
Consolidated financial statements at 31 December 2021



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Consolidated income statement for the period

<i>(in € millions)</i>	Notes	2021	2020
Revenue^(*)	1-2	49,396	43,234
Concession subsidiaries' revenue from work carried out by non-Group companies		586	696
Total revenue		49,982	43,930
Revenue from ancillary activities	4	248	188
Operating expenses	4	(45,507)	(41,260)
Operating income from ordinary activities	1-4	4,723	2,859
Share-based payments (IFRS 2)	30	(288)	(239)
Profit/(loss) of companies accounted for under the equity method	4-10	12	(146)
Other recurring operating items	4	17	38
Recurring operating income	4	4,464	2,511
Non-recurring operating items	4	(26)	(52)
Operating income	4	4,438	2,459
Cost of gross financial debt		(674)	(609)
Financial income from cash investments		17	21
Cost of net financial debt	5	(658)	(589)
Other financial income and expense	6	40	(47)
Income tax expense	7	(1,625)	(807)
Net income		2,195	1,015
Net income attributable to non-controlling interests	23.5	(402)	(226)
Net income attributable to owners of the parent		2,597	1,242
Basic earnings per share <i>(in €)</i>	8	4.56	2.23
Diluted earnings per share <i>(in €)</i>	8	4.51	2.20

(*) Excluding concession subsidiaries' revenue from work carried out by non-Group companies.

Consolidated comprehensive income statement for the period

<i>(in € millions)</i>	2021	2020
Net income	2,195	1,015
Changes in fair value of cash flow and net investment hedging instruments ^(*)	(138)	130
Hedging costs	(5)	(22)
Tax ^(**)	(50)	46
Currency translation differences	527	(795)
Share of profit/(loss) of companies accounted for under the equity method, net	115	(44)
Other comprehensive income that may be recycled subsequently to net income	449	(684)
Equity instruments	-	(2)
Actuarial gains and losses on retirement benefit obligations	165	143
Tax	(37)	(27)
Share of profit/(loss) of companies accounted for under the equity method, net	-	-
Other comprehensive income that may not be recycled subsequently to net income	129	114
Total other comprehensive income recognised directly in equity	578	(570)
Comprehensive income	2,773	445
<i>of which attributable to owners of the parent</i>	<i>3,046</i>	<i>757</i>
<i>of which attributable to non-controlling interests</i>	<i>(274)</i>	<i>(312)</i>

(*) Changes in the fair value of cash flow hedges are recognised in equity for the effective portion. Cumulative gains and losses in equity are taken to profit or loss at the time when the cash flow affects profit or loss.

In 2021, those changes consisted of a positive €186 million impact related to cash flow hedges and a negative €324 million impact related to net investment hedges.

(**) Tax effects relating to changes in the fair value of cash flow hedging financial instruments (effective portion) and hedging costs.

Consolidated balance sheet

Assets

<i>(in € millions)</i>	Notes	31/12/2021	31/12/2020
Non-current assets			
Concession intangible assets	13	25,329	25,886
Goodwill	9	16,472	11,619
Other intangible assets	17	7,586	6,846
Property, plant and equipment	17	10,303	9,760
Investments in companies accounted for under the equity method	10	950	1,035
Other non-current financial assets	11-14-18	2,450	2,237
Derivative financial instruments - non-current assets	27	575	1,250
Deferred tax assets	7	708	493
Total non-current assets		64,373	59,126
Current assets			
Inventories and work in progress	19	1,591	1,428
Trade and other receivables	19	15,559	12,493
Other current assets	19	6,036	5,719
Current tax assets		238	266
Other current financial assets		100	30
Derivative financial instruments - current assets	27	291	201
Cash management financial assets	26	200	137
Cash and cash equivalents	26	11,065	11,765
Total current assets		35,080	32,039
Assets held for sale	B.1	569	-
Total assets		100,022	91,165

Consolidated balance sheet

Equity and liabilities

<i>(in € millions)</i>	Notes	31/12/2021	31/12/2020 ^(*)
Equity			
Share capital	23.1	1,481	1,471
Share premium	23.1	12,242	11,527
Treasury shares	23.2	(1,973)	(2,111)
Consolidated reserves		9,956	10,753
Currency translation reserves		(304)	(723)
Net income attributable to owners of the parent		2,597	1,242
Amounts recognised directly in equity	23.4	(1,117)	(1,148)
Equity attributable to owners of the parent		22,881	21,011
Equity attributable to non-controlling interests	23.5	1,889	2,162
Total equity		24,771	23,173
Non-current liabilities			
Non-current provisions	20	1,137	1,140
Provisions for employee benefits	29	1,459	1,535
Bonds	25	22,212	23,136
Other loans and borrowings	25	2,757	3,548
Derivative financial instruments - non-current liabilities	27	422	434
Non-current lease liabilities	21	1,574	1,407
Other non-current liabilities		918	669
Deferred tax liabilities	7	2,979	2,655
Total non-current liabilities		33,457	34,524
Current liabilities			
Current provisions	19	5,923	4,973
Trade payables	19	12,027	8,876
Other current liabilities	19	16,736	14,668
Current tax liabilities		360	221
Current lease liabilities	21	524	501
Derivative financial instruments - current liabilities	27	513	319
Current borrowings	25	5,496	3,909
Total current liabilities		41,579	33,468
Liabilities directly associated with assets held for sale	B.1	214	-
Total equity and liabilities		100,022	91,165

(*) Adjusted as at 1 January 2020 following the IFRS IC's agenda decision of May 2021 clarifying how to calculate retirement benefit obligations (see Note A.2.1, "Basis for preparing the financial statements").

Consolidated cash flow statement

(in € millions)

	Notes	2021	2020
Consolidated net income for the period (including non-controlling interests)		2,195	1,015
Depreciation and amortisation	4.3	3,219	3,171
Net increase/(decrease) in provisions and impairment		206	218
Share-based payments (IFRS 2) and other restatements		84	89
Gain or loss on disposals		(27)	(147)
Change in fair value of financial instruments		(54)	33
Share of profit/(loss) of companies accounted for under the equity method and dividends received from unconsolidated companies		(18)	142
Cost of net financial debt recognised	5	658	589
Capitalised borrowing costs		(47)	(40)
Financial expense on leases	6	43	42
Current and deferred tax expense recognised	7.1	1,625	807
Cash flow from operations before tax and financing costs	1	7,884	5,919
Changes in operating working capital requirement and current provisions	19.1	1,579	2,330
Income taxes paid		(1,213)	(1,054)
Net interest paid		(557)	(590)
Dividends received from companies accounted for under the equity method		112	71
Net cash flows (used in)/from operating activities	I	7,806	6,675
<i>Purchases of property, plant and equipment and intangible assets</i>		<i>(1,214)</i>	<i>(1,117)</i>
<i>Proceeds from sales of property, plant and equipment and intangible assets</i>		<i>137</i>	<i>124</i>
Operating investments (net of disposals)	1.1	(1,077)	(994)
<i>Investments in concession fixed assets (net of grants received)</i>		<i>(849)</i>	<i>(1,043)</i>
<i>Financial receivables (PPP contracts and others)</i>		<i>33</i>	<i>(42)</i>
Growth investments (concessions and PPPs)	1.1	(815)	(1,085)
<i>Purchases of shares in subsidiaries and affiliates (consolidated and unconsolidated)</i>		<i>(5,258)^(*)</i>	<i>(302)</i>
<i>Proceeds from sales of shares in subsidiaries and affiliates (consolidated and unconsolidated)</i>		<i>9</i>	<i>25</i>
<i>Cash and cash equivalents of acquired companies</i>		<i>1,322^(*)</i>	<i>35</i>
Net financial investments		(3,927) ^(*)	(242)
Other		(82)	(85)
Net cash flows (used in)/from investing activities	II	(5,902)	(2,406)
Share capital increases and decreases and repurchases of other equity instruments		739	669
Transactions on treasury shares	23.2	(602)	(336)
Non-controlling interests in share capital increases and decreases of subsidiaries		-	(1)
Acquisitions/disposals of non-controlling interests (without acquisition or loss of control)		(19)	(20)
Dividends paid	24	(1,558)	(721) ^(**)
- to shareholders of VINCI SA		(1,528)	(694)
- to non-controlling interests	23.5	(30)	(27)
Proceeds from new long-term borrowings	25.1	1,791	2,349
Repayments of long-term borrowings	25.1	(2,195)	(2,136)
Repayments of lease liabilities and financial expense on leases		(631)	(607)
Change in cash management assets and other current financial debts	25	(785)	760
Net cash flows (used in)/from financing activities	III	(3,259)	(42)
Other changes	IV	117	(147)
Change in net cash	I+II+III+IV	(1,238)	4,080
Net cash and cash equivalents at beginning of period		11,426	7,346
Net cash and cash equivalents at end of period	26.1	10,188	11,426

(*) Including the acquisition of ACS's energy business (Cobra IS). See Note B.1, "Changes in consolidation scope during the period".

(**) Including dividends paid in shares for €422 million.

Change in net financial debt during the period

(in € millions)

	Notes	2021	2020
Net financial debt at beginning of period		(17,989)	(21,654)
Change in net cash		(1,238)	4,080
Change in cash management assets and other current financial debts		785	(760)
(Proceeds from)/repayment of loans		404	(213)
Other changes		(1,228)	558
<i>Of which (debts)/surpluses transferred during business combinations^(*)</i>		<i>(634)</i>	<i>(43)</i>
Change in net financial debt		(1,276)	3,665
Net financial debt at end of period	25	(19,266)	(17,989)

(*) Including the acquisition of ACS's energy business (Cobra IS). See Note B.1, "Changes in consolidation scope during the period".

Consolidated statement of changes in equity

(in € millions)	Equity attributable to owners of the parent								Non-controlling interests	Total
	Share capital	Share premium	Treasury shares	Consolidated reserves	Net income	Currency translation reserves	Amounts recognised directly in equity	Total attributable to owners of the parent		
Reported balance at 31/12/2019	1,513	10,879	(3,083)	9,252	3,260	(18)	(1,364)	20,438	2,604	23,042
Impact of changed method ^(*)	-	-	-	148	-	-	-	148	1	149
Adjusted balance at 01/01/2020	1,513	10,879	(3,083)	9,400	3,260	(18)	(1,364)	20,586	2,605	23,191
Net income for the period	-	-	-	-	1,242	-	-	1,242	(226)	1,015
Other comprehensive income recognised directly in the equity of controlled companies	-	-	-	-	-	(682)	242	(441)	(85)	(526)
Other comprehensive income recognised directly in the equity of companies accounted for under the equity method	-	-	-	-	-	(20)	(24)	(44)	-	(44)
Total comprehensive income for the period	-	-	-	-	1,242	(702)	217	757	(312)	445
Increase in share capital	21	648	-	-	-	-	-	669	-	669
Decrease in share capital	(63)	-	1,118	(1,055)	-	-	-	-	(1)	(1)
Transactions on treasury shares	-	-	(145)	(190)	-	-	-	(336)	-	(336)
Allocation of net income and dividend payments	-	-	-	2,566	(3,260)	-	-	(694)	(27)	(721)
Share-based payments (IFRS 2)	-	-	-	167	-	-	-	167	-	167
Impact of acquisitions or disposals of non-controlling interests after acquisition of control	-	-	-	(7)	-	-	-	(7)	3	(5)
Changes in consolidation scope	-	-	-	4	-	(3)	(1)	-	(104)	(104)
Other	-	-	-	(132)	-	1	-	(131)	(2)	(133)
Balance at 31/12/2020 ^(*)	1,471	11,527	(2,111)	10,753	1,242	(723)	(1,148)	21,011	2,162	23,173
Net income for the period	-	-	-	-	2,597	-	-	2,597	(402)	2,195
Other comprehensive income recognised directly in the equity of controlled companies	-	-	-	-	-	420	(85)	335	128	463
Other comprehensive income recognised directly in the equity of companies accounted for under the equity method	-	-	-	-	-	-	114	114	-	114
Total comprehensive income for the period	-	-	-	-	2,597	421	29	3,046	(274)	2,773
Increase in share capital	25	715	-	-	-	-	-	739	-	739
Decrease in share capital	(15)	-	538	(523)	-	-	-	-	-	-
Transactions on treasury shares	-	-	(401)	(202)	-	-	-	(602)	-	(602)
Allocation of net income and dividend payments	-	-	-	(286)	(1,242)	-	-	(1,528)	(30)	(1,558)
Share-based payments (IFRS 2)	-	-	-	209	-	-	-	209	-	209
Impact of acquisitions or disposals of non-controlling interests after acquisition of control	-	-	-	(16)	-	-	-	(16)	27	11
Changes in consolidation scope	-	-	-	-	-	(2)	2	-	1	1
Other	-	-	-	22	-	1	-	22	2	25
Balance at 31/12/2021	1,481	12,242	(1,973)	9,956	2,597	(304)	(1,117)	22,881	1,889	24,771

(*) Adjusted as at 1 January 2020 following the IFRS IC's agenda decision of May 2021 clarifying how to calculate retirement benefit obligations (see Note A.2.1, "Basis for preparing the financial statements").

A. Key events, accounting policies and specific arrangements

1. Key events

Assessment of financial performance

The Group's business levels and earnings recovered significantly compared with 2020. However, they remained affected by the Covid-19 pandemic, particularly in airport concessions.

- Consolidated revenue totalled €49.4 billion in 2021, up 14.3% relative to 2020.
- Operating income from ordinary activities was much higher than in 2020, amounting to €4,723 million. Ebit margin was 9.6% (6.6% in 2020 and 11.9% in 2019).
- Recurring operating income – including a slightly positive contribution from companies accounted for under the equity method – totalled €4,464 million (€2,511 million in 2020 and €5,704 million in 2019).
- The Group generated consolidated net income attributable to owners of the parent of €2,597 million in 2021 (compared with €1,242 million in 2020 and €3,260 million in 2019), including a non-recurring deferred tax expense of €200 million, with no cash impact, as a result of the United Kingdom's decision to raise its corporation tax rate from 19% to 25%, with effect from 2023.
- Net financial debt at 31 December 2021 was €19.3 billion, up €1.3 billion relative to end-2020.

The report of the Board of Directors contains information on the operating performance of the Group's various business lines.

Acquisition of ACS's energy business (Cobra Industrial Services)

After announcing the agreement on 1 April 2021, VINCI completed its acquisition of ACS's energy business (Cobra IS) on 31 December 2021.

