slow it down so as not to fix too early a rate. All the positions are constantly monitored in real-time by the Group Treasury, which has the necessary information and analytical tools. An update of all the positions is transmitted to management each month and detailed by currency, product (forward, option, etc.), and purpose (commercial flows or net investments).

In case of local constraints that would not permit the centralization at optimum conditions for BIC, the hedges are performed locally under the strict control of Group Treasury.

24-2 Foreign exchange risk

To manage its exchange rate exposure, the Group uses forward foreign currency contracts, currency swaps and currency options. Forward foreign currency contracts are recognized as hedges insofar as they are designated as such. These hedges may cover the net investment of the Group in certain foreign entities, foreign currency receivables or debts, or budgets in foreign currency.

As Group cash is centralized, BIC holds current accounts with its main subsidiaries. A portion of foreign currency credit balances are swapped against the euro and contribute to the Group's euro liquidity. This liquidity, which is usually invested in money market funds and other short-term investment products, has been partly held in a cash position in our bank accounts. Indeed, given the negative interest rate environment in the euro zone that has prevail for a large part of 2022, almost all short-term investment products were performing negatively. As BIC was not subject to the application of negative interest on its euro cash surpluses by its banking pool, it was appropriate to keep them in our bank accounts.

As of 31 Dec 2022, all excess cash is invested into pure monetary short-term instruments.

In addition, the U.S. dollars liquidity that participated in the short-term swap activity is now kept in U.S. dollars and invested as such in short-term investment products directly denominated in dollars; As a consequence, we are directly benefiting from the significant interest rates rise of the U.S. dollar.

Every day, Group Treasury adjusts the liquidity situation of the current accounts, excluding the U.S. dollars, which derives from the currency swaps realized on the market. This strategy, even though it uses exchange instruments, cannot be considered as a full foreign exchange risk management hedging program, as there is no definitive translation of bank accounts. It only relates to optimization of funding by BIC through foreign liquidity management.

24-3 Interest rate risk

As of December 31, 2022, the outstanding 50 million euros of NeuCP issuance was the only significant debt. This average two months debt is not hedged.

The exposure to interest rate fluctuations on borrowings is very limited. All local funding needs are directly indexed on a variable rate. Borrowers' positions are insignificant and are too limited a time scale to require any relevant hedging.

24-4 Impact of foreign exchange and interest rate risk hedging on the consolidated financial statements as of December 31, 2022

The following amounts have been booked as the fair value of derivatives as of December 31, 2022 *(in thousand euros)*:

Derivative instruments and revaluation	Hedge qualification/ hedged risk	Net financial Income/ (expense) before tax – Note 5	Income from operations – Note 3	Other comprehensive income before tax [(a)]	Current assets [(b)]	Non-current assets	Current Liabilities	Non-current Liabilities
Hedging revaluation impact								
Commercial flows	Cash flow hedge/ foreign exchange risk	148	2,430	10,083	10,496	3,464	(7,668)	(237)
Dividends	Net investment/ foreign exchange risk	-	-	1,644	-	-	(1,435)	-
Subtotal (1)		**148**	**2,430**	**11,727**	**10,496**	**3,464**	**(9,102)**	**(237)**
Revaluation of currency swaps backed bycash positions in foreign currencies	At fair value through P&L/ foreign exchange risk	(151)	-	-	306	-	(381)	-
Subtotal (2)		**(151)**	**-**	**-**	**306**	**-**	**(381)**	**-**
TOTAL 1+2		**(3)**	**2,430**	**11,727**	**10,802**	**3,464**	**(9,483)**	**(237)**

(a) *This corresponds to the market value of hedging instruments in the portfolio at December 31, 2022 restated for the reversal of the market value of the portfolio of hedging instruments as of December 31, 2021.*
(b) *Including options not yet exercised held by BIC representing current assets for 415 thousand euros.*

24-5 Impact of foreign exchange and interest rate risk hedging on the consolidated financial statements as of December 31, 2021

The following amounts have been booked as the fair value of derivatives as of December 31, 2021 *(in thousand euros)*:

Derivative instruments and revaluation	Hedge income qualification/ hedged risk	Net financial Income/ (expense) before tax – Note 5	Income from operations – Note 3	Other comprehensive income before tax [(a)]	Current assets [(b)]	Non-current assets	Current Liabilities	Non-current Liabilities
Hedging revaluation impact								
Commercial flows	Cash flow hedge/ foreign exchange risk	(268)	(6,855)	(23,002)	1,298	62	(10,304)	(14)
Dividends	Net investment/ foreign exchange risk	-	-	(3,540)	-	-	(2,876)	-
Subtotal (1)		**(268)**	**(6,855)**	**(26,542)**	**1,298**	**62**	**(13,180)**	**(14)**
Revaluation of currency swaps backed by cash positions in foreign currencies	At fair value through P&L/ foreign exchange risk	(16)	-	-	396	-	(319)	-
Subtotal (2)		**(16)**	**-**	**-**	**396**	**-**	**(319)**	**-**
TOTAL 1+2		**(285)**	**(6,855)**	**(26,542)**	**1,694**	**62**	**(13,499)**	**(14)**

(a) *This corresponds to the market value of hedging instruments in the portfolio at December 31, 2021 restated for the reversal of the market value of the portfolio of hedging instruments as of December 31, 2020.*
(b) *Including options not yet exercised held by BIC representing current assets for 267 thousand euros*

24-6 Portfolio of foreign exchange risk hedges as of December 31, 2022

To cover its future cash flows, BIC had the following hedges as of December 31, 2022:

Maturity	Hedge	Forward	Currency	Purchase of options	Sale of options	Currency
2023	USD/EUR	372,944,000	USD	2,500,000	5,000,000	USD
	USD/CAD	12,000,000	USD	6,000,000	9,000,000	USD
	USD/AUD	3,751,000	USD	1,000,000	1,500,000	USD
	GBP/EUR	13,000,000	GBP	4,000,000	6,000,000	GBP
	AUD/EUR	26,000,000	AUD	2,000,000	3,000,000	AUD
	CHF/EUR	5,754,000	CHF	1,000,000	1,000,000	CHF
	EUR/MXN	4,500,000	EUR	-	-	-
	JPY/EUR	1,300,000,000	JPY	100,000,000	200,000,000	JPY
	CAD/EUR	20,314,000	CAD	-	-	-
	NZD/EUR	442,000	NZD	6,000,000	7,000,000	NZD
	PLN/EUR	-	PLN	10,000,000	15,000,000	PLN
	RON/EUR	16,000,000	RON	-	-	
	SEK/EUR	25,000,000	SEK	5,000,000	7,000,000	SEK
	USD/NZD	500,000	USD	500,000	1,000,000	USD
2024	CHF/EUR	3,000,000	CHF	-	-	
	CAD/EUR	1,000,000	CAD	-	-	
	JPY/EUR	150,000,000	JPY	-	-	
	USD/EUR	62,500,000	USD	-	-	
2025	CHF/EUR	2,000,000	CHF	-	-	

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Regarding the needs for 2023, as of December 31, 2022, the EUR/USD parity was the most exposed, in amount of 380 million U.S. dollars. This exposure was more than 95% hedged as of December 31, 2022 and related cash flows will occur in 2023.

Net income and equity sensitivity to a variance of +/-1% EUR/USD on balance sheet items as of December 31, 2022, as defined in IFRS 7, is not considered to be significant for the Group.

As of December 31, 2021, regarding the 2022 exposure, the EUR/USD parity was the most exposed, in the amount of 350 million U.S. dollars. This exposure was 90% hedged as of December 31, 2021 and related cash flows took place in 2022.

24-7 Main balance sheet items declared in foreign currencies

Regarding the balance sheet items, the weight of the different currencies is as follows as of December 31, 2022 for the main items:

(in thousand euros)	**Total**	**EUR**	**Translated from USD**	**Translated from BRL**	**Translated from MXN**	**Translated from INR**	**Other**
Net property, plant and equipment	612,395	376,695	79,737	49,262	44,339	14,343	48,020
Net goodwill	297,610	108,034	160,993	1	-	-	28,582
Cash and cash equivalents (excluding bank overdrafts)	416,318	155,722	98,593	44,698	25,257	510	91,538
Employee benefit obligations	(57,419)	(14,387)	(42,454)	-	(4,858)	(831)	5,111

NOTE 25 RELATED PARTIES

Pursuant to IAS 24, the Group considers the following to be related parties:

- all consolidated subsidiaries (see Note 28);
- all members of the Board of Directors (see Corporate Governance – section 4.1.3.3. “Offices and responsibilities of the Corporate Officers and Directors as of December 31, 2022”) as well as their close relatives;
- all companies in which a member of the Board of Directors or of the Executive Committee has a significant voting right.