The acquisition covers:

- most of the contracting activities of the ACS Industrial Services division;
- nine concession projects under development or construction, mainly involving electrical transmission networks in Latin America;
- ACS's renewables pipeline.

VINCI and ACS have also finalised a partnership agreement, providing for the creation of a new entity that will have the right to buy, at market prices, renewable energy assets developed, financed, built and connected to the grid by Cobra IS. VINCI will own 51% of this entity, which will be fully consolidated in VINCI's financial statements.

The key aspects of this acquisition are set out in Note B.1, "Changes in consolidation scope during the period".

Reorganisation of the VINCI Construction business line

In early 2021, VINCI Construction and Eurovia were combined and placed under the leadership of Pierre Anjolas. This new organisation enables VINCI to optimise these two companies' operating methods and to develop synergies between them by integrating them within a single management unit, retaining the name VINCI Construction.

Financing transactions and liquidity management

The main financing transactions during the year concerned Cofiroute and London Gatwick airport. They are described in Note J, "Financing and financial risk management".

At 31 December 2021, VINCI had total liquidity of €17.8 billion, comprising:

- managed net cash of €9.3 billion;
- a confirmed revolving credit facility remaining unused by VINCI, totalling €8.0 billion and due to expire in November 2024, extended for one year at November 2025 for an amount of €7.7 billion;
- undrawn revolving credit facilities of €0.5 billion at Cobra IS.

2. Accounting policies

2.1 Basis for preparing the financial statements

Pursuant to Regulation (EC) 1606/2002 of 19 July 2002, VINCI's consolidated financial statements for the period ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union at 31 December 2021 ^(*).

The accounting policies used at 31 December 2021 are the same as those used in preparing the consolidated financial statements at 31 December 2020, except for the standards and/or amendments of standards described below, adopted by the European Union and applicable as from 1 January 2021.

The Group's consolidated financial statements are presented in millions of euros, rounded to the nearest million. This may in certain circumstances lead to non-material differences between the sum of the figures and the subtotals that appear in the tables.

The information relating to 2019, presented in the universal registration document filed with the AMF under number D.21-0079 on 26 February 2021, is deemed to be included herein.

The consolidated financial statements were approved by the Board of Directors on 3 February 2022 and will be presented to shareholders for their approval at the Shareholders' General Meeting on 12 April 2022.

New standards and interpretations applied from 1 January 2021

Standards and interpretations mandatorily applicable from 1 January 2021 had no material impact on VINCI's consolidated financial statements at 31 December 2021.

On 27 August 2020, as part of the interest rate benchmark reform, the IASB published amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The text, adopted by the European Union on 13 January 2021, is retrospectively applicable from 1 January 2021. VINCI has set up a working group, bringing together all departments concerned (Cash Management and Financing, Budgets and Consolidation, Legal, Information Systems) in order to identify the impacts of this reform and anticipate any consequences as effectively as possible. These developments are described in greater detail in Note J.27, "Financial risk management".

IFRS IC agenda decision relating to the method for calculating employee benefits and the vesting period for entitlements

The IFRS IC was asked to consider the method for calculating obligations relating to defined benefit plans in which the attribution of benefit is determined by an employee's presence within the Group at the time he/she retires and whose benefits are capped at a certain length of service. In its decision, the IFRS IC concluded that no benefit is earned if the employee leaves before reaching retirement age and that the obligation must only be recognised over the final years of the employee's career.

As a result, the Group revised its actuarial calculation method for the plans concerned (mainly under the collective agreement for the construction industry) and analysed the accounting treatment in view of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". This policy has been applied retrospectively and adjustments have been made to the prior year consolidated financial statements, including the related notes. The impact on expenses for 2020 was not material. The impact on balance sheet items at 1 January 2020 is presented below.

(in € millions)	31/12/2019 reported	IAS 19 impact	01/01/2020 adjusted
Consolidated reserves	9,252	148	9,400
Equity attributable to non-controlling interests	2,604	1	2,605
Total equity	23,042	149	23,191
Provisions for employee benefits	1,911	(198)	1,713
Deferred tax liabilities	2,701	48	2,749
Total non-current liabilities	34,610	(149)	34,461
Total equity and liabilities	91,159	-	91,159

Standards and interpretations adopted by the IASB but not yet applicable at 31 December 2021

The Group has not applied early the following standards and interpretations that could concern the Group and of which application was not mandatory at 1 January 2021:

- Amendments to IFRS 16 "Leases" – "Covid-19-related Rent Concessions";
- Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" – "Onerous Contracts – Cost of Fulfilling a Contract";
- Amendments to IAS 16 "Property, Plant and Equipment" – "Proceeds before Intended Use";

^(*) Available at http://ec.europa.eu/finance/company-reporting/ifrs-financial-statements/index_en.htm

- Amendments to IFRS 3 “Business Combinations” – “Reference to the Conceptual Framework”;
- Annual Improvements 2018-2020.

A study of the impacts and practical consequences of applying these provisions is under way, although at the outset they do not seem to be contrary to the Group’s current accounting practices.

The Group is also looking at the practical impacts and consequences of the final agenda decision issued by the IFRS IC in the first half of 2021 concerning recognition of the cost of configuring and customising software provided in the cloud as part of a software as a service (SaaS) agreement. The agreements that may be concerned are currently being analysed. At this stage, no material impact on the Group’s financial statements is expected.

2.2 Consolidation methods

In accordance with IFRS 10, companies in which the Group holds, whether directly or indirectly, the majority of voting rights in shareholders' general meetings, in the boards of directors or in the equivalent management bodies, giving it the power to direct their operational and financial policies, are deemed to be controlled and are fully consolidated. To determine control, VINCI carries out an in-depth analysis of the established governance arrangements and of the rights held by other shareholders.

Where necessary, an analysis is performed in relation to instruments held by the Group or by third parties (potential voting rights, dilutive instruments, convertible instruments, etc.) that, if exercised, could alter the type of influence exerted by each party.

For some infrastructure project companies operating under public-private partnership (PPP) contracts and in which VINCI is not the only capital investor, in addition to the analysis of the governance arrangements with each partner, the Group may look at the characteristics of subcontracting contracts to check that they do not confer additional powers that could lead to a situation of de facto control. This generally concerns construction contracts and contracts to operate/maintain concession assets. An analysis is performed if a specific event takes place that may affect the level of control exerted by the Group, such as a change in an entity's ownership structure or governance, or the exercise of a dilutive financial instrument.

In accordance with IFRS 11, the Group's joint arrangements fall into two categories (joint operations and joint ventures) depending on the nature of the rights and obligations held by each party. Classification is generally determined by the legal form of the project vehicle. The Group has joint control over all of these joint arrangements.

Joint operations: most joint arrangements in the VINCI Energies and VINCI Construction business lines are joint operations because of the legal form of the vehicles used. In France, for example, parties generally use *sociétés en participation* (SEPs) to contractualise their joint works activities. In some situations, where the facts and circumstances show that a company's activities involve providing services to the parties to the joint arrangement, it is regarded as a joint operation even where the vehicle's legal form does not establish transparency between the joint operators' assets and those of the joint arrangement. In that situation, the parties have the rights to substantially all of the economic benefits associated with the company's assets, and will settle its liabilities. Within the VINCI Group, this situation concerns certain coating plants held and used by Eurovia in its road infrastructure construction and renovation activities.

Joint ventures: property development joint arrangements contractualised in France in the form of *sociétés civiles de construction-vente* (SCCVs) are joint ventures under IFRS 11 and therefore accounted for under the equity method. The same is true of the Group's other joint arrangements taking place through an entity with legal personality and whose production is not intended solely for the parties to the joint arrangement.

Associates are entities over which the Group exerts significant influence. They are accounted for under the equity method in accordance with IAS 28. Significant influence is presumed where the Group's stake is more than or equal to 20%. However, it may arise where the ownership interest is lower, particularly where the Group is represented on the board of directors or any equivalent governance body, and therefore takes part in determining the entity's operational and financial policies and strategy. This applies to the Group's stake in CFE.

London Gatwick airport's holding company has material non-controlling interests (49.99%): the information required by IFRS 12 regarding non-controlling interests is provided in Note I.23.5, "Non-controlling interests". The Group's consolidation scope does not include any other material joint ventures or associates. VINCI does not own any interest in structured entities as defined by IFRS 12.

VINCI's consolidated financial statements include the financial statements of all companies with revenue of more than €2 million, and of companies whose revenue is below this figure but whose impact on certain of the Group's balance sheet and income statement indicators is material.

In accordance with Regulation 2016-09 of 2 December 2016, issued by the Autorité des Normes Comptables (ANC, the French accounting standards authority), the list of companies included in the consolidation scope and shares in unconsolidated subsidiaries and affiliates is available on VINCI's website at <https://www.vinci.com/vinci.nsf/en/investors-composition-group.htm>.

2.3 Use of estimates

The preparation of financial statements in accordance with IFRSs requires estimates to be used and assumptions to be made that may affect the amounts recognised in those financial statements. Given the health crisis, the Group has carried out an in-depth examination of these assumptions and estimates.

The estimates involved are made on a going concern basis in light of the Group's liquidity, order book and the recovery in its business levels. They reflect information available at the time and may be revised if the circumstances on which they were based alter or if new information becomes available.

The consolidated financial statements for the period have been prepared with reference to the immediate environment, in particular as regards the estimates given below. Consequently, actual results may be different from these estimates.

Measurement of revenue from construction and service contracts

For revenue and income or losses on construction and service contracts, the Group applies general revenue recognition rules based on progress towards completion.

Progress towards completion and the revenue to be recognised are determined on the basis of a large number of estimates made by monitoring the work performed. Adjustments may be made to initial estimates throughout contracts and may materially affect future results. They may include any additional costs and disruption related to the health crisis.

For a given project, incurred costs that do not contribute to its completion (costs of significant inefficiencies such as the unexpected costs of losses of materials, labour hours expended or other resources consumed) are not included in measuring progress towards completion and do not therefore generate revenue.

Measurement of the fair value of identifiable assets and liabilities acquired in business combinations

Business combinations are recognised according to IFRS 3 "Business Combinations" and IFRS 10 "Consolidated Financial Statements".

When the Group acquires control over a company, the impact of the business combination is measured and recognised using the acquisition method.

Assets and liabilities are measured at fair value on the date of the acquisition except for those that fall within the scope of IAS 12 "Income Taxes" and IAS 19 "Employee Benefits". To measure the fair value of identifiable assets and liabilities, assumptions and estimates must be formulated.

Measurement of leases

The assumptions and estimates made to determine the value of right-of-use assets in respect of leases and the associated liabilities relate in particular to discount rates and lease terms.

The Group takes into account all economic facts and circumstances of which it is aware when determining the non-cancellable period of leases and ensures that this period is not shorter than the amortisation period of non-removable leasehold improvements.

Measurement of amortisation calculated using the unit of production method

Amortisation calculated using the unit of production method applies mainly to concession intangible assets at VINCI Airports and to quarrying rights at VINCI Construction. This amortisation method is based on the following physical indicators: passenger numbers at VINCI Airports and volumes of aggregates extracted at VINCI Construction.

Values used in impairment tests

The assumptions and estimates made to determine the recoverable amount of goodwill, intangible assets and property, plant and equipment relate in particular to the assessment of market prospects needed to estimate the cash flow, and the discount rates adopted. Any change in these assumptions could have a material effect on the recoverable amount. The main assumptions used by the Group are described in Note E.9, "Goodwill and goodwill impairment tests" and in Note H.17, "Other intangible assets and property, plant and equipment".

Measurement of provisions

The following factors may cause a material change in the amount of provisions:

- the estimates made using statistical methods on the basis of expenses incurred in previous years to determine after-sales-service provisions;
- the forecasts of expenditures on major maintenance over several years used as a basis for the provisions for obligations to maintain the condition of concession assets, which are estimated taking account of indexation clauses included in construction and civil engineering contracts (mainly relating to the TP01, TP02 and TP09 indexes for France);
- the estimates of forecast profit or loss on construction contracts, which serve as a basis for the determination of losses on completion (see Note G.16, "Information on construction and service contracts" and Note H.19.3, "Breakdown of current provisions");
- the discount rates used.

Measurement at fair value

Fair value is the price that would be received from selling an asset or paid to transfer a liability in a normal transaction. It is recognised on the basis of the asset or liability's main market (or the most advantageous market if there is no main market), i.e. the one that offers the highest volume and activity levels. The fair value of derivative financial instruments includes a "counterparty risk" component for derivatives carried as assets and an "own credit risk" component for derivatives carried as liabilities.

The Group mainly uses fair value in measuring, on a consistent basis, the derivative instruments, cash and cash equivalents, shares in unconsolidated subsidiaries and affiliates, cash management financial assets and identifiable assets and liabilities acquired in business combinations on its balance sheet. The fair value of other financial instruments (particularly debt instruments and assets measured at amortised cost) is stated in Note J.28, "Book and fair value of financial instruments by accounting category".

To determine these fair values, the Group uses several measurement methods:

- market-based approaches, based on observable market prices or transactions;
- revenue-based approaches, which convert future cash flow into a present value;
- cost-based approaches, which take into account the asset's physical, technological and economic obsolescence.

The following three-level hierarchy of fair values is used:

- Level 1 – price quoted on an active market. Marketable securities, some shares in unconsolidated subsidiaries and affiliates and listed bond issues are measured in this way.
- Level 2 – internal model using internal measurement techniques with observable factors. These techniques are based on usual mathematical computation methods, which incorporate observable market data (forward prices, yield curves, etc.). The calculation of the fair value of most derivative financial instruments (swaps, caps, floors, etc.) traded over the counter is made on the basis of models commonly used to price such financial instruments.

Every quarter, the internally calculated values of derivative instruments are checked for consistency with those sent to VINCI by the counterparties.

- Level 3 – internal model using non-observable factors. This model applies to customer relationships and contracts acquired through business combinations, as well as to holdings of unlisted shares, which, in the absence of an active market, are measured at their cost of acquisition plus transaction costs.

Measurement of retirement benefit obligations

The Group is involved in defined contribution and defined benefit retirement plans. For defined benefit plans, obligations are measured using the actuarial projected unit credit method based on assumptions such as the discount rate, future increases in wages and salaries, employee turnover, mortality rates and the rate of increase of health expenses. Those obligations may change if assumptions change, most of which are updated annually. Details of the assumptions used and how they are determined are given in Note K.29 "Provisions for employee benefits". The Group considers that the actuarial assumptions used are appropriate and justified in the current conditions.

Measurement of share-based payment expense

The Group recognises a share-based payment expense relating to performance share plans and Group savings plans offered to employees or some of its employees. This expense is measured on the basis of actuarial calculations using estimated behavioural assumptions based on observation of past behaviour.

The main actuarial assumptions (volatility, return on shares, etc.) adopted by the Group are described for each plan in Note K.30 "Share-based payments".

Climate risks

The Group takes climate risks into consideration, based on its best knowledge, as part of its accounts closing assumptions and reflects their potential impact in the financial statements. The process used is described in Note A.3, "Specific arrangements".

3. Specific arrangements

Climate risks

Looking ahead to 2030, the Group has adopted a new environmental strategy, aiming to:

- achieve a 40% reduction in direct greenhouse gas emissions by 2030 compared with 2018 levels;
- reduce indirect emissions by taking action across the Group's entire value chain, including all business lines;
- adapt infrastructure and the Group's businesses to make them more resilient to climate change.

In its accounts closing process, VINCI now identifies the main climate risks in order to assess their potential impact on its financial statements. Specific information was provided in the accounts closing instructions and disseminated to all Group subsidiaries and mainly related to:

- reviewing the useful lives of certain assets;
- reviewing margins on completion for certain construction contracts;
- factoring expected impacts on future cash flows into impairment tests for non-current assets;
- assessing risks to determine the amount of contingency provisions (including provisions for major repairs in certain concessions).

The Finance Department works with the Environment Department, which has been allocated specific resources for this purpose, to ensure that the commitments made by the Group are consistent with their recognition in the financial statements.

The main risks identified relate to physical risks, including flooding and typhoons, and transition risks associated with regulatory changes, such as France's 2012 thermal regulation and 2020 environmental regulation, the Energy Performance of Buildings Regulations in the United Kingdom, Germany's Buildings Energy Act, and more generally the revision of the European Union's Energy Performance of Buildings Directive (EPBD).

Physical risks are usually covered by property/casualty insurance policies or taken into account in estimates of margins on completion. In general, when a loss occurs, the negative impact (the part of the risk that is not covered) is taken into account in margins on completion for construction contracts, or recognised in expenses for the period in question.

Certain physical risks may also result in opportunities or an increase in business levels, since some subsidiaries specialise in site clean-up work and/or repairs to damaged infrastructure following major climate-related events such as hurricanes, storms and floods.

The main transition risks relating to anticipated regulatory changes have also been reviewed to the best of the Group's knowledge. The Group's ability to respond to these changes with sufficient speed could determine its success in winning new contracts.

- Changes in regulations anticipated in the short term are factored into cash flows, while those expected in the medium to long term are addressed through sensitivity tests.

For example, the transition to new building materials such as low-carbon concrete would not lead to major additional expense, to the extent that the construction company could pass it on to the project owner in its invoices.

- Regulatory changes should not have a material impact on the useful lives of the Group's assets. At this stage, VINCI has identified very few assets that cause high levels of pollution, namely a number of coal-fired power plants in Poland and the United States that represent 1.2% of the Group's total energy consumption.

VINCI's acquisitions process includes a review of environmental risks, which is presented to the Risk Committee when it meets to consider acquisition opportunities.

In VINCI's view, its assessment of climate risks is taken into account correctly and is consistent with its commitments in this area. Factoring in these elements did not have any material impact on the Group's 2021 financial statements.

B. Changes in consolidation scope

1. Changes in consolidation scope during the period

As part of its growth strategy, VINCI has continued to pursue acquisitions. The main changes in the period concern the acquisition of Cobra IS completed by VINCI SA on 31 December 2021, which is described below, some 30 companies acquired by VINCI Energies in France, elsewhere in Europe and the United States, and the acquisition of full control of Ubat Promotion, a property developer specialising in residential programmes in the south of France.

Cobra IS's scope comprises 595 entities, 514 of which are fully consolidated, along with 24 joint ventures and 57 associates. Other changes in scope relate mainly to legal restructuring within the Group.

(number of companies)	31/12/2021			31/12/2020		
	Total	France	Foreign	Total	France	Foreign
Controlled companies	2,643	1,179	1,464	2,052	1,106	946
Joint ventures ^(*)	181	101	80	162	102	60
Associates ^(*)	94	18	76	39	19	20
Total	2,918	1,298	1,620	2,253	1,227	1,026

(*) Entities accounted for under the equity method.

Acquisition of ACS's energy business (Cobra IS)

On 31 December 2021, VINCI bought all shares in ACS's energy division (Cobra IS), in accordance with the agreement announced on 1 April 2021. The purchase price of €4.9 billion, which was financed entirely from VINCI's available cash, equates to an enterprise value of €4.2 billion, plus €700 million relating to cash held by the new unit and various adjustments.

ACS will also receive an additional €20 million for each half gigawatt (GW) of renewable power capacity added by ready-to-build projects developed by Cobra IS over a period not exceeding 8.5 years from 31 December 2021, up to a limit of 15 GW, representing a maximum contingent payment of €600 million. This earn-out arrangement has been recognised on the balance sheet in a provisional amount estimated by an external evaluator, based on information available on the date control was acquired.

The amounts presented in the table below are taken from Cobra IS's consolidated financial statements, prepared in accordance with IFRSs and related interpretations as adopted by the European Union at 31 December 2021. They have undergone a limited review by the Group's statutory auditors.

The main adjustments made to figures for 2021 are intended to harmonise the presentation of Cobra IS's financial statements with that of VINCI's financial statements. Work to harmonise accounting policies and to adjust the values of the main assets, liabilities, contingent liabilities and liability guarantees was under way at the accounts closing date and will be completed within 12 months of the date control was acquired.

Certain assets acquired in the transaction needing to be sold in 2022 were reclassified as assets held for sale, in the amount of €354 million. They are disclosed as a separate line item on the balance sheet. Information relating to the recognition and measurement of these assets is described in Note O, "Other consolidation rules and methods".

The preliminary allocation of the Cobra IS purchase price to assets and liabilities acquired at the date VINCI took control is as follows:

<i>(in € millions)</i>	Cobra IS
Intangible assets	254
Property, plant and equipment	264
Investments in companies accounted for under the equity method and other non-current financial assets	76
Other operating assets/(liabilities) - Operating WCR	(821)
Other current and non-current assets/(liabilities)	(364)
Deferred tax assets/(liabilities)	200
Net financial surplus	676
<i>Of which cash and cash equivalents</i>	<i>1,291</i>
<i>Of which other financial debt items</i>	<i>(615)</i>
Assets/(liabilities) held for sale	354
Equity - Non-controlling interests	(36)
Net assets acquired	603
Purchase price (including estimated earn-out)	5,132
Provisional goodwill	4,529

Provisional goodwill, determined in the manner set out above, represents the future economic benefits that VINCI expects to derive from the acquisition of Cobra IS. Goodwill arises from the expected growth in Cobra IS's business, especially in the development of renewable energy concessions (solar PV and wind) and the completion of EPC (*engineering, procurement and construction*) projects in the energy sector.

In 2021 as a whole, Cobra IS's revenue was €4.7 billion and its net income was €0.4 billion (unaudited figures). Given the date of its acquisition by VINCI, no cash flows have been recognised in the Group's consolidated income statement for 2021.

2. Changes in consolidation scope in previous periods

Acquisitions and disposals

VINCI did not carry out any material acquisitions of companies in 2020.

The main changes in the period had concerned the acquisition of some 20 companies by VINCI Energies in France, elsewhere in Europe, Canada and South America. In relation to these companies, VINCI assessed the fair value of the identifiable assets and liabilities acquired in accordance with IFRS 3. The values allocated to identifiable acquired assets and liabilities on the dates when control was acquired in 2020 were not adjusted materially. The allocation of purchase prices resulted in the recognition of goodwill measured at €216 million, including €70 million allocated to the VINCI Energies Germany cash-generating unit (CGU) in respect of Actemium Energy Projects (formerly Converse Energy Projects) and €40 million allocated to the VINCI Energies North America CGU in respect of Transelec Common Inc. in Canada.

Loss of significant influence over Groupe ADP

As Xavier Huillard, Chairman and Chief Executive Officer of VINCI, had tendered VINCI's resignation as a member of ADP's Board of Directors, on which he was VINCI's permanent representative, its term of office as Director ended on 15 December 2020, resulting in the loss of VINCI's significant influence over Groupe ADP. Accordingly, from that date, Groupe ADP left VINCI's consolidation scope, having previously been accounted for under the equity method in VINCI's financial statements. VINCI's shares in ADP are now recognised as financial assets, specifically as equity instruments, and measured at fair value in accordance with IFRS 9. The Group has opted to recognise changes in fair value in profit or loss. They are included in the "Other financial income and expense" item.

C. Financial indicators by business line and geographical area

1. Segment information by business line

Based on the Group's organisational structure and internal reporting system, segment information is presented by business line.

The Group's organisation now consists of six business lines in three businesses – Concessions, Energy and Construction – along with VINCI Immobilier, which is a business line that reports directly to the holding company.

In accordance with IFRS 8 "Operating segments", segment information is now presented according to the new business lines defined by management, and 2020 data has been adjusted for comparability purposes.

Concessions

VINCI Autoroutes: motorway concessions in France (ASF, Escota, Cofiroute, Arcour, Arcos).

VINCI Airports: operation of airports in France and in 11 other countries under full ownership, concession contracts and/or delegated management.

Other concessions: VINCI Highways (motorway and road infrastructure, mainly outside France), VINCI Railways (rail infrastructure) and VINCI Stadium (stadium management).

Energy

VINCI Energies: services to the manufacturing sector, infrastructure, facilities management, and information and communication technology.

Cobra IS: EPC (*engineering, procurement and construction*) projects in the energy sector, manufacturing- and energy-related services, and development of renewable energy concession projects.

Construction

VINCI Construction, which is organised into three pillars:

- Major projects: companies designing and carrying out projects that require general contractor capabilities because of their size, complexity or type.
- Specialty networks: companies carrying out works requiring a high level of expertise in geotechnical and structural engineering, digital technology, nuclear or renewable thermal energy.
- Proximity networks: companies focused on a single core business area, such as buildings, civil engineering or infrastructure, and in a specific geographical area, working as closely as possible with their customers.

VINCI Immobilier: property development (residential properties, commercial properties), operation of managed residences and property services.

1.1 Segment information by business line

The data below is for each Group business line and is stated before elimination, at their own level, of transactions with the rest of the Group. Performance indicators that do not appear on the face of the financial statements are defined in Note 3 in this section.

2021

	Concessions	Energy	Construction		VINCI Immobilier and holding companies		
(in € millions)	VINCI Autoroutes VINCI Airports Other concessions	VINCI Energies	Cobra IS	VINCI Construction		Eliminations	Total
Income statement							
Revenue ^(*)	7,046	15,097	-	26,282	1,611	(639)	49,396
Concession subsidiaries' works revenue	680	-	-	-	-	(95) ^(**)	586
Total revenue	7,727	15,097	-	26,282	1,611	(734)	49,982
Operating income from ordinary activities	2,683	985	-	968	86	-	4,723
% of revenue ^(*)	38.1%	6.5%	-	3.7%			9.6%
Recurring operating income	2,583	882	-	879	120	-	4,464
Operating income	2,586	868	-	879	106	-	4,438
Cash flow statement							
Cash flow from operations before tax and financing costs	4,676	1,259	-	1,647	301	-	7,884
% of revenue ^(*)	66.4%	8.3%	-	6.2%	0.0%	0.0%	16.0%
Depreciation and amortisation	1,829	432	-	905	54	-	3,219
Operating investments (net of disposals)	(75)	(166)	-	(639)	(197)	-	(1,077)
Repayment of lease liabilities ^(***)	(38)	(289)	-	(265)	(39)	-	(631)
Operating cash flow	3,501	1,199	-	1,208	189	-	6,098
Growth investments (concessions and PPPs)	(841)	2	-	23	-	-	(815)
Free cash flow	2,660	1,201	-	1,232	189	-	5,282
Balance sheet							
Capital employed at 31/12/2021	38,584	3,800	3,990	672	1,747	-	48,792
of which investments in companies accounted for under the equity method	353	12	17	422	145	-	950
of which right-of-use assets in respect of leases	310	827	85	685	177	-	2,084
Net financial surplus/(debt)	(32,693)	447	676	3,334	8,971	-	(19,266)

(*) Excluding concession subsidiaries' revenue.

(**) Intragroup revenue of the VINCI Energies and VINCI Construction business lines from work carried out for the Group's concession companies.

(***) Including associated financial expense.

PPP: Public-private partnership.

2020

	Concessions	Energy	Construction	VINCI Immobilier and holding companies		
	VINCI Autoroutes VINCI Airports Other concessions	VINCI Energies	VINCI Construction ⁽¹⁾		Eliminations	Total
<i>(in € millions)</i>						
Income statement						
Revenue ⁽²⁾	5,839	13,661	23,149	1,189	(605)	43,234
Concession subsidiaries' works revenue	864	-	-	-	(168) ⁽³⁾	696
Total revenue	6,703	13,661	23,149	1,189	(772)	43,930
Operating income from ordinary activities	1,586	773	470	29	-	2,859
% of revenue ⁽²⁾	27.2%	5.7%	2.0%	-	-	6.6%
Recurring operating income	1,459	688	347	17	-	2,511
Operating income	1,555	642	242	20	-	2,459
Cash flow statement						
Cash flow from operations before tax and financing costs	3,491	1,057	1,131	240	-	5,919
% of revenue ⁽²⁾	59.8%	7.7%	4.9%	-	-	13.7%
Depreciation and amortisation	1,828	412	887	43	-	3,171
Operating investments (net of disposals)	(178)	(150)	(517)	(148)	-	(994)
Repayment of lease liabilities ⁽⁴⁾	(34)	(278)	(259)	(36)	-	(607)
Operating cash flow	2,023	1,191	1,383	477	-	5,075
Growth investments (concessions and PPPs)	(1,035)	-	(50)	-	-	(1,085)
Free cash flow	988	1,191	1,333	477	-	3,990
Balance sheet						
Capital employed at 31/12/2020	39,304	4,181	1,296	1,477	-	46,258
of which investments in companies accounted for under the equity method	451	18	398	168	-	1,035
of which right-of-use assets in respect of leases	283	779	698	157	-	1,917
Net financial surplus/ (debt)	(32,718)	(256)	2,211	12,774	-	(17,989)

(1) Adjusted following the Group's reorganisation described in Note C.1, "Segment information by business line".