25-1 Consolidated subsidiaries

Transactions between the parent company and its subsidiaries as well as transactions between subsidiaries are eliminated through the consolidation process.

25-2 Members of the Board of Directors and of the Executive Committee

Transactions concluded in 2022 with members of the Board of Directors and of the Executive Committee are as follows:

(in thousand euros)	**Expenses**
Short-term employee benefits	9,945
Post-employment benefits	59
Other long-term benefits	97
Termination benefits	-
Share-based payments	4 ,168
TOTAL TRANSACTIONS	**14,269**

Directors’ fees are not included in the above table and are disclosed under Corporate Governance – section 4.2. Corporate Officer remuneration.

25-3 Companies in which a member of the Board of Directors or of the Executive Committee has a significant voting right

As of December 31, 2022, no such related parties were identified.

NOTE 26 OFF-BALANCE SHEET ITEMS

The following schedule summarizes the sureties, deposits and guarantees for the Group. All significant items are disclosed in this table. No other pledge of assets or registered shares is to be reported.

26-1 Sureties, deposits and guarantees received

(in thousand euros)	Due			December 31, 2022	December 31, 2021
	< 1 year	1 to 5 years	> 5 years		
Confirmed credit facilities	202,720	288	7,909	210,917	15,204
TOTAL	**202,720**	**288**	**7,909**	**210,917**	**15,204**

As of December 31, 2022, the guarantees for credit lines mainly relate to SOCIÉTÉ BIC for the 200 million euros RCF and its subsidiaries in India and Turkey for 10.6 million euros.

As of December 31, 2021, the guarantees for credit lines mainly relate to the Group's subsidiaries in Kenya, India and Turkey for 14.9 million euros.

26-2 Sureties, deposits and guarantees issued

(in thousand euros)	Due			December 31, 2022	December 31, 2021
	< 1 year	1 to 5 years	> 5 years		
Trade guarantees	-	63	-	63	63
Operating lease guarantees	-	-	320	320	320
Sureties and deposits	150	20,529	220	20,899	21,090
Other guarantees and commitments	350	5,177	-	5,527	7,969
TOTAL	**500**	**25,769**	**540**	**26,809**	**29,443**

26-3 Lease arrangements

(in thousand euros)	December 31, 2021	December 31, 2022
Rentals under operating leases recognized as an expense in the year *(do not fall within the scope of IFRS 16)*	535	784

At the balance sheet date, the Group has outstanding commitments under leases exempted from IFRS 16, which fall due as follows:

(in thousand euros)	December 31, 2021	December 31, 2022
Within one year	796	856
In the second to fifth years inclusive	1,264	14
Beyond five years	40	-
TOTAL	**2,100**	**870**

NOTE 27 CONTINGENT LIABILITIES

As of December 31, 2022, neither SOCIÉTÉ BIC nor its subsidiaries were aware of any contingent liabilities.

Contingent liabilities are defined by IAS 37 as follows:

- possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the entity;
- obligations that are not recognized because:
  - settlement, involving an outflow representing economic benefits, is not probable, or
  - their amount cannot be measured reliably.

NOTE 28 CONSOLIDATED SUBSIDIARIES

All entities that are more than 50% owned are consolidated.

The main operating companies at December 31, 2022, are as follows:

Name of subsidiary	Place of incorporation (or registration) and operation	Main Shareholders	Percentage ownership interest (direct or indirect)	Principal activity
Fully consolidated subsidiaries				
FRANCE				
BIC Assemblage SARL	Clichy	SOCIÉTÉ BIC SA	100.0%	Delivery of services
BIC Services SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Delivery of services
BIMA 83 SASU	Clichy/Cernay	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
Société du Briquet Jetable 75 – « B.J. 75 » SASU	Clichy/Redon	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
DAPE 74 Distribution SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
Électro-Centre SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
BIC Technologies SA	Clichy	SOCIÉTÉ BIC SA	99.9%	Industrial equipments production
BIC Rasoirs SASU	Verberie	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
BIC Conté SASU	Samer	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
BIC Graphic France SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Écriture 2000 SASU	Clichy/Montévrain	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
BIC Éducation SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of IT solutions
Société Immobilière Valiton Gesnouin SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Real estate
Société Immobilière BIC Clichy SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Real estate
BIC International Development SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Delivery of services
Sibjet Technologies SNC	Guidel	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
Djeep SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
Advanced Magnetic Interaction, AMI SASU (Acquisition August 10, 2022)	Grenoble	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
EUROPE				
BIC Deutschland GmbH & Co. OHG	Germany	BIC Erzeugnisse GmbH BIC Verwaltungs GmbH	100.0%	Distribution of consumer products
BIC Erzeugnisse GmbH	Germany	SOCIÉTÉ BIC SA	100.0%	Holding company
BiC Verwaltungs-GmbH	Germany	SOCIÉTÉ BIC SA	100.0%	Holding company
BIC GmbH	Germany	SOCIÉTÉ BIC SA	100.0%	Holding company
Mondial Office Verwaltungs-und Vertriebsgesellschaft mit beschränkter Haftung	Germany	BIC Deutschland GmbH & Co.	100.0%	Holding company
BIC (Austria) Vertriebsgesellschaft m.b.h	Austria	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products

Name of subsidiary	Place of incorporation (or registration) and operation	Main Shareholders	Percentage ownership interest (direct or indirect)	Principal activity
BIC Iberia SAU	Spain	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
BIC Graphic Europe SA	Spain	BIC Iberia SAU Société BIC SA	100.0%	Manufacturing and distribution of consumer products
Norwood Promotional Products Europe S.L.U	Spain	BIC Graphic Europe SA	100.0%	Distribution of consumer products/ Dormant Entity
BIC Violex Single Member SA - Grèce	Greece	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
BIC (Ireland) Limited	Ireland	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Italia S.P.A	Italy	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Netherlands B.V.	Netherlands	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Polska SP ZOO	Poland	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Portugal SA	Portugal	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC (Romania) Marketing & Distribution SRL	Romania	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC UK Limited	United Kingdom	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Slovakia s.r.o.	Slovakia	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC CIS	Russia	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Nordic AB	Sweden	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
SOCIÉTÉ BIC (Suisse) SA	Switzerland	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Pazarlama Limited sirketi	Turkey	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Ukraine CA	Ukraine	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Services Sofia EOOD	Bulgaria	SOCIÉTÉ BIC SA	100.0%	Delivery of services
RBTGN21, S.L.U.	Spain	BIC Iberia SAU	100.0%	Industrial equipments production
NORTH AMERICA				
BIC Inc.	Canada	BIC CORPORATION	100.0%	Distribution of consumer products
BIC CORPORATION	United States	SOCIÉTÉ BIC SA	100.0%	Holding company
BIC USA Inc.	United States	BIC CORPORATION	100.0%	Distribution of consumer products
BIC Consumer Products Manufacturing Co. Inc.	United States	BIC USA Inc.	100.0%	Manufacturing of consumer products
Wite-Out Products Inc.	United States – Delaware	BIC CORPORATION	100.0%	Holding company
Furtuna Holding Co. Limited.	British Virgin Islands	BIC CORPORATION	100.0%	Holding company
SLS Insurance Company	United States	BIC CORPORATION	100.0%	Insurance company
Rocket Innovations, Inc.	United States – Delaware	BIC CORPORATION	100.0%	Distribution of consumer products
BIC International Co.	United States	SOCIÉTÉ BIC SA	100.0%	Delivery of services
Wite-Out Products Inc.	United States – Marinland	Wite-Out Products Inc. – Delaware	100.0%	Distribution of consumer products
SWISS MISS SHOP LLC (Acquisition July 2022)	United States	BIC CORPORATION	100.0%	Distribution of consumer products
Inkbox Ink Incorporated (Incorporated February 2022)	Canada	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
Inkbox Ink America (Incorporated February 2022)	United States	Inkbox Ink Incorporated	100.0%	Distribution of consumer products
OCEANIA				
BIC Australia Pty. Ltd.	Australia	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC (NZ) Limited	New Zealand	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
LATIN AMERICA				
BIC Argentina S.A	Argentina	SOCIÉTÉ BIC SA BIC Assemblage SARL	100.0%	Distribution of consumer products
BIC Amazonia S.A	Brazil	SOCIÉTÉ BIC SA BIC Rasoirs SASU	100.0%	Manufacturing and distribution of consumer products