(2) Excluding concession subsidiaries' revenue.

(3) Intragroup revenue of the VINCI Energies and VINCI Construction business lines from work carried out for the Group's concession companies.

(4) Including associated financial expense.

PPP: Public-private partnership.

1.2 Information relating to the Concessions business

2021

	Concessions			
	VINCI Autoroutes	VINCI Airports	VINCI Highways, VINCI Railways, VINCI Stadium and other	Total
(in € millions)				
Income statement				
Revenue ^(*)	5,550	1,188	309	7,046
Concession subsidiaries' works revenue	569	100	11	680
Total revenue	6,119	1,288	320	7,727
Operating income from ordinary activities	2,841	(206)	48	2,683
% of revenue ^(*)	51.2%	(17.3%)	15.5%	38.1%
Recurring operating income	2,828	(265)	21	2,583
Operating income	2,829	(265)	22	2,586
Cash flow statement				
Cash flow from operations before tax and financing costs	4,116	385	175	4,676
% of revenue ^(*)	74.2%	32.4%	56.7%	66.4%
Depreciation and amortisation	1,299	444	87	1,829
Operating investments (net of disposals)	(23)	(43)	(9)	(75)
Repayment of lease liabilities ^(**)	(7)	(21)	(9)	(38)
Operating cash flow	3,274	(25)	253	3,501
Growth investments in (concessions and PPPs)	(677)	(163)	(1)	(841)
Free cash flow	2,597	(188)	252	2,660
Balance sheet				
Capital employed at 31/12/2021	19,676	16,388	2,520	38,584
of which investments in companies accounted for under the equity method	14	193	146	353
of which right-of-use assets in respect of leases	12	274	24	310
Net financial surplus/(debt)	(18,008)	(11,723)	(2,962)	(32,693)

(*) Excluding concession subsidiaries' revenue.

(**) Including associated financial expense.

PPP: Public-private partnership.

2020

	Concessions			
	VINCI Autoroutes	VINCI Airports	VINCI Highways, VINCI Railways, VINCI Stadium and other	Total
(in € millions)				
Income statement				
Revenue ^(*)	4,613	990	235	5,839
Concession subsidiaries' works revenue	558	298	8	864
Total revenue	5,171	1,288	243	6,703
Operating income from ordinary activities	1,981	(369)	(26)	1,586
% of revenue ^(*)	42.9%	(37.3%)	(11.0%)	27.2%
Recurring operating income	1,968	(597)	87	1,459
Operating income	1,968	(498)	85	1,555
Cash flow statement				
Cash flow from operations before tax and financing costs	3,231	146	114	3,491
% of revenue ^(*)	70.0%	14.7%	48.3%	59.8%
Depreciation and amortisation	1,271	463	95	1,828
Operating investments (net of disposals)	(21)	(138)	(19)	(178)
Repayment of lease liabilities ^(**)	(6)	(17)	(11)	(34)
Operating cash flow	2,405	(422)	40	2,023
Growth investments in (concessions and PPPs)	(731)	(310)	6	(1,035)
Free cash flow	1,674	(732)	46	988
Balance sheet				
Capital employed at 31/12/2020	20,388	16,143	2,773	39,304
of which investments in companies accounted for under the equity method	14	256	181	451
of which right-of-use assets in respect of leases	10	240	33	283
Net financial surplus/(debt)	(18,318)	(11,053)	(3,347)	(32,718)

(*) Excluding concession subsidiaries' revenue.

(**) Including associated financial expense.

PPP: Public-private partnership.

2. Breakdown of revenue by geographical area

Accounting policies

The Group's consolidated revenue corresponds to revenue from the Concessions, Energy and Construction businesses and from the VINCI Immobilier business line.

IFRS 15 "Revenue from Contracts with Customers" requires entities to identify each contract as well as the various performance obligations contained in the contract. The number of performance obligations depends on the types of contracts and activities. Most of the Group's contracts involve only one performance obligation.

Under IFRS 15, recognition of revenue must reflect the following:

- the rate at which performance obligations are fulfilled, corresponding to the transfer to the customer of control of a good or service;
- the amount to which the seller expects to be entitled as consideration for its activities.

The way in which transfer of control of a good or service is analysed is crucial, since that transfer determines the recognition of revenue. The transfer of control of a good or service may take place continuously (revenue recognition on a progress towards completion basis) or on a specific date that corresponds to the completion of works.

Revenue from concession contracts consists of the following:

- tolls for the use of motorway infrastructure operated under concession, revenue from airport service concessions, and ancillary income such as fees from commercial installations, rental of telecommunications infrastructure and advertising space;
- revenue in respect of the construction of new infrastructure under concession and recognised on a progress towards completion basis.

Consolidated revenue of the VINCI Energies and VINCI Construction business lines comprises the total of the work, goods and services generated by the consolidated subsidiaries pursuing their main activity and the revenue for the construction of infrastructure under concession.

In the property sector, revenue arising on lots sold is recognised as the property development proceeds, in accordance with IFRS 15 and statutory provisions relating to off-plan sales. In that respect, to measure progress towards completion of works, VINCI Immobilier uses the cost-based method. The cost of land is included in the progress towards completion calculation at the commencement of each contract.

Revenue from ancillary activities mainly relates to revenue from leases, sales of equipment, materials and merchandise, study work and fees.

The method for recognising revenue under concession contracts is explained in Note F, "Concessions: PPP contracts, concession contracts and other infrastructure". The method for recognising revenue from construction and service contracts is explained in Note G.16, "Information on construction and service contracts".

<i>(in € millions)</i>	2021	%	2020	%
France	26,319	53.3%	22,912	53.0%
Germany	3,459	7.0%	3,213	7.4%
United Kingdom	3,405	6.9%	2,589	6.0%
Central and Eastern Europe ^(*)	2,304	4.7%	2,214	5.1%
Portugal	589	1.2%	435	1.0%
Other European countries	4,146	8.4%	3,825	8.8%
Europe excluding France	13,903	28.1%	12,277	28.4%
Europe^(**)	40,221	81.4%	35,188	81.4%
<i>of which European Union</i>	<i>35,705</i>	<i>72.3%</i>	<i>31,523</i>	<i>72.9%</i>
North America	3,914	7.9%	3,364	7.8%
<i>of which United States</i>	<i>2,319</i>	<i>4.7%</i>	<i>2,268</i>	<i>5.2%</i>
Central and South America	1,204	2.4%	946	2.2%
Africa	1,560	3.2%	1,386	3.2%
Russia, Asia Pacific and Middle East	2,496	5.1%	2,350	5.4%
International excluding Europe	9,175	18.6%	8,046	18.6%
International excluding France	23,078	46.7%	20,322	47.0%
Total revenue^(***)	49,396	100.0%	43,234	100.0%

(*) Albania, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia and Ukraine.

(**) Including the eurozone for €32,926 million (66.7% of total revenue) in 2021 and for €28,887 million (66.8% of total revenue) in 2020.

(***) Excluding concession subsidiaries' revenue from work carried out by non-Group companies.

Revenue generated in France (€26,319 million in 2021, up almost 15% relative to 2020) was considerably affected by the Covid-19 pandemic, especially during the first lockdown.

Revenue generated outside France amounted to €23,078 million in 2021, up 13.6% compared with 2020. It equalled 46.7% of Group revenue compared with 47.0% in 2020.

3. Reconciliation and presentation of key performance indicators

3.1 Cash flow statement indicators

<i>(in € millions)</i>	2021	2020
Net cash flows (used in)/from operating activities	7,806	6,675
Operating investments (net of disposals)	(1,077)	(994)
Repayments of lease liabilities and financial expense on leases	(631)	(607)
Operating cash flow	6,098	5,075
Growth investments (concessions and PPPs)	(815)	(1,085)
Free cash flow	5,282	3,990
Purchases of shares in subsidiaries and affiliates (consolidated and unconsolidated)	(5,258) ^(*)	(302)
Proceeds from sales of shares in subsidiaries and affiliates (consolidated and unconsolidated)	9	25
Net impact of changes in scope including net debt assumed	688 ^(*)	(7)
Net financial investments	(4,561)	(285)
Other	(82)	(85)
Total net financial investments	(4,643)	(370)

(*) Including the purchase price for the acquisition of ACS's energy business (Cobra IS) for €4,902 million and the latter's net financial surplus of €676 million at 31 December 2021. See Note B.1, "Changes in consolidation scope during the period".

3.2 Capital employed

Reconciliation between capital employed and the balance sheet

<i>(in € millions)</i>	Note	31/12/2021	31/12/2020
Capital employed - assets		83,838	74,997
Concession intangible assets	13	25,329	25,886
- Deferred tax on business combination fair value adjustments		(2,961)	(2,555)
Goodwill, gross	9	16,761	11,885
Other intangible assets	17.1	7,586	6,846
Property, plant and equipment	17.2	10,303	9,760
Investments in companies accounted for under the equity method	10	950	1,035
Other non-current financial assets	11-14-18	2,450	2,237
- Collateralised loans and receivables (at more than one year)	25-27	(4)	(4)
Inventories and work in progress	19	1,591	1,428
Trade and other receivables	19	15,559	12,493
Other current assets	19	6,036	5,719
Current tax assets		238	266
Capital employed - liabilities		(35,046)	(28,739)
Current provisions	19	(5,923)	(4,973)
Trade payables	19	(12,027)	(8,876)
Other current liabilities	19	(16,736)	(14,668)
Current tax liabilities		(360)	(221)
Total capital employed		48,792^(*)	46,258

(*) Of which Cobra IS: €3,990 million, including provisional goodwill estimated at €4,529 million at this stage.

Capital employed by geographical area

<i>(in € millions)</i>	31/12/2021	31/12/2020
France	24,461	25,761
United Kingdom	9,696	9,643
Spain	4,213	276
Portugal	2,513	2,572
Other European countries	2,590	2,717
Total Europe excluding France	19,013	15,208
Total Europe	43,474	40,969
North America	2,093	1,883
<i>of which United States</i>	<i>1,605</i>	<i>1,428</i>
Central and South America	2,854	2,727
Africa	(262)	(62)
Russia, Asia, Pacific and Middle East	634	741
Total capital employed	48,792	46,258

At 31 December 2021, capital employed in the eurozone was €32 billion (of which €24.5 billion in France) and made up 67% of the total (€30 billion and 65% of the total in 2020).

D. Main income statement items

4. Operating income

Accounting policies

Operating income from ordinary activities measures the operational performance of fully consolidated Group subsidiaries. It excludes share-based payment expense (IFRS 2), certain recurring operating items (including the share of profit or loss of companies accounted for under the equity method), together with non-recurring operating items.

Recurring operating income is obtained by taking operating income from ordinary activities and adding the IFRS 2 expense associated with share-based payments (chiefly Group savings plans and performance share plans), the Group's share of profit or loss of subsidiaries accounted for under the equity method, and other recurring operating income and expense. The latter category includes recurring income and expense relating to companies accounted for under the equity method and to non-consolidated companies (financial income from shareholder loans and advances granted by the Group to some subsidiaries, dividends received from non-consolidated companies). Recurring operating income represents the Group's operational performance excluding the impact of non-recurring transactions and events during the period.

Operating income is calculated by taking recurring operating income and adding non-recurring income and expense, which mainly includes goodwill impairment losses, restructuring charges and income and expense relating to changes in scope (capital gains or losses on disposals of securities and the impact of changes in control).

(in € millions)	2021	2020
Revenue ^(*)	49,396	43,234
Concession subsidiaries' revenue from work carried out by non-Group companies	586	696
Total revenue	49,982	43,930
Revenue from ancillary activities ^(**)	248	188
Purchases consumed	(10,672)	(9,681)
External services ^(***)	(5,533)	(4,726)
Temporary staff	(1,373)	(1,178)
Subcontracting (including concession companies' construction costs)	(10,424)	(9,262)
Taxes and levies	(1,105)	(1,105)
Employment costs	(12,488)	(11,642)
Other operating income and expense	67	(8)
Depreciation and amortisation	(3,219)	(3,171)
Net provision expense	(760)	(486)
Operating expenses	(45,507)	(41,260)
Operating income from ordinary activities	4,723	2,859
% of revenue ^(*)	9.6%	6.6%
Share-based payments (IFRS 2)	(288)	(239)
Profit/(loss) of companies accounted for under the equity method	12	(146)
Other recurring operating items	17	38
Recurring operating income	4,464	2,511
Goodwill impairment losses	(19)	(95)
Impact from changes in scope and gain/(loss) on disposals of shares	(7)	167
Other non-recurring operating items	-	(124)
<i>Total non-recurring operating items</i>	<i>(26)</i>	<i>(52)</i>
Operating income	4,438	2,459

(*) Excluding concession subsidiaries' revenue from work carried out by non-Group companies.

(**) Revenue from ancillary activities mainly comprises rental income, sales of equipment, materials and merchandise, study work and fees other than those generated by concession operators.

(***) Including lease payments of €981 million in 2021 and €877 million in 2020 not restated following the application of IFRS 16: low-value leases, short-term leases and variable lease payments.

Non-recurring operating items represented a net expense of €26 million in 2021 and included:

- €19 million of goodwill impairment charges, mainly relating to VINCI Energies' activities in the United States and Canada;
- a €7 million expense relating to changes in the consolidation scope, including costs for the acquisition of Cobra IS.

In 2020, they produced a net expense of €52 million and included:

- €95 million of goodwill impairment charges, mainly relating to VINCI Energies' activities in the United States and Canada (€67 million);
- restructuring costs, mainly at VINCI Airports (€48 million) and VINCI Construction (€47 million);
- a €167 million positive effect from changes in the consolidation scope, mainly reflecting the change in consolidation method for VINCI's stake in Groupe ADP after VINCI ceased to have significant influence over it.

4.1 Employment costs

<i>(in € millions)</i>		Note	2021	2020
Wages and other employment-related expense	I		(12,245)	(11,481)
<i>Of which wages and salaries</i>			(9,330)	(8,679)
<i>Of which employer social contributions</i>			(2,268)	(2,172)
<i>Of which contributions to defined contribution plans</i>		29.1	(647)	(630)
Profit-sharing and incentive plans	II		(243)	(161)
Total	I+II		(12,488)	(11,642)

The Group's average headcount was 218,569 on a full-time-equivalent basis in 2021, slightly lower than in 2020.

	2021	2020
Average number of employees (in full-time equivalent)	218,569	219,400
<i>Of which managers</i>	44,413	43,913
<i>Of which other employees</i>	174,155	175,488

4.2 Other operating income and expense

<i>(in € millions)</i>	2021	2020
Net gains or losses on disposal of intangible assets and property, plant and equipment	25	39
Share in operating income or loss of joint operations	24	12
Other	18	(59)
Total	67	(8)

4.3 Depreciation and amortisation

Depreciation and amortisation break down as follows:

<i>(in € millions)</i>	2021	2020
Concession intangible assets	(1,348)	(1,330)
Other intangible assets	(85)	(65)
Property, plant and equipment	(1,786)	(1,776)
Depreciation and amortisation	(3,219)	(3,171)

Since 1 July 2020, additions to amortisation in relation to concession intangible assets at VINCI Airports have been calculated using the unit of production method (based on passenger numbers).

In 2021, depreciation of property, plant and equipment included €605 million relating to right-of-use assets under leases (€582 million in 2020).

5. Cost of net financial debt

Accounting policies

The cost of net financial debt comprises the following items:

- the cost of gross financial debt, which includes the interest expense calculated at the effective interest rate, gains and losses on interest rate derivatives allocated to gross financial debt whether designated as hedges for accounting purposes or not, and hedging costs;
- financial income from investments, which comprises the return on investments of cash and cash equivalents measured at fair value through profit and loss;

The cost of net financial debt amounted to €658 million in 2021, up €69 million compared with 2020 (€589 million).

This increase was mainly due to the rise in London Gatwick airport's cost of financial debt, including the revaluation of derivative financial instruments entered into prior to its acquisition (inflation-linked swaps). The cost of net financial debt at other Group companies fell during the year as issues of debt with higher interest payments than newer ones reached maturity, partly offset by lower returns on short-term cash investments given the negative interest rate environment across the eurozone.

The cost of net financial debt can be analysed as follows:

<i>(in € millions)</i>	2021	2020
Financial liabilities at amortised cost	(724)	(754)
Financial assets and liabilities at fair value through profit and loss	1	20
Derivatives designated as hedges: assets and liabilities	140	137
Derivatives at fair value through profit and loss: assets and liabilities	(75)	8
Total cost of net financial debt	(658)	(589)

The "Derivatives designated as hedges: assets and liabilities" item breaks down as follows:

<i>(in € millions)</i>	2021	2020
Net interest on derivatives designated as fair value hedges	275	227
Change in value of interest rate derivatives designated as fair value hedges	(680)	253
Change in value of the adjustment to fair value hedged financial debt	644	(253)
Ineffective portion of foreign currency fair value hedges	(1)	(2)
Reserve recycled through profit or loss in respect of cash flow and net investment hedges	(97)	(95)
Ineffective portion of cash flow and net investment hedges	(2)	7
Gains and losses on derivative instruments allocated to net financial debt	140	137

6. Other financial income and expense

Accounting policies

Other financial income and expense comprises mainly discounting effects, the impact of capitalised borrowing costs, foreign exchange gains and losses relating to financial items and changes in the value of derivatives not allocated to hedging interest rate or exchange rate risk, along with financial expense relating to lease liabilities under IFRS 16.

Capitalised borrowing costs relate to infrastructure under concession and are included during the construction period in the value of those assets. They are determined as follows:

- To the extent that funds are borrowed specifically for the purpose of constructing an asset, the borrowing costs eligible for capitalisation on that asset are the actual borrowing costs incurred during the period less any investment income arising from the temporary investment of those borrowings.
- When borrowing is not intended to finance a specific project, the interest eligible for capitalisation on an asset is determined by applying a financing rate to the expenditure on that asset. This rate is equal to the weighted average of the costs of borrowing funds, other than those specifically intended for the construction of given assets.

This does not relate to the construction of concession assets accounted for using the financial asset model (see Note F.14, "PPP financial receivables").

Other financial income and expense break down as follows:

<i>(in € millions)</i>	2021	2020
Effect of discounting to present value	(30)	(31)
Capitalised borrowing costs	47	40
Financial expenses on lease liabilities	(43)	(42)
Foreign exchange gains and losses and other changes in fair value	66	(15)
Total other financial income and expense	40	(47)

The effect of discounting to present value was stable year on year. It mainly involved provisions for retirement benefit obligations in the amount of €14 million and fixed fees payable to concession grantors in relation to Salvador Bahia airport in Brazil and Belgrade airport in Serbia, which totalled €12 million.

In 2021, capitalised borrowing costs mainly related to Arcos for €27 million (€21 million in 2020), Belgrade and London Gatwick airports for a total of €17 million (€15 million in 2020), and the ASF group for €3 million (€4 million in 2020).

Foreign exchange gains and losses had a positive impact of €10 million in 2021 (compared with a negative impact of €15 million in 2020) and the other fair value changes included the change in VINCI's stake in Groupe ADP.

7. Income tax expense

Accounting policies

Income tax is computed in accordance with the tax legislation in force in the countries where the income is taxable.

In accordance with IAS 12, deferred tax is recognised on the temporary differences between the carrying amount and the tax base of assets and liabilities. It is calculated using the latest tax rates enacted or substantively enacted at the accounts closing date. The effects of a change in the tax rate from one period to another are recognised in the income statement in the period in which the change was decided, except where they relate to transactions recognised under other comprehensive income or directly in equity.

Deferred tax relating to share-based payments is taken to income to the extent that the deductible amount does not exceed the fair value of plans established according to IFRS 2.

Whenever subsidiaries have distributable reserves, a deferred tax liability is recognised in respect of the probable distributions that will be made in the foreseeable future. Moreover, shareholdings in associates and certain joint ventures give rise to recognition of a deferred tax liability in the event of differences between the carrying amount and the tax base of the shares.

Net deferred tax is determined on the basis of the tax position of each entity or group of entities included in the tax group under consideration and is shown under assets or liabilities for its net amount per tax group. Deferred tax is reviewed at each balance sheet date to take account of the impact of changes in tax law and the prospect of recovery. Deferred tax assets are only recognised if their recovery is probable.

Deferred tax assets and liabilities are not discounted.

7.1 Breakdown of net tax expense

<i>(in € millions)</i>	2021	2020
Current tax	(1,509)	(844)
Deferred tax	(116)	37
<i>of which temporary differences</i>	(214)	(48)
<i>of which losses carried forward</i>	98	85
Total	(1,625)	(807)

The net tax expense for the period comprises:

- a tax expense recognised by French subsidiaries for €1,020 million (€581 million in 2020), including €1,003 million at VINCI SA, the lead company in the tax consolidation group that comprises 986 subsidiaries (€585 million in 2020);
- a tax expense of €605 million for foreign subsidiaries (€227 million in 2020). It includes a negative impact of €387 million from revaluing net deferred tax liabilities as a result of the UK corporation tax rate from 1 April 2023 now set to be 25% instead of 19%, which mainly involves London Gatwick airport.

7.2 Effective tax rate

The Group's effective tax rate was 42.7% in 2021 compared with 41.0% in 2020.

Excluding non-recurring items:

- in France, the effective tax rate was 30%;
- outside France, the effective tax rate was 28% excluding London Gatwick and Belfast International airports and 17% for these two airports.

The Group's effective tax rate for 2021 is higher than the theoretical tax rate of 27.37% in force in France, due to the tax rate differential on foreign income and because French subsidiaries with revenue of over €250 million are taxed at 28.41%. The difference between the tax calculated using the standard tax rate in force in France and the amount of tax effectively recognised in the year can be analysed as follows:

(in € millions)	2021	2020
Income before tax and profit/(loss) of companies accounted for under the equity method	3,808	1,969
Theoretical tax rate in France	27.4%	28.9%
Theoretical tax expense expected	(1,042)	(569)
Tax rate differential on foreign income	(403)	(144)
<i>Of which impact from revaluing deferred tax in the United Kingdom</i>	<i>(387)</i>	<i>(100)</i>
Impact of tax loss carryforwards and other temporary differences that are not recognised or that have previously been subject to limitation	(40)	(54)
<i>Of which impact from revaluing deferred tax in the United Kingdom</i>	<i>(7)</i>	-
Goodwill impairment losses	(5)	(25)
Permanent differences and other ^(*)	(134)	(15)
Tax expense recognised	(1,625)	(807)
Effective tax rate^(**)	42.7%	41.0%

(*) Including €35 million of current tax related to the different tax rate applied to French companies with revenue of over €250 million.

(**) Excluding the Group's share of companies accounted for under the equity method.

7.3 Breakdown of deferred tax assets and liabilities

(in € millions)	31/12/2021	Changes			31/12/2020 ^(*)
		Income	Equity	Other ^(*)	
Deferred tax assets					
Losses carried forward	710	107	19	18	565
Temporary differences on retirement benefit obligations	329	(4)	(23)	7	349
Temporary differences on provisions	904	122	6	90	685
Temporary differences on financial instruments	94	(4)	(46)	4	141
Temporary differences related to leases	374	(1)	5	5	365
Other	965	122	24	136	684
Netting of deferred tax assets and liabilities by tax group	(2,166)	-	-	(324)	(1,842)
Total deferred tax assets before impairment	1,211	342	(14)	(64)	947
Impairment	(502)	(40)	(9)	-	(454)
Total deferred tax assets after impairment	708	302	(23)	(64)	493
Deferred tax liabilities					
Remeasurement of assets ^(***)	(4,148)	(460)	(136)	-	(3,552)
Temporary differences related to leases	(337)	8	(3)	(4)	(338)
Temporary differences on financial instruments	(30)	(3)	(5)	-	(22)
Other	(630)	37	(28)	(55)	(585)
Netting of deferred tax assets and liabilities by tax group	2,166	-	-	324	1,842
Total deferred tax liabilities	(2,979)	(418)	(172)	266	(2,655)
Net deferred tax	(2,270)	(116)	(195)	202	(2,162)

(*) Including the deferred tax assets and liabilities of Cobra IS.

(**) Adjusted as at 1 January 2020 following the IFRS IC's agenda decision of May 2021 clarifying how to calculate retirement benefit obligations (see Note A.2.1, "Basis for preparing the financial statements").

(***) Including measurement at fair value of the assets and liabilities of London Gatwick airport, ASF, Lima Expressa, Aéroports de Lyon and ANA at their dates of first consolidation, i.e. €1,645 million, €777 million, €160 million, €136 million and €107 million respectively at 31 December 2021.

In the context of the continuing Covid-19 crisis, the Group paid particular attention in 2021 to its ability to use its tax loss carryforwards, depending on specific local circumstances.

Impairment of deferred tax assets as a whole amounted to €502 million at 31 December 2021 (€454 million at 31 December 2020), including €465 million outside France (€428 million at 31 December 2020).

Deferred tax assets arising from tax loss carryforwards totalled €710 million at 31 December 2021, with impairment losses recognised in the amount of €300 million. The net balance of deferred tax assets arising from tax loss carryforwards thus comes to €410 million, mainly related to countries in which tax losses can generally be carried forward indefinitely, such as the United Kingdom, the United States and Germany.

8. Earnings per share

Accounting policies

Basic earnings per share is the net income for the period after non-controlling interests, divided by the weighted average number of shares outstanding during the period less the weighted average number of treasury shares.

In calculating diluted earnings per share, the weighted average number of existing shares is adjusted for the potentially dilutive effect of all equity instruments issued by the company, in particular Group savings plans and unvested performance shares. Dilution is determined in accordance with the rules laid down by IAS 33. In accordance with this standard, plans of which the stock market price is greater than the average price during the period are excluded from the diluted earnings per share calculation.

In calculating basic and diluted earnings per share, earnings are also adjusted as necessary for changes in income and expenses taken directly to equity resulting from the conversion into shares of all potentially dilutive instruments.

The table below shows the reconciliation between basic and diluted earnings per share:

	2021			2020		
	Average number of shares	Net income (in € millions)	Earnings per share (in €)	Average number of shares	Net income (in € millions)	Earnings per share (in €)
Total shares	594,984,755			608,321,456		
Treasury shares	(25,474,453)			(50,769,442)		
Basic earnings per share	569,510,302	2,597	4.56	557,552,014	1,242	2.23
Group savings plan	504,297			164,835		
Performance shares	5,835,884			5,402,691		
Diluted earnings per share	575,850,483	2,597	4.51	563,119,540	1,242	2.20

E. Investments in other companies

9. Goodwill and goodwill impairment tests

Accounting policies

Goodwill is the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition, recognised on first consolidation.

Goodwill in fully consolidated subsidiaries is recognised under goodwill in consolidated assets. Goodwill relating to companies accounted for under the equity method is included in the line item "Investments in companies accounted for under the equity method".

Goodwill is not amortised but is tested for impairment at least annually or when there is an indication that an impairment loss has arisen. If a goodwill impairment loss is recognised as a result, the difference between its carrying amount and its recoverable amount is charged definitively to operating income in the period.

Negative goodwill is taken to operating income in the year of acquisition.

Under IFRS 3 (amended), an option is available to measure non-controlling interests on the acquisition date either at fair value (the full goodwill method) or for the portion of the net assets acquired that they represent (the partial goodwill method). The choice can be made for each business combination.

9.1 Main goodwill items

Changes in the period were as follows:

(in € millions)	31/12/2021	31/12/2020
Net at beginning of period	11,619	11,647
Goodwill recognised during the period	4,613 ^(*)	219
Impairment losses	(19)	(95)
Currency translation differences	241	(263)
Other movements	19	111
Net at end of period	16,472	11,619

(*) Including the provisional goodwill relating to the acquisition of Cobra IS (see Note B.1, "Changes in consolidation scope during the period").

The main items of goodwill at 31 December 2021 were as follows:

(in € millions)	31/12/2021			31/12/2020
	Gross	Impairment losses	Net	Net
Cobra IS ^(*)	4,529	-	4,529	-
VINCI Airports	2,649	-	2,649	2,519
VINCI Energies France	2,490	-	2,490	2,454
ASF group	1,935	-	1,935	1,935
VINCI Energies Germany	807	-	807	790
VINCI Energies North America	696	(86)	610	568
VINCI Energies Benelux	439	-	439	433
VINCI Energies Scandinavia	349	-	349	347
Eurovia USA	213	-	213	197
VINCI Highways	210	-	210	216
Other	2,444	(203)	2,242	2,161
Total	16,761	(288)	16,472	11,619

(*) Provisional goodwill relating to the acquisition of Cobra IS (see Note B.1, "Changes in consolidation scope during the period").