Name of subsidiary	Place of incorporation (or registration) and operation	Main Shareholders	Percentage ownership interest (direct or indirect)	Principal activity
BIC Chile SA	Chile	BIC Amazonia SA SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC de Costa Rica S.A	Costa Rica	BIC de Guatemala SA	100.0%	Distribution of consumer products
BIC Ecuador (ECUABIC) S.A	Ecuador	BIC Amazonia SA SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
BIC de Guatemala S.A	Guatemala	BIC CORPORATION SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
No Sabe Fallar SA de CV	Mexico	BIC CORPORATION Industrial de Cuautitlan SA de CV	100.0%	Manufacturing and distribution of consumer products
Industrial de Cuautitlan SA de CV	Mexico	BIC CORPORATION No Sabe Fallar SA de CV	100.0%	Manufacturing and distribution of consumer products
Servicios administrativos Industrial de Cuautitlán, SA de CV	Mexico	Industrial de Cuautitlan SA de CV No Sabe Fallar SA de CV	100.0%	Delivery of services
BIC Uruguay S.A	Uruguay	BIC Amazonia SA	100.0%	Distribution of consumer products/ Dormant Entity
Nelgor SA	Uruguay	BIC Amazonia SA	100.0%	Holding company
ASIA				
BIC Stationery (Shanghai) Co. Ltd. "BSL"	China	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC (Nantong) Plastic Products Co., Ltd.	China	SOCIÉTÉ BIC SA	100.0%	Manufacturing of consumer products
BIC Cello (India) Private Limited	India	SOCIÉTÉ BIC SA BIC Assemblage SARL	100.0%	Manufacturing and distribution of consumer products
BIC Japan Co. Ltd.	Japan	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Product (Asia) Pte. Ltd.	Singapore	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
Inkbox Ink Japan	Japan	Inkbox Ink Incorporated	100.0%	Distribution of consumer products
MIDDLE-EAST AND AFRICA				
BIC (South Africa) (Pty.) Ltd.	South Africa	BIC Holdings Southern Africa (Pty.) Ltd.	100.0%	Holding company
BIC Holdings Southern Africa (Pty.) Ltd.	South Africa	SOCIÉTÉ BIC SA BIC UK Ltd.	100.0%	Manufacturing and distribution of consumer products
BIC Middle East FZ-LLC	Dubai	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Middle East Trading FZE	Dubai	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Malawi (Pty) Limited	Malawi	BIC Holdings Southern Africa (Pty.) Ltd.	100.0%	Distribution of consumer products
Lucky Stationary Nig Ltd.	Nigeria	SOCIÉTÉ BIC SA BIC Assemblage SARL	100.0%	Distribution of consumer products
BIC Mozambique Limitada	Mozambique	BIC Holdings Southern Africa (Pty.) Ltd BIC (South Africa) (Pty.) Ltd..	100.0%	Distribution of consumer products
BIC Bizerte	Tunisia	SOCIÉTÉ BIC SA BIC Assemblage SARL	100.0%	Manufacturing of consumer products
BIC Zambia Limited	Zambia	BIC Holdings Southern Africa (Pty.) Ltd.	100.0%	Distribution of consumer products
BIC Maroc SARL	Morocco	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC EAST AFRICA Limited	Kenya	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
Societe BIC Cote d'Ivoire SASU (Incorporated December 2022)	Cote d'Ivoire	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products

NOTE 29 AUDITORS' FEES

Annual fees paid by the Group to the Statutory Auditors' and members of their networks are as follows:

	Deloitte & Associés				Grant Thornton			
	Amount (excluding VAT)		%		Amount (excluding VAT)		%	
(in thousand euros)	2021	2022	2021	2022	2021	2022	2021	2022
Audit								
Statutory audit, certification, review of statutory and consolidated financial statements								
• Issuer	342	359	19%	17%	140	147	20%	19%
• Fully consolidated subsidiaries	1,048	1,157	58%	56%	569	615	80%	81%
Other due diligence and services directly linked to the Statutory Auditors' mission								
• Issuer	88	100	5%	5%	-	-	-	0 %
• Fully consolidated subsidiaries	275	111	15%	6%	-	-	-	0 %
Subtotal	**1,753**	**1,727**	**97%**	**11%**	**709**	**-**	**-**	**100%**
Other network services for the fully consolidated subsidiaries								
• Legal, tax, labor-related	51	325	3%	16%	-	-	-	0 %
Subtotal	**51**	**325**	**3%**	**16%**	**-**	**-**	**-**	**0 %**
TOTAL	**1,804**	**2,052**	**100%**	**100%**	**709**	**-**	**100%**	**100%**

6.2. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual Shareholders Meeting of SOCIETE BIC,

I. OPINION

In compliance with the engagement entrusted to us by the Annual General Meeting, we have audited the accompanying consolidated financial statements of SOCIETE BIC for the year ended December 31, 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

II. BASIS FOR OPINION

Audit framework

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

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

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*code de commerce*) and the French Code of Ethics (*code de déontologie*) for statutory auditors, for the period from January 1, 2022, to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Furthermore, the non-audit services that we provided to your Company and its controlled undertakings during the financial year that are not disclosed in the management report or in the notes to the consolidated financial statements are for Deloitte & Associés, the report on the consolidated extra-financial performance declaration, as independent third party, and attestations on information derived from accounting and financial information, that were issued upon request of the concerned companies.

III. JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

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

Impairment test of the Cello Cash Generating Unit
(Note 10 "Goodwill" to the consolidated financial statements)

Risk identified	Our answer
Generating Unit (CGU) of Cello in India is a matter of attention for management as the underlying business plan is ambitious, reflecting existing opportunities in the country. The Cello goodwill amounting to a 82.8 million gross value as of December 31, 2022 had been fully depreciated in 2019. The annual impairment test performed by the management as of June 30, 2020, resulted in an additional depreciation for € 41.7 million, allocated in proportion to the book value of the other assets of the CGU: €14.9 million allocated to the brand and € 26.8 million to property, plant and equipment. The annual impairment test performed by the management as of June 30, 2022 did not result in any additional impairment needed. A high degree of judgement is exercised by management around the assumptions used to determine the value in use of the cash generating unit ("CGU"). This recoverable value, which corresponds to the value in use, is determined on the basis of discounted projections of future cash flows of the CGU. We have therefore considered the Cello CGU valuation as a key audit matter. The main assumptions used to determine the value in use are presented in Note 10 to the consolidated financial statements.	We have reviewed how the Cello CGU value in use was determined. Besides the assessment of management's competency and objectivity, we have performed certain specific audit procedures, with the assistance of our specialists: • Familiarizing ourselves with the internal control procedures related to the preparation of the most recent Cello UGT future cash flows forecast; • Verifying consistency of the main data used in the Cello CGU future cash flows forecast comparing them with both the historical performance and the strategic plan validated by the appropriate level of governance; • Corroborating the perpetual growth rate and discount rate used in the impairment test with the available market data.

IV. SPECIFIC VERIFICATIONS

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

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

We attest that the consolidated non-financial statement provided for by article L. 225-102-1 of the French Commercial Code (*code de commerce*) is included in the information pertaining to the Group presented in the management report, it being specified that, in accordance with the provisions of article L. 823-10 of said Code, we have verified neither the fair presentation nor the consistency with the financial statements of the information contained in this statement which has to be subject to a report by an independent third party.

V. OTHER VERIFICATIONS OR INFORMATION RESULTING FROM OTHER LEGAL AND REGULATORY OBLIGATIONS

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*), prepared under the responsibility of Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of December 17, 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limitations inherent in the block-tagging of the consolidated financial statements according to the European single electronic format, the content of certain tags of the notes may not be rendered identically to the consolidated financial statements attached to this report.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Société BIC during the annual general meeting held on May 4, 1999 for Deloitte & Associés and May 23, 2007 for Grant Thornton.

As at December 31, 2022, Deloitte & Associés and Grant Thornton were in the 24^{th} year and 16^{th} year of total uninterrupted engagement respectively.

VI. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved for issuance by the Board of Directors.