9.2 Goodwill impairment tests

Accounting policies

In accordance with IAS 36 "Impairment of Assets", the goodwill and other non-financial assets of cash-generating units (CGUs) were tested for impairment losses.

CGUs are identified in line with operational reporting and their recoverable amounts are based on a value in use calculation. Values in use are determined by discounting the forecast operating cash flow before tax of the CGU (operating income plus depreciation and amortisation plus/minus the change in non-current provisions minus operating investments plus/minus the change in operating working capital requirement) at the rates indicated below.

For concessions, projected cash flows are calculated across the length of contracts by applying a variable discount rate, determined for each period depending on the change in the debt to equity ratio of the entity in question.

In the specific case of VINCI Airports, projected cash flows for owned airports are established over a 30-year period. At the end of that period, a terminal value is determined by capitalising the final year's projected cash flow to infinity, and that value is discounted to present value.

For the other CGUs, projected cash flow is generally established for a five-year period on the basis of management forecasts. At the end of that period, a terminal value is determined by capitalising the final year's projected cash flow to infinity, and that value is discounted to present value.

Goodwill impairment tests are carried out using the following assumptions:

(in € millions)	Parameters of the model applied to projected cash flows		Impairment losses recognised in the period			
	Growth rate (years Y+1 to Y+5)	Growth rate (terminal value)	Discount rate		2021	2020
			31/12/2021	31/12/2020		
VINCI Airports	(*)	(*)	6.9%	7.1%	-	-
VINCI Energies France	1.9%	1.0%	6.3%	7.0%	-	-
ASF group	(*)	(*)	6.4%	6.4%	-	-
VINCI Energies Germany	1.2%	1.0%	5.6%	6.3%	-	-
VINCI Energies North America	0.9%	1.8%	8.5%	8.3%	(18)	(67)
VINCI Energies Benelux	1.0%	1.0%	5.8%	6.5%	-	-
VINCI Energies Scandinavia	1.5%	1.0%	5.5%	6.1%	-	-
VINCI Highways	(*)	(*)	8.1%	8.6%	-	-
Eurovia USA	2.7%	1.5%	8.9%	9.7%	-	-
Other	-2.5% to 6.4%	1.0% to 3.0%	4.5% to 12.8%	5.1% to 13.6%	(1)	(28)
Total	-	-	-	-	(19)	(95)

(*) For concessions, cash flow projections are determined over the length of concession contracts.

The average revenue growth rate for the ASF group, based on the residual periods of contracts, is 1.5%. Those used for VINCI Airports and VINCI Highways are respectively 4.8% and 5.4%.

Impairment tests at 31 December 2021 were conducted on the basis of assumptions made by management at the business lines concerned, in line with macroeconomic forecasts in their business areas and geographies:

- VINCI Airports: assumption that passenger numbers will return to pre-pandemic (2019) levels between 2023 and 2026 depending on the airport and type of customer.
As in 2020, a specific risk premium was included in the calculation of the discount rate applied to these assets.
- VINCI Highways: assumption that traffic levels will return to pre-pandemic levels in 2022.
- ASF group: assumption that traffic levels will be slightly higher in 2022 than in 2019.

Sensitivity of the value in use of CGUs to discount and perpetual growth rates and to cash flow

	Sensitivity to rates				Sensitivity to cash flows	
	Discount rate for cash flows		Perpetual growth rate for cash flows		Change in forecast operating cash flows (before tax)	
<i>(in € millions)</i>	+0.5%	−0.5%	+0.5%	−0.5%	+5.0%	−5.0%
VINCI Airports	(2,505)	2,994	(*)	(*)	1,417	(1,417)
VINCI Energies France	(801)	968	809	(670)	476	(476)
ASF group	(731)	766	(*)	(*)	1,290	(1,290)
VINCI Energies Germany	(420)	522	447	(359)	219	(219)
VINCI Energies North America	(53)	61	48	(42)	41	(41)
VINCI Energies Benelux	(148)	182	154	(125)	81	(81)
VINCI Energies Scandinavia	(89)	111	95	(76)	45	(45)
VINCI Highways	(137)	149	(*)	(*)	129	(129)
Eurovia USA	(41)	47	37	(32)	34	(34)

(*) Forecasts of cash flows are determined over the residual periods of the concession contracts.

These sensitivity calculations show that a change of 50 basis points in the assumptions for discount and perpetual growth rates or a ±5% change in projected operating cash flow would not have a material impact on the Group's consolidated financial statements at 31 December 2021.

Given the uncertainty caused by the Covid-19 crisis in the air transport sector, additional sensitivity tests were carried out for the VINCI Airports CGU at 31 December 2021. A 100 basis point increase in the assumed discount rates would result in a €4.6 billion reduction in value in use. In that scenario, however, the VINCI Airports CGU's value in use would remain higher than its net carrying amount at 31 December 2021.

10. Investments in companies accounted for under the equity method: associates and joint ventures

Accounting policies

Investments in companies accounted for under the equity method are initially recognised at the cost of acquisition, including acquisition costs and any goodwill. Their carrying amount is then increased or decreased to recognise the Group's share of the entity's profits or losses after the date of acquisition. Whenever the cumulative losses are greater than the value of the Group's net investment in the equity-accounted company, the portion of those losses exceeding the value of the investment is not taken to income unless the Group has entered into a commitment to recapitalise the company or provide it with funding.

If there is an indication that an impairment loss has arisen for an equity-accounted investment, the recoverable amount is tested in a way similar to that described in Note E.9.2, "Goodwill impairment tests". Impairment losses shown by impairment tests are recognised in profit and loss and as a deduction from the carrying amount of the corresponding investments.

The profit or loss of companies accounted for under the equity method is reported on a specific line for the determination of recurring operating income.

The terms "associates" and "joint ventures" are defined in Note A.2.2, "Consolidation methods".

10.1 Movements during the period

	2021			2020		
(in € millions)	Associates	Joint ventures	Total	Associates	Joint ventures	Total
Value of shares at beginning of period	428	608	1,035	1,199	671	1,870
of which Concessions	31	420	451	782	491	1,273
of which VINCI Energies	10	8	18	8	3	11
of which VINCI Construction	384	86	470	407	80	486
of which VINCI Immobilier	2	95	96	2	98	100
Increase in share capital of companies accounted for under the equity method	-	(4)	(4)	1	8	9
Group share of profit or loss for the period	28	(16)	12	(50)	(96)	(146)
Group share of other comprehensive income for the period	3	112	114	(2)	(42)	(44)
Dividends paid	(17)	(94)	(112)	(5)	(66)	(71)
Changes in consolidation scope and other	4	(40)	(36)	(692)	(2)	(694)
Reclassifications ^(*)	(6)	(54)	(60)	(24)	136	112
Value of shares at end of period	438	512	950	428	608	1,035
of which Concessions	32	321	353	31	420	451
of which VINCI Energies	6	6	12	10	8	18
of which Cobra IS	5	13	17	-	-	-
of which VINCI Construction	393	92	485	384	86	470
of which VINCI Immobilier	2	80	82	2	95	96

(*) Reclassifications of shares in the negative net equity of equity-accounted companies under provisions for financial risks.

NB: The terms "associates" and "joint ventures" are defined in Note A.2.2, "Consolidation methods".

At 31 December 2021, the Group's interests in companies accounted for under the equity method included, for the Concessions business, the stake in Kansai Airports (€174 million) and, for VINCI Construction, the stake in the CFE group (€257 million).

Impacts included under "Group share of other comprehensive income for the period" relate mainly to cash flow hedging transactions (interest rate hedges) on concession and public-private partnership projects.

10.2 Aggregated financial information

The contribution of equity-accounted companies to the Group's consolidated comprehensive income is as follows:

	2021			2020		
(in € millions)	Associates	Joint ventures	Total	Associates	Joint ventures	Total
Net income	28	(16)	12	(50)	(96)	(146)
of which Concessions	1	(94)	(93)	(45)	(115)	(160)
of which VINCI Energies	4	4	8	2	2	4
of which VINCI Construction	23	24	47	(7)	2	(5)
of which VINCI Immobilier	-	50	50	-	15	15
Other comprehensive income	3	112	114	(2)	(42)	(44)
of which Concessions	7	112	119	10	(46)	(36)
of which VINCI Construction	(4)	-	(4)	(13)	4	(8)
Comprehensive income	30	96	126	(52)	(138)	(191)
of which Concessions	8	18	26	(35)	(161)	(196)
of which VINCI Energies	4	4	8	2	2	4
of which VINCI Construction	19	24	43	(20)	6	(13)
of which VINCI Immobilier	-	50	50	-	15	15

The revenue of companies accounted for under the equity method breaks down as follows (data reflecting the Group's share):

	2021			2020		
(in € millions)	Associates	Joint ventures	Total	Associates	Joint ventures	Total
Revenue^(*)	1,000	1,608	2,608	1,069	1,390	2,459
of which Concessions	394	549	943	521	579	1,100
of which VINCI Energies	29	23	52	26	24	50
of which VINCI Construction	576	616	1,192	521	530	1,051
of which VINCI Immobilier	1	420	421	1	257	257

(*) Excluding concession subsidiaries' revenue from work carried out by non-Group companies.

In accordance with IAS 28, the Group's recognition of its share of contingent losses at associates and joint ventures is limited to its liabilities. At 31 December 2021, losses thus unrecognised amounted to €193 million (€185 million at 31 December 2020).

The main features of concession and PPP contracts are given in Note F, "Concessions: PPP contracts, concession contracts and other infrastructure". The list of companies accounted for under the equity method is available on the Group's website at <https://www.vinci.com/vinci.nsf/en/investors-composition-group.htm>.

10.3 Controlled subsidiaries' transactions with associates and joint ventures

The financial statements include certain commercial transactions between controlled subsidiaries and associates and joint ventures. The main transactions are as follows:

	31/12/2021			31/12/2020		
(in € millions)	Associates	Joint ventures	Total	Associates	Joint ventures	Total
Revenue	306	314	620	302	305	606
Trade receivables	42	83	126	46	73	120
Purchases	4	29	33	4	20	24
Trade payables	1	4	5	-	2	2

11. Other non-current financial assets

Accounting policies

At the balance sheet date, shares in unconsolidated subsidiaries and affiliates are measured either at their fair value through profit and loss or through equity, depending on the choice made at initial recognition, as detailed below. The fair value of shares in listed companies is determined on the basis of the stock market price at the relevant balance sheet date. For unlisted shares, if their fair value cannot be determined reliably, they continue to be measured at their initial fair value, of which the best estimate is the cost of acquisition plus transaction costs, adjusted for any increases or decreases in value determined by analysing the change in the proportion of equity.

Whenever further shares in subsidiaries and affiliates are acquired, an analysis of the Group's management intention is carried out to determine whether they will be measured at fair value through profit and loss or through equity.

At 31 December 2021, "Financial assets measured at amortised cost" mainly comprised receivables relating to shareholdings, such as shareholders' advances to subsidiaries managing concessions or PPP projects.

(in € millions)	31/12/2021	31/12/2020
Financial assets measured at amortised cost ^(*)	1,161	1,034
PPP financial receivables ^(*)	210	252
Equity instruments	1,078	951
Other non-current financial assets	2,450	2,237

(*) Information relating to "PPP financial receivables" is provided in Note F.14 and information relating to "Financial assets measured at amortised cost" is provided in Note H.18.

During the period, the change in equity instruments broke down as follows:

<i>(in € millions)</i>	31/12/2021	31/12/2020
Net at beginning of period	951	158
Acquisitions during period	64	19
Acquisitions as part of business combinations	3	-
Changes in fair value	56	-
Impairment losses	(3)	(10)
Changes in consolidation scope	-	837
Other movements and currency translation differences	8	(54)
Net at end of period	1,078	951

Equity instruments mainly include VINCI's stake in Groupe ADP, which has been measured at fair value through profit and loss since 15 December 2020, along with shareholdings in subsidiaries that do not meet VINCI's minimum financial criteria for consolidation.

F. Concessions: PPP contracts, concession contracts and other infrastructure

Accounting policies

Under the terms of IFRIC 12 “Service Concession Arrangements”, a concession operator may have two types of activities:

- a construction activity in respect of its obligations to design, build and finance new infrastructure to be constructed on behalf of the grantor;
- an operating and maintenance activity in respect of concession assets.

Revenue from each activity is recognised in accordance with IFRS 15.

In return for its activities, the operator receives remuneration from either of two actors:

• **Users, in which case the intangible asset model applies.** The operator has a right to receive tolls (or any other form of remuneration) from users (vehicles, airlines, etc.) depending on traffic levels in consideration for the financing, construction and operation of the infrastructure. The intangible asset model also applies whenever the concession grantor remunerates the concession operator based on the extent of use of the infrastructure by users, but with no guarantees as to the amounts that will be paid to it (under “pass through” or “shadow toll” agreements).

Under this model, the right to receive toll payments (or any other form of remuneration), net of any investment grants received, is recognised in the concession operator’s balance sheet under “Concession intangible assets”. This right corresponds to the fair value of the asset under concession plus the borrowing costs capitalised during the construction phase. It is amortised over the term of the arrangement in a manner that reflects the pattern in which the economic benefit derived from the concession asset is consumed by the entity, starting from the entry into service of the asset.

The intangible asset model applies to most infrastructure concessions, in particular the concessions of VINCI Autoroutes in France, the main airports managed by VINCI Airports, certain bridges, and Cobra IS’s concessions.

Motorway concession companies generally use the straight-line method of amortisation for concession intangible assets.

With respect to rights to operate airports under concession, the Group opted to amortise them from 1 July 2020 using the unit of production method, based on passenger numbers, as it took the view that the straight-line method no longer reflected the rate at which the economic benefits produced by concession assets were being consumed.

• **The grantor, in which case the financial asset model applies.** The operator has an unconditional contractual right to receive payments from the concession grantor, irrespective of the amount of use made of the infrastructure.

Under this model, the operator recognises a financial receivable, attracting interest, in its balance sheet, in consideration for the services it provides (design and construction). This financial receivable is classified under “Other financial assets”. The receivable is settled by means of the grantor’s payments received. The income calculated on the basis of the effective interest rate is recognised under revenue from ancillary activities.

In the case of **bifurcated models**, the operator may be remunerated partly by users and partly by the grantor. The part of the investment that is covered by an unconditional contractual right to receive payments from the grantor (in the form of grants or rental) is recognised as a financial receivable up to the amount guaranteed. The unguaranteed balance, of which the amount is dependent on the extent of use of the infrastructure, is recognised under “Concession intangible assets”.

VINCI Airports owns certain airports including London Gatwick airport, which was acquired on 13 May 2019. Its rights to operate these airports are presented in Note H.17.1, “Other intangible assets”.

12. Details of the main contracts in Concessions

Details of the main contracts in the Concessions business are set out by business line in the table below.

	Country	Contract end date	Accounting model	Consolidation method
VINCI Autoroutes (*)				
ASF group				
ASF 2,730 km of toll motorways	France	2036	Intangible asset	FC
Escota 471 km of toll motorways	France	2032	Intangible asset	FC
Cofiroute				
Intercity network 1,100 km of toll motorways	France	2034	Intangible asset	FC
A86 Duplex 11 km toll tunnel west of Paris	France	2086	Intangible asset	FC
Arcour				
A19 101 km of toll motorways	France	2070	Intangible asset	FC
Arcos				
A355 Toll motorway to the west of Strasbourg (24 km)	France	2070	Intangible asset	FC
VINCI Airports (**)				
Société Concessionnaire Aéroports du Grand Ouest Nantes Atlantique and Saint-Nazaire Montoir airports	France	(***)	Intangible asset	FC
Aéroports de Lyon Lyon-Saint Exupéry and Lyon-Bron airports	France	2047	Intangible asset	FC
ANA group 10 airports	Portugal	2063	Intangible asset	FC
Belfast International airport	United Kingdom	2993	Intangible asset	FC
London Gatwick airport	United Kingdom	Full ownership	Intangible asset	FC
Nikola Tesla airport in Belgrade	Serbia	2043	Intangible asset	FC
Deputado Luís Eduardo Magalhães airport in Salvador Bahia	Brazil	2047	Intangible asset	FC
Amazon airports 7 airports including Manaus airport	Brazil	2051	Intangible asset	FC
Cambodia Airports Phnom Penh, Siem Reap and Sihanoukville airports	Cambodia	2040	Intangible asset	FC
Orlando Sanford International airport	United States	2039	Intangible asset	FC
Aerodom 6 airports including Las Américas airport in Santo Domingo	Dominican Republic	2030	Intangible asset	FC
Nuevo Pudahuel Arturo Merino Benítez airport in Santiago	Chile	2035	Intangible asset	EM
Daniel Oduber Quirós International Airport, Liberia	Costa Rica	2030	Bifurcated model: intangible asset and financial asset	EM
Kansai Airports Kansai International, Osaka Itami and Kobe airports	Japan	2060	Intangible asset	EM

(*) Remuneration is based on the pricing law as defined in the concession contract, and price increases must be validated by the grantor.

(**) Remuneration comes from both users and from airlines. Air tariffs are generally regulated.

(***) The concession contract was terminated on 24 October 2019 on the grounds of public interest. The termination is due to take effect no later than the signing date of the new concession contract, the call for tenders for which has been issued.

FC: Full consolidation; EM: Equity method.

	Country	Contract end date	Accounting model	Consolidation method
VINCI Highways				
Gefyra Toll bridge between Rion and Antirion	Greece	2039	Intangible asset	FC
Lima Expresa Línea Amarilla: 25 km toll expressway in Lima	Peru	2049	Intangible asset	FC
A4 Hörstelberg A-Modell 45 km	Germany	2037	Intangible asset	EM
A5 Malsch-Offenburg A-Modell 60 km to be renovated, including 41.5 km to be widened to 2x3 lanes	Germany	2039	Intangible asset	EM
B247 Mühlhausen - Bad Langensalza 22 km plus 6km of approach roads	Germany	2051	Financial asset	EM
A7 Göttingen-Bockenen A-Modell 60 km to be renovated, including 29 km to be widened to 2x3 lanes	Germany	2047	Financial asset	EM
A9 Six-lane A-Modell – Via Gateway Thüringen 47 km	Germany	2031	Financial asset	EM
Olympia Odos Toll motorway connecting Elefsina, Corinth, Patras and Pygros	Greece	2044	Intangible asset	EM
D4 motorway 32 km plus 16km to be widened to 2x2 lanes	Czech Republic	2049	Financial asset	EM
Hounslow Rehabilitation and maintenance of roadways, traffic signs and lighting	United Kingdom	2037	Financial asset	EM
Isle of Wight Rehabilitation and maintenance of roadways, traffic signs and lighting	United Kingdom	2038	Financial asset	EM
Moscow-St Petersburg motorway section 1 First section (43.2 km) of M11 motorway between Moscow and St Petersburg	Russia	2040	Intangible asset	EM
Moscow-St Petersburg motorway sections 7 and 8 Sections 7 and 8 (138 km) of M11 motorway between Moscow and St Petersburg	Russia	2041	Financial asset	EM
Granvia R1 Expressway	Slovakia	2041	Financial asset	EM
Regina Bypass 61 km expressway bypassing Regina	Canada	2049	Financial asset	EM
Vía 40 Express Toll motorway connecting Bogotá and Girardot (141 km including construction of a third lane over 65 km)	Colombia	2042	Intangible asset	EM
Ohio River Bridges – East End Crossing Bridge over the Ohio River and access tunnel	United States	2051	Financial asset	EM
VINCI Railways				
LISEA South Europe Atlantic high-speed rail line (302 km) between Tours and Bordeaux	France	2061	Bifurcated model: intangible asset and financial asset	EM
VINCI Stadium				
Consortium Stade de France 80,000-seat stadium at Saint-Denis	France	2025	Intangible asset	FC

FC: Full consolidation; EM: Equity method.

Certain contracts may benefit from investment grants from the grantor. This relates mainly to contracts under the financial asset model, but also certain contracts with traffic level risk (Arcour (A19), Gefyra, section 1 of the Moscow–St Petersburg motorway, LISEA and Consortium Stade de France).

As a general rule, when the contracts end, the concession infrastructure is returned to the grantor for no consideration. In the event that the contract is terminated or the concession asset is bought out early by the grantor, compensation is payable to the concession holders. Its amount is determined in accordance with contractual or statutory provisions.

13. Concession intangible assets

<i>(in € millions)</i>	VINCI Autoroutes	VINCI Airports	Other concessions ^(*)	Total
Gross				
01/01/2020	33,789	5,437	2,440	41,667
Acquisitions during period ^(**)	582	260	8	851
Disposals during period	(2)	-	-	(2)
Currency translation differences	-	(213)	(311)	(524)
Changes in scope and other	16	(17)	2	1
	34,386	5,468	2,139	41,992
Grants received	(11)	(5)	(3)	(18)
31/12/2020	34,375	5,463	2,136	41,974
Acquisitions during period ^(**)	599	121	33	753
Disposals during period	(2)	(1)	(5)	(8)
Currency translation differences	-	95	(39)	55
Changes in scope and other	14	117	54	184
	34,986	5,794	2,179	42,959
Grants received	(21)	-	(25)	(47)
31/12/2021	34,964	5,794	2,153	42,912
Depreciation and impairment losses				
01/01/2020	(13,649)	(804)	(345)	(14,798)
Depreciation during period	(1,134)	(122)	(74)	(1,330)
Impairment losses	-	(44)	-	(44)
Disposals during period	-	-	-	-
Currency translation differences	-	35	28	63
Other movements	(14)	37	(2)	21
31/12/2020	(14,797)	(898)	(393)	(16,088)
Depreciation during period	(1,167)	(116) ^(***)	(66)	(1,348)
Impairment losses	-	(68)	-	(68)
Disposals during period	-	1	5	6
Currency translation differences	-	(32)	4	(28)
Other movements	(16)	(46)	(19)	(81)
31/12/2021	(15,979)	(1,135)	(469)	(17,583)
Net				
01/01/2020	20,141	4,633	2,095	26,869
31/12/2020	19,578	4,564	1,744	25,886
31/12/2021	18,985	4,659	1,684	25,329

(*) Including the concessions of Cobra IS.

(**) Including capitalised borrowing costs.

(***) See Note D.4.3, "Depreciation and amortisation".

In 2021, acquisitions of concession intangible assets amounted to €753 million. They included investments by the ASF group for €310 million (€253 million in 2020), by Cofiroute for €174 million (€174 million in 2020), by Arcos for €57 million (€107 million in 2020) and by VINCI Airports for €111 million (€247 million in 2020).

Concession intangible assets include assets under construction for €1,307 million at 31 December 2021 (€1,697 million at 31 December 2020). These relate to VINCI Autoroutes subsidiaries for €959 million (including ASF for €388 million, Cofiroute for €371 million and Escota for €169 million) and VINCI Airports for €343 million.

At 31 December 2021, concession intangible assets relating to certain VINCI Airports assets were tested for impairment, leading to €68 million of impairment, mainly concerning an airport in Cambodia.

14. PPP financial receivables (controlled companies)

The main PPP contracts operated by Group subsidiaries are presented on the asset side of the consolidated balance sheet for their part at more than one year under "Other non-current financial assets" and concern the following:

- Caraibus (right-of-way public transport system in Martinique): this contract is recognised under the financial asset model;
- MMArena (Le Mans stadium in France) and Park Azur (business complex for car rental firms at Nice-Côte d'Azur airport in France): both contracts are recognised under the bifurcated model (intangible asset and financial asset).

Their change during the period and their breakdown by maturity are as follows:

<i>(in € millions)</i>	31/12/2021	31/12/2020
Beginning of period	252	207
Acquisitions during period	15	62
Acquisitions as part of business combinations	-	5
Redemptions	(49)	(20)
Other movements and currency translation differences	(8)	(2)
End of period	210	252
<i>Of which:</i>		
<i>Between 1 and 5 years</i>	93	97
<i>After 5 years</i>	117	155

15. Off-balance sheet commitments in Concessions

15.1 Companies controlled by the Group

Contractual investment and renewal obligations

<i>(in € millions)</i>	31/12/2021	31/12/2020
ASF group	690	804
Cofiroute	467	602
Belgrade airport (Serbia)	184	289
ANA group (Portugal)	106	136
Dunas (Spain)	105	-
Lima Expresa (Peru)	80	96
London Gatwick airport (United Kingdom)	64	26
VINCI Concessions Investment USA (Tollplus)	40	-
VINCI Highways (Lusoponte)	28	-
Other	74	223
Total	1,837	2,175

Contractual investment obligations of motorway concession companies consist mainly of undertakings made under concession contracts, multi-year master contracts as part of the 2015 motorway stimulus plan and the motorway investment plan approved in 2018. In 2021, progress with works by VINCI Autoroutes companies led to a €307 million reduction in their commitments to €1,157 million at 31 December 2021.

The above amounts do not include obligations relating to maintenance expenditure on infrastructure under concession, in respect of which specific provisions based on maintenance plans are set aside (see Note H.19.3, "Breakdown of current provisions").

Where the financial asset or bifurcated model applies, subsidiaries receive a guarantee of payment from the concession grantor in return for their investment commitment.

Collateral security connected with financing

Collateral security (in the form of pledges of shares and mortgages on land and buildings) is generally granted to secure financing arranged within subsidiaries, and breaks down as follows:

<i>(in € millions)</i>	Start date	End date	Amount
London Gatwick airport	2011	2049	2,525
Arcour	2008	2047	584
Arcos	2018	2045	360
Aerodom	2017	2029	358
Lima Expresa	2016	2037	246
ADL - Aéroports de Lyon	2016	2032	226
Belgrade airport	2018	2035	214
Gefyra	1997	2029	145
North Region airports	2021	2022	74
Caraibus	2015	2035	58

15.2 Companies accounted for under the equity method

Contractual investment obligations

At 31 December 2021, the Group's share of investment commitments given by these companies amounted to €1,362 million (€344 million at 31 December 2020). They relate mainly to projects involving infrastructure under construction at VINCI Highways, including the Vía 40 Express motorway between the cities of Bogotá and Girardot in Colombia for €241 million (€261 million in 2020).

The €1,018 million increase in 2021 relates to contract wins for three new projects: the motorway in Kenya connecting Nairobi with Mau Summit for €696 million, the D4 motorway in the Czech Republic between Prague and South Bohemia for €224 million, and the B247 federal road in Germany for €133 million.

Collateral security connected with financing

Collateral security has been granted in the form of pledges of shares in companies accounted for under the equity method.

The net carrying amount of the shares pledged at 31 December 2021 was €36 million and included shares in WVB East End Partners (the company holding the concession for the Ohio River Bridges – East End Crossing project in the United States) for €16 million, SMTPC (the holder of the concession for the Prado Carénage road tunnel in Marseille) for €10 million and Synérail (the PPP contract for the GSM-Rail system, under the Global System for Mobile Communications – Railway standard) for €10 million.

Cobra IS has entered into a €191 million corporate guarantee agreement with the banks financing four high-voltage line projects in Brazil.

Funding commitments

The Group has made commitments to provide funding (capital and/or subordinated loans) to companies accounted for under the equity method. At 31 December 2021, those commitments amounted to €55 million (€32 million at 31 December 2020). They mainly concern the D4 motorway project in the Czech Republic (€26 million) as well as a section of the A7 motorway (€13 million) and the new B247 federal road (€11 million), both in Germany.

G. VINCI Energies, Cobra IS, VINCI Construction and VINCI Immobilier: construction and service contracts

16. Information on construction and service contracts

Accounting policies

Consolidated revenue relating to construction and service contracts is recognised in accordance with IFRS 15.

In view of the Group's main activities, construction and service contracts generally involve only one performance obligation, which is fulfilled as the contract is completed.

Where a contract includes several distinct performance obligations, the Group allocates the overall price provided for by the contract between the performance obligations in accordance with IFRS 15.

Where the price to which the Group considers itself entitled includes a variable component, that component is recognised where its receipt is regarded as highly probable.

Progress with construction and service contracts is measured using either the physical progress towards completion or cost-to-cost method, depending on the type of activities involved.

Contract amendments, relating in particular to the price and/or scope of the contract, are recognised when approved by the client. If amendments relate to new goods or services regarded as distinct under IFRS 15, and if the contract price increases by an amount reflecting "stand-alone selling prices" of the additional goods or services, those amendments are recognised as a distinct contract.