VII. STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objectives and audit approach

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

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

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

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters. We describe these matters in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La Défense, March 29, 2023

The Statutory Auditors

French original signed by

Grant Thornton	Deloitte & Associés
French Member of Grant Thornton International	Jean-Pierre AGAZZI
Vianney MARTIN	

6.3. PARENT COMPANY FINANCIAL STATEMENTS OF SOCIÉTÉ BIC (FRENCH GAAP)

1. INCOME STATEMENT

(In thousand euros)	Notes	December 31, 2021	December 31, 2022
Net sales	11	700,389	771,094
Operating grants		-	44
Reversal of depreciation, amortization and provisions, transfer of charges		28,212	23,087
Other income	12	88,347	109,425
Total operating income		**816,948**	**903,650**
Purchases of goods and changes in inventories		(424,034)	(486,380)
Purchases of raw materials, other supplies and changes in inventories		(43,935)	(40,979)
Other external purchases and charges		(208,483)	(236,199)
Taxes, levies and similar payments		(3,612)	(3,582)
Payroll costs	13	(997)	(364)
Depreciation, amortization and provisions		(29,370)	(35,370)
Other expenses		(3,742)	(5,457)
Total operating expenses		**(714,173)**	**(808,330)**
NET OPERATING INCOME		**102,775**	**95,320**
NET FINANCIAL INCOME	**14**	**205,532**	**134,598**
NON-RECURRING INCOME AND EXPENSES	**15**	**(23,549)**	**(11,290)**
Income tax expense	16 to 18	(36,071)	(25,855)
NET INCOME		**248,687**	**192,773**

2. BALANCE SHEET

Assets

		December 31, 2021	December 31, 2022		
(in thousand euros)	Notes	Net	Gross	Deprec., amort. and provisions	Net
Research and development expenses		-	1,745	(1,745)	-
Patents and similar rights		36,703	95,727	(52,041)	43,686
Intangible assets	**3, 4, 10**	**36,703**	**97,472**	**(53,786)**	**43,686**
Land		1,351	1,351	(238)	1,113
Buildings		250	12,387	(11,264)	1,123
Industrial fixtures and equipment		1,432	15,953	(13,542)	2,410
Other property, plant and equipment		2,411	4,525	(907)	3,618
Fixed assets under construction		1,665	1,703	-	1,703
Property, plant and equipment	**3, 4, 10**	**7,109**	**35,918**	**(25,951)**	**9,966**
Equity Investments	22	1,232,136	1,613,130	(316,102)	1,297,028
Other long-term investments	3	26,431	30,001	-	30,001
Long-term investments		**1,258,567**	**1,643,131**	**(316,102)**	**1,327,029**
Non-current assets		**1,302,379**	**1,776,521**	**(395,839)**	**1,380,681**
Raw materials and supplies		1,084	832	-	832
Work-in-process goods		1	1	-	1
Goods		43,751	51,934	(1,433)	50,501
Inventories		**44,835**	**52,767**	**(1,433)**	**51,334**
Advances and prepayments		1,587	1,856	-	1,856
Trade receivables and related accounts	5, 6, 10	139,125	178,482	(10,215)	168,266
Other receivables	5, 6, 10	287,400	256,435	(7,745)	248,690
Short-term financial investments	7	185,678	133,906	-	133,906
Cash and cash equivalents		49,752	4,140	-	4,140
Prepaid expenses	5	487	2,449	-	2,449
Unrealized losses from foreign exchange	8	1,007	2,177	-	2,177
Current assets		**709,871**	**632,211**	**(19,393)**	**612,818**
TOTAL ASSETS		**2,012,250**	**2,408,733**	**(415,232)**	**1,993,499**

Liabilities & Shareholders' equity

(in thousand euros)	Notes	December 31, 2021	December 31, 2022
Share capital		170,670	167,898
Share issue premiums, merger contributions		144,165	144,165
Legal reserve		22,410	22,410
General reserve		180,667	180,696
Retained earnings		453,582	571,095
Net income for the year		248,688	192,773
Shareholders' equity	**9**	**1,220,182**	**1,279,036**
Provisions for contingencies and losses	10	32,028	53,191
Provisions for contingencies and losses		**32,028**	**53,191**
Bank borrowings (Bank overdraft)	5	909	907
Other borrowings	5	596,859	489,771
Financial liabilities		**597,768**	**490,678**
Trade payables and related accounts	5, 6	144,879	155,187
Tax and employee-related liabilities	5	5,534	6,181
Other liabilities	5	11,364	8,151
Operating liabilities		**161,777**	**169,519**
Unrealized gains from foreign exchange		494	1,074
Liabilities		**760,039**	**661,271**
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		**2,012,250**	**1,993,499**

3. CASH FLOW STATEMENT

(in thousand euros)	Notes	December 31, 2021	December 31, 2022
Operating activities			
Net income		248,688	192,773
Dividends received	14	(195,068)	(160,376)
Depreciation, amortization and provisions on non-current assets		17,202	38,881
(Gain)/Loss on the disposal of fixed assets		638	4,480
Gross cash flow from operating activities		**71,460**	**75,759**
(Increase)/Decrease in net current working capital		(100,863)	37,589
NET CASH FLOW FROM OPERATING ACTIVITIES		**(29,403)**	**113,348**
Investing activities			
Dividends received from subsidiaries	14	195,068	159,876
Proceeds from disposals of property, plant and equipment and intangible assets		234	3
Purchases of property, plant and equipment	3	(1,348)	(4,101)
Acquisition of intangible assets	3	(6,535)	(9,352)
(Increase)/Decrease in treasury shares		(25,561)	(41,841)
(Increase)/Decrease in other investing expenses	3	184	(905)
Acquisitions of subsidiaries	22	(164,528)	(87,521)
NET CASH FLOW FROM INVESTING ACTIVITIES		**(2,485)**	**16,159**
Financing activities			
Dividends paid	9.2	(80,919)	(94,744)
Loans/(Repayments)		(16,000)	(9,000)
Movement in current accounts		276,550	(123,145)
NET CASH FLOW FROM FINANCING ACTIVITIES		**179,632**	**(226,889)**
Net increase/(decrease) in cash and cash equivalents		**147,743**	**(97,382)**
Opening cash and cash equivalents		86,778	234,521
CLOSING CASH AND CASH EQUIVALENTS		**234,521**	**137,139**

4. NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

NOTE 1 MAIN AND SUBSEQUENT EVENTS

No other subsequent event occurred between January 1, 2023 and the reporting date.

NOTE 2 ACCOUNTING PRINCIPLES, RULES AND METHODS

The financial statements are prepared in accordance with the accounting policies and methods defined by the French Plan Comptable Général, as presented by Regulation no. 2016-07 of the French Accounting Standards Authority of November 4, 2016 and its subsequent changes repealing Regulation no. 99-03 of the French Accounting Regulatory Commission of April 29, 1999 on annual financial statements.

They have been drawn up according to the basic accounting principles of:

- going concern;
- consistency;
- independence of financial years.

The items presented in the financial statements are valued on a historical cost basis.

The main accounting rules and methods adopted are the following:

a) Intangible assets

Research and development expenditures are capitalized when major applied research and development projects in progress (above 500 thousand euros) can be clearly defined, costs separately identified and reliably measured, and the project has a significant chance of commercial profitability. Capitalized research and development expenditures are amortized on a straight-line basis over a period of three to five years from the commencement of production.

Research and development expenditures that do not meet these criteria are expensed in the fiscal year.

Patents and technical processes are amortized over their period of protection or use.

Software is depreciated on a straight-line basis over a period of three to five years.

b) Property, plant and equipment

Property, plant and equipment are valued at their purchase price or production cost. Depreciation is calculated on a straight-line basis over periods depending on the asset type:

- Buildings: 25 years;
- Fixtures and fittings: 8 to 10 years;
- Vehicles: 3 to 4 years;
- Industrial plant, machinery and fittings: 2 to 8 years;
- Office and IT equipment, furniture: 3 to 8 years.

c) Fixed assets valuation

At year end, SOCIÉTÉ BIC checks the existence of internal or external indicators that could lead to a change in the net realizable value of its assets.

When the net booked value of fixed assets exceeds the market value or the asset in use, an impairment charge is recorded.

d) Long-term investments

Long-term investments are recorded at the value they were brought into assets. An impairment is booked when the value in use of an investment is less than its purchase cost. The value is determined in reference to Shareholders' equity or to cash flow projections of the relevant investment, adjusted to take into consideration the importance of the Company to the Group and its development and profit perspectives. In addition, BIC shares purchased pursuant to Article L. 225-209 of the French Commercial Code (*Code de commerce*), not intended exclusively for stock option plans, are recorded within long-term investments. Treasury shares are valued at purchase cost and provision for impairment is booked at year-end when the probable trading value (based on the average share market price during the last month of the fiscal year) is less than purchase cost. Loans in foreign currency are translated at the closing exchange rate.

e) Inventory and work-in-process

Goods are valued at purchase cost, including incidental expenses, in accordance with the weighted average cost method. Inventory provisions are booked, when necessary, to reduce inventory value to the market value.

f) Receivables and payables

Receivables and payables are recorded at nominal value. Receivables are written down by way of provision, when appropriate, to take into consideration recovery risks. Foreign currency denominated receivables and payables are translated at the official closing exchange rate.

Unrealized gains on foreign exchange are booked as unrealized gains, while unrealized losses on foreign exchange are booked as unrealized foreign exchange losses with a provision for contingencies and losses.

Profit and loss on foreign exchange for current accounts are directly recognized in the profit and loss account and are not the subject of a translation difference.

According to the new ANC n°2015-05 related to the accounting of derivative instruments, applicable as of January 1, 2017, the method of accounting for derivative instruments varies according to whether the derivative qualifies for hedge accounting or not.

For non-hedged transactions, the global foreign exchange position is only used to calculate the provision for foreign exchange losses.

It is calculated currency-by-currency and hedging instruments and hedged items (for the hedged portion) are excluded from this global foreign exchange position.

The maturity dates of items included in the position should be in the same fiscal year and only realizable items should be included (receivables, payables, derivative instruments, etc.). Cash and cash equivalents are excluded.

For hedged transactions, the currency hedging impact is only recognized in the income statement when receivables (or payables) are settled.

g) Financial investments

Financial investments comprise investments in marketable securities, and SOCIÉTÉ BIC shares bought back pursuant to Article L. 225-209 of the French Commercial Code (*Code de commerce*). Treasury shares are valued at purchase cost. An impairment provision is booked when the probable trading value (based on the average stock market price during the last month of the fiscal year or the exercise price of the options for which they were purchased) at year-end is less than the purchase cost.

h) Provisions for contingencies and charges

Provisions for contingencies and charges are liabilities for which maturity or amounts cannot be precisely measured. They are calculated using the best estimate of funds required to settle the liability.

i) Borrowings

Borrowings in foreign currency are translated at the closing exchange rate.

NOTES TO THE BALANCE SHEET

NOTE 3 NON-CURRENT ASSETS

(in thousand euros)	Gross value as of December 31, 2021	Merger	Acquisitions	Disposals	Gross value as of December 31, 2022
Research and development expenses	1,745	-	-	-	1,745
Other intangible assets	86,376	-	9,352	-	95,728
TOTAL INTANGIBLE ASSETS	**88,121**	**-**	**9,352**	**-**	**97,473**
Land	1,351	-	-	-	1,351
Buildings	11,498	-	960	(72)	12,386
Industrial fixtures and equipment	15,583	-	1,614	(1,243)	15,953
Other property, plant and equipment	6,241	-	1,490	(3,206)	4,525
Property, plant and equipment under construction	1,666	-	37	-	1,704
TOTAL PROPERTY, PLANT AND EQUIPMENT	**36,339**	**-**	**4,101**	**(4,522)**	**35,918**
Equity Investments [(a)]	1,525,771	-	87,521	(164)	1,613,129
Treasury Shares [(b)]	26,019	-	93,775	(91,110)	28,684
Loans and other long-term investments	412	-	993	(88)	1,317
TOTAL LONG-TERM INVESTMENTS	**1,552,202**	**-**	**182,289**	**(91,361)**	**1,643,130**

(a) Equity Investments are detailed in Note 22.
(b) These refer to 393,267 shares for the free share plans and 23,338 shares related to the liquidity contract.

NOTE 4 DEPRECIATION AND AMORTIZATION

(in thousand euros)	Gross value as of December 31, 2021	Increase in the period	Reduction in the period	Gross value as of December 31, 2022
Research and development expenses	1,745	-	-	1,745
Other intangible assets	31,022	2,369	-	33,391
TOTAL INTANGIBLE ASSETS	**32,767**	**2,369**	**-**	**35,136**
Buildings	11,248	74	(59)	11,263
Industrial fixtures and equipment	14,151	612	(1,220)	13,543
Other property, plant and equipment	3,762	198	(3,117)	843
TOTAL PROPERTY, PLANT AND EQUIPMENT	**29,160**	**884**	**(4,396)**	**25,648**

NOTE 5 MATURITY OF RECEIVABLES AND PAYABLES

Receivables *(in thousand euros)*	Gross	Within one year	More than one year	o/w notes receivables	o/w related parties
Other long-term investments	30,001	30,001	-	-	-
Trade receivables and related accounts	178,482	178,482	-	833	133,346
Other receivables	256,435	256,435	-	-	206,812
Prepayments	2,449	2,449	-	-	-
TOTAL	**467,366**	**467,366**	**-**	**833**	**340,158**

Payables *(in thousand euros)*	Gross	Within one year	More than one year	o/w notes payables	o/w related parties
Bank borrowings	907	907	-	-	-
Other borrowings	489,771	489,771	-	-	429,771
Trade payables and related accounts	155,187	155,187	-	-	87,726
Tax and employee-related liabilities	6,181	6,181	-	-	-
Other liabilities	8,151	8,151	-	-	2,064
TOTAL	**660,197**	**660,197**	**-**	**-**	**519,562**

NOTE 6 INFORMATION ON RELATED PARTIES

Gross value *(in thousand euros)*	**December 31, 2022**
Assets	
Equity investments	1,613,129
Trade receivables and related accounts	133,346
Other receivables	206,812
Liabilities	
Other long-term loans and investments	429,771
Trade payables and related accounts	87,726
Other debts	2,064
Deferred income	-

NOTE 7 SHORT-TERM FINANCIAL INVESTMENTS

Gross value *(in thousand euros)*	**December 31, 2022**
Marketable securities [(a)]	133,906
TOTAL	**133,906**

(a) These are money market UCITS or short-term deposit certificates.

NOTE 8 TRANSLATION ADJUSTMENTS

Unrealized losses related to receivables and payables were recorded in unrealized exchange foreign losses in the amount of 2,177 thousand euros.

NOTE 9 SHAREHOLDERS' EQUITY

9-1 Share capital

As of December 31, 2022, the share capital of SOCIÉTÉ BIC amounted to 167,897,503.32 euros divided into 43,952,226 shares with a par value of 3.82 euros each. Registered shares held for more than two years carry double voting rights.

To the best of the Company's knowledge, as of December 31, 2022, Shareholders known to hold more than 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.66%, 90% or 95% of the share capital and/or of the voting rights of the Company were as follows:

	% of shares (approx.)	% of voting rights (approx.)
SOCIÉTÉ M.B.D.	29.32%	39.67%
Bich Family	16.33%	21.93%
Silchester International Investors LLP	8.21%	5.56%

As of December 31, 2022, SOCIÉTÉ BIC held 416,605 BIC shares classified as long-term investments (393,267 shares for the free share plans and 23,338 shares in relation to the liquidity contract).

9-2 Changes in Shareholders' equity

(in thousand euros)

Shareholders' equity as of December 31, 2021 (before distribution)	**1,220,182**
Dividend distribution with respect to fiscal year 2021	(94,744)
Shareholders' equity as of December 31, 2021 (after distribution)	**1,125,438**
Increase in share capital	-
Decrease in share capital [(a)]	(2,772)
Share issue premium	-
Retained earnings [(a)]	(36,403)
Net income for the year	192,773
Shareholders' equity as of December 31, 2022 (before distribution)	**1,279,036**

(a) During the year 2022, SOCIÉTÉ BIC cancelled 725,703 shares.

NOTE 10 PROVISIONS

(in thousand euros)	December 31, 2021	Merger	Allocations during the year	Reversals during the year (used)	Reversals during the year (unused)	December 31, 2022
Risk – Subsidiaries	3,424	-	11,072	(75)	-	14,421
Risk – Tax audit	4,322	-	-	(330)	-	3,991
Foreign exchange losses	355	-	26	-	-	381
Share grant plan	22,825	-	11,073	-	-	33,898
Other provisions for contingencies	1,103	-	-	-	(603)	500
PROVISIONS FOR CONTINGENCIES AND LOSSES	**32,029**	**-**	**22,171**	**(405)**	**(603)**	**53,192**

(in thousand euros)	December 31, 2021	Merger	Allocations during the year	Reversals during the year	December 31, 2022
Intangible assets and Property, plant and equipment	18,719	-	238	(3)	18,954
Investments	293,636	-	26,449	(3,983)	316,102
Work-in-process goods	-	-	-	-	-
Goods	1,807	-	1,433	(1,807)	1,433
Trade receivables	13,216	-	10,215	(13,216)	10,215
Provisions for other receivables	11,584	-	40	(3,879)	7,745
PROVISIONS FOR DEPRECIATION AND AMORTIZATION	**338,962**	**-**	**38,375**	**(22,888)**	**354,449**

NOTES TO THE INCOME STATEMENT

NOTE 11 NET SALES BREAKDOWN

The net sales of SOCIÉTÉ BIC break down as follows:

	December 31, 2021			December 31, 2022		
(in thousand euros)	France	Export	Total	France	Export	Total
Stationery	133,529	233,435	366,964	135,147	261,294	396,441
Lighters	20,305	231,396	251,702	20,964	269,986	290,950
Shavers	15,941	52,002	67,943	17,253	54,041	71,294
Other	2,850	10,931	13,781	496	11,914	12,410
TOTAL	**172,625**	**527,764**	**700,389**	**173,860**	**597,234**	**771,094**

NOTE 12 OTHER INCOME

Other income mainly comprises royalties (64,621 thousand euros) and management fees (19,287 thousand euros) invoiced to affiliates, as well as the foreign exchange gain on receivables and payables (7,326 thousand euros).

NOTE 13 MANAGEMENT COMPENSATION

(in thousand euros)	December 31, 2021	December 31, 2022
Administrative bodies	418	504
Management bodies	325	325

SOCIÉTÉ BIC has no salaried employees as of December 31, 2022.

NOTE 14 FINANCIAL INCOME

Financial income amounts to 134,598 thousand euros and is detailed as follows:

(in thousand euros)	December 31, 2021	December 31, 2022
Dividends received	195,068	159,876
Dividends to be received	-	500
Reversals/(provisions)	5,452	(18,652)
Foreign exchange gains and losses	3,814	(8,724)
Other	1,198	1,598
FINANCIAL INCOME	**205,532**	**134,598**

Dividends are mainly coming from BIC Corporation, amounting to 87,359 thousands euros and from Bic Violex, amounting to 30,000 thousands euros.

NOTE 15 NON-RECURRING INCOME AND EXPENSES

The non-recurring income and expenses break down mainly as follows:

(in thousand euros)	December 31, 2021	December 31, 2022
Capital gains/(losses) on asset disposals	(872)	(122)
Capital gains/(losses) on long-term investment disposals	(16,749)	(164)
Provision for contingencies (net of reversal)	(4,299)	(2,040)
Tax adjustments	77	235
Debt waivers	(3,634)	(9,028)
Other	1,929	(171)
NON-RECURRING INCOME AND EXPENSES	**(23,549)**	**(11,290)**

NOTE 16 INCOME TAX BREAKDOWN

(in thousand euros)	Net income before tax	Income Tax expense	Net income after tax
Current net income	229,918	25,103	204,815
Non-recurring income and expenses	(11,290)	753	(12,042)
TOTAL	**218,628**	**25,855**	**192,773**

NOTE 17 TAX GROUPING

SOCIÉTÉ BIC is the parent company of the tax Group comprising the following companies as of December 31, 2022: Bima 83, BIC Écriture 2000, BIC Services, BIC Conté, BIC Rasoirs, Société du Briquet Jetable 75, BIC Graphic France, BIC Assemblage, BIC Technologies, BIC International Development formerly Compagnie de Moulages, DAPE 74 Distribution, Électro-Centre, BIC Éducation, Djeep and Sibjet Technologies.

As parent company, SOCIÉTÉ BIC recognizes in its financial statements the gain or loss related to the effects of the tax consolidation. In this respect, the loss recorded by SOCIÉTÉ BIC in 2022 amounts to 440,925 euros.

NOTE 18 MAIN INCREASES/DECREASES IN THE DEFERRED TAX BASIS

(in thousand euros)	December 31, 2022
C3S	1,147
Provision for contingencies	22,165
Provision on trade receivables	7,683
Foreign exchange losses	381
Provision on free shares	33,898
Other	(630)
TOTAL	**64,644**
DECREASE IN DEFERRED TAX LIABILITIES	**(16,698)**

NOTES TO THE OFF-BALANCE SHEET COMMITMENTS

NOTE 19 OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

The following are SOCIÉTÉ BIC's main off-balance sheet financial instruments:

19-1 Currency derivatives

Hedge nominals denominated in currencies other than the euro are converted to euros at December 31, 2022 closing rates.

The valuation of the hedges computed in accordance with market practices in terms of inputs (spot, yield curves, volatility curves) and calculation models.

Forward portfolio detail

Hedging support	Nominal *(in euros)*	Market value *(in euros)*	Instrument
Commercial Flows 2023	435,834,661	3,065,311	Forward
Commercial Flows 2024	58,597,412	3,323,196	Forward
Commercial Flows 2025	2,031,075	(96,189)	Forward
Intra-Group Dividends	33,220,072	(1,232,133)	Forward
Loans/Borrowings	37,876,690	(74,825)	Currency Swap
TOTAL	**567,559,911**	**4,985,360**	

Options portfolio detail

Hedging support	Options purchased Nominal *(in euros)*	Options sold Nominal *(in euros)*	Market value *(in euros)*	Instrument
Commercial Flows 2023	23,044,411	34,595,497	88,236	Option
TOTAL	**23,044,411**	**34,595,497**	**88,236**	

As of December 31, 2022, SOCIÉTÉ BIC had contracted:

- derivatives contracts (foreign currency forwards and options) maturing in 2023, 2024 and 2025 for an equivalent of 554.1 million euros in gross nominal value. These contracts hedge, on the basis of forecast cash flow, a significant part of the Group's foreign currency transaction risks. The foreign currency transactions are denominated in U.S. dollars, Pounds sterling, Canadian dollars, Australian dollars, New Zealand dollars, Japanese yens, Swiss francs, Polish zlotys, Romania lei and Mexican pesos. The market value of these contracts is positive for 6.4 million euros;
- derivatives contracts (foreign currency forwards) maturing in 2023 for an equivalent of 33.2 million euros in gross nominal value, dedicated to the hedge of the intra-Group dividends received in foreign currencies. The market value of these contracts is negative for 1.2 million euros;
- foreign currency swaps for an equivalent of 37.9 million euros, in connection with the Group's foreign currency liquidity and intra-Group foreign currency loans and borrowings. The market value of these contracts is negative for 74,825 euros.

In 2023, more than 90% of the Group's foreign currency transaction exposure is hedged.

19-2 Interest rate derivatives

As of December 31, 2022, SOCIÉTÉ BIC does not have any interest rate derivatives.

All local funding needs are directly indexed on a variable rate. Borrowers' positions are insignificant and are of a too limited timescale to require any hedging.

19-3 Commodities derivatives

Hedge nominals denominated in currencies other than the euro are converted to euros at December 31, 2022 closing rates.

Derivatives portfolio detail

Hedging support	Nominal *(in euros)*	Market value *(in euros)*	Instrument
2023 Raw Material purchases	5,675,316	(943,311)	Swap
TOTAL	**5,675,316**	**(943,311)**	

As of December 31, 2022, SOCIÉTÉ BIC had contracted:

- derivative contracts (swaps), maturing in fiscal year 2023, to hedge changes in the price of plastic raw materials used in the Group's production activity. These contracts represent a hedged underlying of 4,597 metric tons of raw materials with a nominal value of 5.68 million euros. The market value of these transactions is positive by 943,311 euros.

NOTE 20 OFF-BALANCE SHEET COMMITMENTS

20-1 Guarantees

The following schedule summarizes the off-balance sheet sureties, deposits and guarantees for SOCIÉTÉ BIC.

All significant items are disclosed in this table.

No other assets or registered shares have been pledged.

Sureties, deposits and guarantees issued

(in thousand euros)	December 31, 2021	Maturity < 1 year	Maturity 1 to 5 years	Maturity > 5 years	December 31, 2022
Guarantees for credit lines to subsidiaries	14,911	2,720	-	7,909	10,629
Sureties, deposits and other guarantees and commitments	16,584	-	13,832	-	13,832
TOTAL	**31,495**	**2,720**	**13,832**	**7,909**	**24,461**

Sureties, deposits and guarantees received

(in thousand euros)	December 31, 2021	Maturity < 1 year	1 to 5 years	> 5 years	December 31, 2022
Guarantees for credit lines	200,000	200,000	-	-	200,000
Sureties, deposits and other guarantees and commitments	-	-	-	-	-
TOTAL	**200,000**	**200,000**	**-**	**-**	**200,000**

20-2 Pension obligations

(in thousand euros)	December 31, 2022
Present value of pension obligation	512
NET PENSION LIABILITY	**512**

OTHER INFORMATION

NOTE 21 STOCK MARKET PRICE

(in euros)	December 31, 2021	December 31, 2022
BIC shares	**47.32**	**63.95**

NOTE 22 EQUITY INVESTMENTS

22-1 Subsidiaries and equity interests

	Number of shares	S: ShSres P: PSrts	% of interest	Net book value	Currency	Devise
I – French Subsidiaries						
BIC Assemblage SARL	1,000	P	100%	15,245	15,240	EUR
BIC International Development SASU	65,000	S	100%	1,478,761	990,600	EUR
Société du Briquet Jetable 75 SASU	2,954,600	S	100%	40,568,296	45,028,104	EUR
BIC Rasoirs SASU	131,291	S	100%	6,128,497	5,999,999	EUR
BIMA 83 SASU	23,689	S	100%	5,550,661	355,335	EUR
BIC Technologies SA	14,039,600	S	99%	574,944	7,440,988	EUR
BIC Services SASU	397,725	S	100%	1,042,612	6,061,329	EUR
BIC Conté SASU	5,465,181	S	100%	34,270,085	27,325,905	EUR
Electro-Centre SASU	4,000	S	100%	144,984	60,960	EUR
BIC Écriture 2000 SASU	3,202,500	S	100%	51,302,021	39,198,600	EUR
Société Immobilière Valiton Gesnouin SASU	748,440	S	100%	18,777,264	14,295,204	EUR
Société Immobilière BIC Clichy SASU	65,595	S	100%	2,498,167	997,044	EUR
BIC Éducation SASU	1,000	S	100%	791,209	1,000,000	EUR
BIC Graphic France SASU	5,000	S	100%	315,904	76,200	EUR
DAPE 74 Distribution SASU	70,000	S	100%	910,000	1,070,000	EUR
Sibjet Technologies SNC	30,000	P	100%	3,600,000	450,000	EUR
Djeep SAS	60,000	S	100%	45,810,000	960,000	EUR
Advanced Magnetic Interaction, AMI SAS	1,550,000	S	100%	2,799,046	1,550,000	EUR
Sub total I	**-**	**-**	**-**	**223,314,153**	**-**	**-**
II – Foreign subsidiaries						
BIC Erzeugnisse GmbH – Germany	2	P	100%	16,345,730	664,700	EUR
BIC Verwaltungs GmbH – Germany	2	P	100%	73,814	50,000	EUR
BIC GmbH – Germany	1	P	100%	-	25,600	EUR
BIC Portugal SA – Portugal	464,715	S	100%	6,586,179	2,323,575	EUR
BIC Slovakia SRO – Slovakia	1	P	100%	15,444,502	15,574,255	EUR
BIC Belgium – Belgium	136,410	S	100%	51,939,519	39,902,082	EUR
BIC Netherland BV – Netherland	450	S	100%	9,216,000	5,204,750	EUR
BIC Nordic AB – Sweden	110,295	S	100%	12,261,705	11,029,500	SEK
BIC (Austria) Vertriebsgesellschaft mbh – Austria	1	P	100%	381,123	109,009	EUR
SOCIÉTÉ BIC (Suisse) SA – Switzerland	2,000	S	100%	7,747,853	2,000,000	CHF
BIC UK Ltd – United Kingdom	12,000,000	S	100%	85,133,465	1,500,000	GBP
BIC (Ireland) Private Company Limited – Ireland	50,000	S	100%	6,072,660	126,973	EUR
BIC Iberia SA – Spain	2,052,145	S	100%	81,612,686	12,333,391	EUR
BIC Italia Spa – Italia	5,000,000	S	100%	24,580,000	5,150,000	EUR
BIC Violex SA – Greece	37,237,500	S	100%	171,362,537	58,462,875	EUR
BIC Polska SP ZOO – Poland	485,430	P	100%	7,774,114	24,271,500	PLN
BIC (Romania) Marketing & Distribution SRL – Romania	641,818	S	100%	404,024	6,418,180	RON

	Number of shares	S: ShSres P: PSrts	% of interest	Net book value	Currency	Devise
BIC CIS ZAO – Russia	34,028,258	S	100%	10,049,727	357,296,709	RUB
BIC Ukraine CA – Ukraine	-	-	100%	3,300,471	34,168,470	UAH
BIC Pazarlama Ltd. Sti. – Turkey	224,260	S	99%	6,484,574	33,639,000	TRY
BIC CORPORATION – United States	22,769,073	S	100%	318,192,042	16,106,978	USD
BIC INTERNATIONAL Co. – United States	100	S	100%	1	1	USD
BIC Australia Pty. Ltd. – Autralia	700,000	S	100%	11,927,000	700,000	AUD
BIC (NZ) Ltd. – New Zeland	332,500	S	100%	2,966,000	665,000	NZD
BIC Amazonia SA – Brazil	274,485,734	S	100%	18,565,900	845,831,343	BRL
BIC Argentina SA – Argentina	295,135,938	S	93%	6,149,253	295,135,938	ARS
BIC TECHNOLOGIES Asia Ltd. – Hong Kong	7,800,000	P	100%	-	7,800,000	HKD
BIC Stationery (Shanghai) Co. Ltd. – China	-	-	100%	1,477,267	18,408,000	USD
BIC Product (Asia) Pte. Ltd – Singapore	5,627,602	S	100%	-	5,627,602	SGD
Mondial Sdn. Bhd. – Malaisie	1,140,000	S	30%	11,523	3,800,000	MYR
BIC Product (Malaysia) Sdn. Bhd. – Malaysia	1,260,000	S	100%	-	1,260,000	MYR
BIC (Nantong) Plastic Products Co. Ltd. – China	-	-	100%	8,589,778	23,300,000	USD
BIC JAPAN Co. Ltd. – Japan	750	S	100%	2,550,763	100,000,000	JPY
BIC Cello (India) Pvt – India	41,487,608	S	100%	47,597,244	476,333,350	INR
BIC Bizerte – Tunisia	347,000	P	100%	34,700,000	34,700,000	EUR
BIC Middle East FZ-LLC- UAE	20,300	P	100%	-	7,105,000	USD
BIC Middle East Trading FZE – UAE	430	S	100%	104,429	430,000	AED
BIC Maroc SARL – Morocco	791,000	P	100%	4,964,225	79,100,000	DHS
BIC East Africa Ltd. – Kenya	2,000,000	-	100%	17,771,307	2,000,000,000	KES
BIC Services Sofia EOOD – Bulgaria	195,583	S	100%	1,000,600	195,583	BGN
Lucky Stationery NIG Ltd – Nigeria	10,000,000	S	100%	23,495,865	10,000,000	NGN
Societe BIC Cote d'Ivoire SASU	400,000	S	100%	3,048,980	4,000,000,000	FCFA
INKBOX INK Incorporated - CANADA	70,676,952	S	100%	72,055,384	70,676,952	CAD
Sub total II	**-**	**-**	**-**	**1,072,190,319**	**-**	**-**
III- Participating interests						
BIC Graphic Europe SA -Espagne	1	S	0.01%	246	1,303,330	EUR
BIC Holdings Southern Africa Pty. Ltd. – Afrique du Sud	41,860	S	5%	1,522,934	10,000	ZAR
BIC Chile SA – Chili	480,000	P	0.01%	-	480,000	USD
BIC de Guatemala SA	1,150	S	0.10%	-	115,000	GTQ
BIC Ecuador SA	650,000	S	0.01%	-	650,000	USD
Sub total III	**-**	**-**	**-**	**1,523,180**	**-**	**-**
TOTAL	**-**	**-**	**-**	**1,297,027,652**	**-**	**-**

Net sales, net income and shareholder's equity other than the share capital of subsidiaries and investments are not provided for reasons of confidentiality related to commercial and industrial strategy.

It is mentioned, pursuant to Article L. 232-1 of the French Commercial Code, that SOCIÉTÉ BIC has no branch.

22-2 Analysis of movements in equity investments

(in thousand euros)

Equity investments (net) as of December 31, 2021	**1,232,136**
Acquisitions, capital increases, creations and disposals in 2022	
BIC Services SASU	5,000
Djeep SAS	439
Advanced Magnetic Interaction, AMI SAS	6,978
INKBOX INK Incorporated - CANADA	72,055
BIC Product (Singapore) Pte. Ltd. - Singapour	(164)
Societe BIC Cote d'Ivoire SASU	3,049
(Allocations to)/Reversals of provisions in 2022	
BIC Technologies SA	1,303
Electro-Centre SASU	(6)
Advanced Magnetic Interaction, AMI SAS	(4,179)
BIC Polska SP ZOO - Pologne	588
BIC (Romania) Marketing & Distribution SRL - Roumanie	216
BIC Pazarlama Ltd. Sti. - Turquie	(3,712)
BIC Argentina SA - Argentine	(2,597)
BIC Stationery (Shanghai) Co. Ltd. - Chine	899
BIC (Nantong) Plastic Products Co. Ltd. - Chine	650
BIC Product (Singapore) Pte. Ltd. - Singapour	164
Mondial Sdn. Bhd. - Malaisie	(3)
BIC Product (Asia) Pte. Ltd - Singapour	163
BIC East Africa Ltd.- Kenya	(6,805)
BIC Maroc SARL - Maroc	(891)
Lucky Stationery NIG Ltd - Nigeria	(8,256)
EQUITY INVESTMENTS (NET) AS OF DECEMBER 31, 2022	**1,297,028**

5. ADDITIONAL INFORMATION ON THE PARENT COMPANY FINANCIAL STATEMENTS

SOCIÉTÉ BIC five-year financial summary

(in euros)	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022
1 – Shareholders' equity at year-end					
Share capital	175,761,665	173,933,156	173,412,174	170,669,689	167,897,503
Number of shares outstanding	46,010,907	45,532,240	45,395,857	44,677,929	43,952,226
Number of bonds convertible into shares	-	-	-	-	
2 – Net results					
Net sales	691,135,323	675,054,718	628,032,828	700,389,256	771,093,866
Net profit before tax, deprec., amort. and provisions	276,813,012	186,250,089	112,775,077	284,763,921	251,603,334
Income tax	30,347,029	18,223,589	17,278,487	36,071,230	25,855,103
Net profit after tax, deprec., amort. and provisions	149,839,552	63,096,883	14,141,172	248,687,327	192,773,206
Dividend distribution [(a)]	156,486,804	155,221,268	110,213,889	80,918,744	94,743,755
3 – Income form operations, per share data					
Net profit after tax, but before deprec., amort. and provisions	5.36	3.69	2.72	5.57	5.14
Net profit after tax, deprec., amort. and provisions	3.26	1.39	0.51	5.57	4.39
Dividend per share	3.45	3.45	2.45	1.80	2.15
4 – Payroll					
Non-salaried staff	1	1	1	1	1
Total payroll	398,151	608,907	300,000	325,000	325,000
Social welfare benefits (social security, social work)	1,711,665	72,927	2,571,477	672,048	38,675

(a) Applicable to the issued number of shares (treasury shares deducted) as of December 31. The final amount depends on the number of shares entitled to dividends on the day of payment.

Publication of customer payment periods

Article L. 441-6-1 of the French Commercial Code

	Total	Current	Overdue		
(in thousand euros)			30 days	60 days	90 days
December 31, 2022	175,604	121,858	(1,813)	2,078	53,481
December 31, 2021	149,247	100,098	4,248	2,930	41,971

Publication of supplier payment periods

Article L. 441-6-1 of the French Commercial Code

The Company has opted for the payment of supplier invoices with a due date of 60 days.

	Total	Current	Overdue		
(in thousand euros)			30 days	60 days	90 days
December 31, 2022	48,961	46,186	2,248	472	55
December 31, 2021	44,837	40,114	1,093	1,321	2,308

6.4. STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of SOCIETE BIC,

I. OPINION

In compliance with the engagement entrusted to us by the Annual General Meeting, we have audited the accompanying financial statements of SOCIETE BIC for the year ended December 31, 2021.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

II. BASIS FOR OPINION

Audit Framework

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

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

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors for the period from 1st January 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Furthermore, the non-audit services that we provided to your Company and its controlled undertakings during the financial year that are not disclosed in the management report or in the notes to the financial statements are related, for the sole Deloitte & Associés firm, to the report, as an independent third party, on the consolidated declaration of Extra-financial performance, and attestations on information derived from accounting and financial information, that were issued upon request of the concerned companies.

III. JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

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

Valuation of investments
(cf. notes 2.d « Long-term investments » and 22 « Equity investments » of the notes to the financial statements)

Risk identified	Our answer
As at 31 December 2022,investments are recorded in the balance sheet at a net carrying amount of €1,297 million as disclosed in note 22 of the notes to the financial statements. They are recorded at the value they were brought into assets. An impairment is booked when the value in use of an investment is below its purchase value. As disclosed in note 2.d) of the notes to the financial statements, the value in use is determined in reference to shareholders' equity or to cash flow projections of the relevant investment, adjusted to take into consideration the importance of the company to the Group and its development and profit perspectives. Given the weight of investments in the balance sheet, we considered the determination of the valuation of investments, particularly the value in use, to be a key audit matter presenting a risk of material misstatement.	We tested the operation of Group controls covering the process for determining the value in use of investments. Our procedures notably consisted in: • For the valuation based on the shareholders' equity, controlling the shareholders' equity of the relevant investment with the financial statements of the different entities, • For the valuation based on the forecast assumptions: ◦ Testing of internal control related to the preparation of the future cash flows forecast, ◦ Verifying consistency of the main data used in the cash flow projections determination comparing them with the historical performance and the entity strategical plan validate by the appropriate level of governance, ◦ Corroborating the perpetual growth rate and discount rate used in the impairment test with the expertise of our valuation specialists.

IV. SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law by the legal and regulated texts.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code (Code de commerce).

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L.225-37-4, L.22-10-10 et L.22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (*code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (code de commerce), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of voting rights has been properly disclosed in the management report.

V. OTHER VERIFICATIONS OR INFORMATION RESULTING FROM OTHER LEGAL AND REGULATORY OBLIGATIONS

Format of presentation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2,I of the French Monetary and Financial Code *(code monétaire et financier)*, prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Société Bic during the annual general meeting held on May 4, 1999 for Deloitte & Associés and May 23, 2007 for Grant Thornton.

As at December 31, 2022, Deloitte & Associés and Grant Thornton were in the 24th year and 16th year of total uninterrupted engagement respectively.

VI. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

VII. STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Objectives and audit approach

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

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

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

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris La Défense, March 29th 2023

The Statutory Auditors

French original signed by

Grant Thornton

French Member of Grant Thornton International

Vianney MARTIN

Deloitte & Associés

Jean-Pierre AGAZZI

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6.5. STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

Annual General Meeting to approve the financial statements for the year ended December 31, 2022

This is a free translation into English of the statutory auditors' special report on regulated agreements with related parties that is issued in the French language and is provided solely for the convenience of English-speaking readers. This report on regulated agreements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the General Meeting of Société BIC,

In our capacity as statutory auditors of your Company, we hereby report to you on regulated agreements with related parties.

The terms of our engagement do not require us to identify such agreements, if any, but to communicate to you, based on information provided to us, the principal terms and conditions, as well as the reasons justifying the interest for the Company, of those agreements brought to our attention, without expressing an opinion on their usefulness and appropriateness. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de Commerce*), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code concerning the implementation, during the year, of the agreements previously approved by the Shareholders' Meeting.

We conducted our procedures in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement.

Agreements submitted to the approval of the shareholders' meeting

Agreements authorized and signed during the year

We hereby inform you that we have not been advised of any agreement authorized during the year to be submitted to the approval of the Shareholders' Meeting pursuant to Article L.225-38 of the French Commercial Code.

Agreements previously approved by the shareholders' meeting

Agreements approved in previous years which were performed during the year

We hereby inform you that we have not been advised of any agreement, previously approved by the Shareholders' Meetings, which would have continuing effect during the year.

Neuilly-sur-Seine and Paris La Défense, March 29th 2023

The Statutory Auditors

French original signed by

Grant Thornton

French Member of Grant Thornton International

Vianney MARTIN

Deloitte & Associés

Jean-Pierre AGAZZI