Where a third party (such as a subcontractor) is involved in the supply of a distinct good or service, the Group must determine whether it obtains control of that good or service before it is transferred to the client. Where control is obtained before transfer to the client, the Group recognises as revenue the gross amount to which it expects to be entitled in exchange for the corresponding good or service. However, where control is not obtained, the Group takes the view that it is not the principal in the transaction and only recognises as revenue the amount corresponding to its remuneration as intermediary.

The Group's trade receivables represent the unconditional right to receive payment when the goods or services to be provided to the customer under the contract have been provided. In accordance with IFRS 15, the opening and closing balances of trade receivables are presented in Note H.19, "Working capital requirement and current provisions".

Contract assets correspond to invoices not yet raised, advances paid to subcontractors or retention payments. They are included in the "Trade and other receivables" item on the asset side of the consolidated balance sheet. In accordance with IFRS 9, contract assets are analysed to assess any risk of non-recovery ("credit risk"). Contract liabilities mainly consist of advances received and prepaid income. They are included in the "Other current liabilities" item on the liabilities side of the consolidated balance sheet.

Where a payment due to the Group is dependent on the transfer of other goods or services and/or the completion of milestones or stages defined in the contract, the Group regards the amount representing that "conditional" right as a contract asset.

Amounts relating to any Group obligation to transfer goods or services for which it has already received a payment, or for which the right to such payment is enforceable, are regarded as contract liabilities under IFRS 15.

If the estimate of the final outcome of a contract indicates a loss, a provision is made for the loss on completion in accordance with IAS 37, regardless of progress towards completion, and based on the best estimates of income, including, if need be, any rights to additional revenue or claims, where it is regarded as highly probable and can be reliably estimated. Provisions for losses on completion are shown under liabilities (see Note H.19.3, "Breakdown of current provisions").

16.1 Financial information on contracts

Contract assets

(in € millions)	31/12/2021	Changes			31/12/2020
		Business-related changes	Changes in consolidation scope	Other changes ^(*)	
VINCI Energies	2,777	113	13	10	2,641
Cobra IS	1,234	-	1,234	-	-
VINCI Construction	3,651	91	11	47	3,503
VINCI Immobilier	195	52	44	-	99
Contract assets	7,857	255	1,302	57	6,242
<i>Of which advances paid</i>	<i>464</i>	<i>24</i>	<i>62</i>	<i>(7)</i>	<i>384</i>

(*) Including currency translation differences.

Contract assets relate to the portion of performance obligations fulfilled by the Group for which the definitive right to be paid is subject to the completion of works specified in the relevant contracts. Contract assets turn into receivables as these works are accepted by the client, giving rise to the Group's unconditional right to be paid.

Contract liabilities

(in € millions)	31/12/2021	Changes			31/12/2020
		Business-related changes	Changes in consolidation scope	Other changes ^(*)	
VINCI Energies	3,199	277	6	4	2,912
Cobra IS	556	-	556	-	-
VINCI Construction	3,507	103	2	46	3,355
VINCI Immobilier	408	24	75	-	309
Contract liabilities	7,670	404	639	50	6,577
<i>Of which advances received</i>	<i>2,169</i>	<i>146</i>	<i>302</i>	<i>10</i>	<i>1,711</i>

(*) Including currency translation differences.

Those liabilities mainly correspond to advances and payments on account received on orders and other current liabilities, such as prepaid income. The fulfilment of the performance obligations extinguishes these liabilities and results in the recognition of the corresponding revenue.

Scope effects relate to the acquisition of Cobra IS, other acquisitions completed in 2021, particularly by VINCI Energies, and the acquisition of full control of Urvat Promotion by VINCI Immobilier.

16.2 Order book

(in € billions)	31/12/2021	Book-to-bill ratio (number of months of average business activity represented by the order book)
VINCI Energies	11.0	8.8
Cobra IS	8.3	18.4
VINCI Construction	33.4	15.3
VINCI Immobilier	1.3	n/a

The order book for the VINCI Energies, Cobra IS and VINCI Construction business lines represents the volume of business yet to be carried out on projects where the contract is in force (generally after service orders have been obtained or after conditions precedent have been met) and financed. At 31 December 2021, the combined order book of VINCI Energies and VINCI Construction stood at €44.5 billion, up 4.9% year on year (€42.4 billion at 31 December 2020).

Cobra IS's order book totalled €8.3 billion at 31 December 2021, representing approximately 18 months of business activity.

VINCI Immobilier's order book corresponds to the revenue, recognised on a progress towards completion basis, that is yet to be generated with respect to property sales confirmed by a notarised deed or with respect to property development contracts on which the works order has been given by the project owner. It amounted to €1.3 billion at 31 December 2021, up 18% year on year (€1.1 billion at 31 December 2020).

16.3 Commitments made and received in connection with construction and service contracts

In connection with construction and service contracts, the Group makes and receives guarantees (personal sureties or collateral security).

The amount of the guarantees mentioned below consists mainly of guarantees on works contracts, issued by financial institutions or insurance companies (guarantees given).

Group companies, meanwhile, benefit from guarantees issued by financial institutions at the request of the joint contractors or subcontractors (guarantees received).

(in € millions)	31/12/2021		31/12/2020	
	Guarantees given	Guarantees received	Guarantees given	Guarantees received
Performance guarantees and performance bonds	10,693	1,301	6,551	842
Retentions	3,674	470	3,589	457
Deferred payments to subcontractors and suppliers	1,725	667	1,600	510
Bid bonds	227	17	179	2
Real security interests	66	2	76	3
Total	16,385	2,457	11,995	1,814

The increase in guarantees given is mainly due to the inclusion of guarantees entered into by Cobra IS in connection with its contracts.

Whenever events such as late completion or disputes about the execution of a contract make it likely that an execution risk covered by a guarantee will materialise, a provision is taken in respect of that risk.

In general, any risk of loss in connection with performance of a commitment given by VINCI or its subsidiaries results in a provision being recognised in the Group's financial statements. However, VINCI considers that the off-balance sheet commitments above are unlikely to have a material impact on the Group's financial position or net assets.

The Group also grants after-sales service warranties covering several years in its normal course of business. These warranties lead to provisions estimated either on a statistical basis having regard to past experience or on an individual basis in the case of any problems identified. The commitments for which provisions are taken relating to these warranties are not included in the above table.

In addition, guarantees related to construction contracts on behalf of companies accounted for under the equity method had been given in a total amount of €322 million at 31 December 2021 (€270 million at 31 December 2020). That change arose mainly from the integration of Cobra IS, the impact of which was partly offset by the reduction in commitments given with respect to the Testimonio II property development project in Monaco, due to its progress.

Joint and several guarantees covering unconsolidated partnerships (SNCs, economic interest groupings, etc.)

Part of VINCI Construction's and VINCI Energies' businesses is conducted through unincorporated joint venture partnerships (SEPs). Since the partners in a partnership are legally jointly and severally liable for its debts to third parties, the Group may set up crossed counter guarantees with its partners.

Whenever the Group is aware of a particular risk relating to a joint venture partnership's activity that could lead to an outflow of resources for the Group, a provision is set aside.

The amount shown under off-balance sheet commitments in respect of joint and several guarantees is the Group's share of the liabilities of the partnerships in question less equity and financial debt (loans or current account advances) due to partners. At 31 December 2021, those commitments amounted to €97 million (€53 million at 31 December 2020). At 100%, the amount of those commitments would be €167 million at 31 December 2021 (€124 million at 31 December 2020). Given the quality of its partners, the Group considers that the risk of its guarantee being invoked in respect of these commitments is not material.

H. Other balance sheet items and business-related commitments

17. Other intangible assets and property, plant and equipment

17.1 Other intangible assets

Accounting policies

Other intangible assets are measured at cost less amortisation and any cumulative impairment losses.

They include mainly:

- Rights to operate owned airports. Since those rights are analogous to a perpetual licence, in accordance with IAS 38 "Intangible assets" they are not amortised. They are tested for impairment annually or whenever there is an indication that an asset may be impaired.
- Quarrying rights, which are amortised as materials are extracted (volumes extracted during the period are compared with the estimated total volume of deposits to be extracted from the quarry over its useful life) in order to reflect the decline in value due to depletion.
- Other intangible assets, which are amortised on a straight-line basis over their useful life.

<i>(in € millions)</i>	Patents and licences	Software	Other intangible assets	Total
Gross				
31/12/2020	246	549	6,683	7,478
Acquisitions as part of business combinations ^(*)	13	29	271	313
Other acquisitions during period	1	57	35	93
Disposals during period	(6)	(41)	(2)	(49)
Currency translation differences	2	4	451	457
Changes in scope and other	-	106	(38)	68
31/12/2021	256	704	7,400	8,359
Amortisation and impairment losses				
31/12/2020	(42)	(459)	(130)	(632)
Amortisation during period	(2)	(70)	(13)	(85)
Impairment losses	-	(17)	(6)	(23)
Reversals of impairment losses	-	-	4	4
Disposals during period	5	40	2	48
Currency translation differences	-	(2)	(3)	(5)
Changes in consolidation scope ^(*)	(11)	(21)	(48)	(81)
Other movements	-	-	-	-
31/12/2021	(50)	(530)	(194)	(773)
Net				
31/12/2020	203	89	6,553	6,846
31/12/2021	206	174	7,206	7,586

(*) Including the intangible assets of Cobra IS.

At 31 December 2021, the net value of other intangible assets was €7,586 million (€6,846 million at 31 December 2020). This amount includes the right to operate London Gatwick airport for €6,591 million. The main changes of the year resulted from the acquisition of Cobra IS and the appreciation of sterling against the euro in 2021.

Amortisation recognised during the period totalled €85 million (€65 million in 2020).

17.2 Property, plant and equipment

Accounting policies

Items of property, plant and equipment are recorded at their acquisition or production cost net of any investment grants received, less cumulative depreciation and impairment losses. They are not remeasured. They also include concession operating assets not controlled by the grantor but necessary for operation of the concession: buildings intended for operational use, signage and data transmission equipment, vehicles and other equipment.

Depreciation is generally calculated on a straight-line basis over the period of use of the asset. Accelerated depreciation may sometimes be used when it appears more appropriate to the conditions under which the asset is used.

For certain complex assets comprising several components, each component of the asset is depreciated over its own period of use. To reflect the consumption of economic benefits associated with the asset, quarries are depreciated as materials are extracted (volumes extracted during the period are compared with the estimated total volume of deposits to be extracted from the quarry over its useful life).

Investment property is property held to earn rentals or for capital appreciation. It is recorded at its acquisition cost less cumulative depreciation and any impairment losses.

The main periods of use of the various categories of items of property, plant and equipment are as follows:

Constructions:	
- Structure	Between 20 and 50 years
- General technical installations	Between 5 and 20 years
Site equipment and technical installations	Between 3 and 12 years
Vehicles	Between 3 and 5 years
Fixtures and fittings	Between 8 and 10 years
Office furniture and equipment	Between 3 and 10 years

Depreciation commences as from the date when the asset is ready to enter service.

Right-of-use assets under leases are amortised on a straight-line basis over the lease term, and adjusted when the lease liability is remeasured.

(in € millions)	Right-of-use assets in respect of leases							Total
	Concession operating fixed assets	Land	Constructions and investment property	Plant, equipment and fixtures	Concession operating fixed assets	Property	Movable assets	
Gross								
01/01/2020	4,429	1,273	3,465	9,156	16	1,338	1,319	20,997
Acquisitions as part of business combinations	-	14	6	79	-	15	8	123
Other acquisitions during period	126	16	549	505	-	-	4	1,200
Disposals during period	(24)	(11)	(39)	(433)	-	-	-	(507)
Currency translation differences	(26)	(39)	(113)	(231)	-	(14)	(33)	(457)
Changes in scope and other	29	(26)	(255)	195	3	291	139	376
31/12/2020	4,533	1,229	3,612	9,271	19	1,630	1,437	21,731
Acquisitions as part of business combinations ^(*)	1	13	211	459	-	123	69	876
Other acquisitions during period	116	16	460	663	-	2	3	1,259
Disposals during period	(37)	(9)	(42)	(626)	-	-	-	(714)
Currency translation differences	25	35	137	222	-	20	35	474
Scope effects, changes in leases and other	(8)	115	(439)	280	5	222	130	306
31/12/2021	4,630	1,398	3,939	10,269	25	1,997	1,674	23,933
Depreciation and impairment losses								
01/01/2020	(3,197)	(371)	(745)	(5,702)	(5)	(324)	(466)	(10,809)
Depreciation during period	(222)	(21)	(134)	(817)	(5)	(263)	(314)	(1,776)
Impairment losses	-	(1)	(49)	(35)	-	-	-	(85)
Reversals of impairment losses	-	1	2	8	-	-	-	10
Disposals during period	22	6	17	387	-	-	-	432
Currency translation differences	15	6	10	116	-	5	8	161
Other movements	(51)	(1)	(1)	(46)	1	35	158	95
31/12/2020	(3,432)	(381)	(900)	(6,088)	(9)	(547)	(613)	(11,971)
Depreciation during period	(204)	(23)	(137)	(819)	(7)	(272)	(326)	(1,786)
Impairment losses	-	(1)	(43)	(36)	-	-	-	(80)
Reversals of impairment losses	-	3	1	64	-	-	-	69
Disposals during period	35	4	22	541	-	-	-	602
Currency translation differences	(14)	(4)	(21)	(110)	-	(7)	(10)	(166)
Changes in consolidation scope ^(*)	-	(1)	(89)	(389)	-	(59)	(39)	(577)
Other movements	36	1	(13)	(20)	3	80	194	280
31/12/2021	(3,580)	(402)	(1,179)	(6,857)	(13)	(805)	(794)	(13,629)
Net								
01/01/2020	1,232	903	2,720	3,455	11	1,015	853	10,189
31/12/2020	1,101	847	2,712	3,183	10	1,083	823	9,760
31/12/2021	1,050	997	2,760	3,412	12	1,192	880	10,303

(*) Includes acquired property, plant and equipment of Cobra IS, for a net amount on a provisional basis of €264 million.

The main change in the period resulted from the integration of Cobra IS.

Property, plant and equipment include assets under construction for €753 million at 31 December 2021 (€1,094 million at 31 December 2020). This decrease was mainly the result of the entry into service of l'archipel, VINCI's new head office complex in Nanterre, which brings together the head offices of its main business lines.

The leases to which the Group is a party mainly concern properties, vehicles and certain equipment required for the construction and maintenance businesses.

At 31 December 2021, the breakdown of property, plant and equipment by business line was as follows:

	Concessions	Energy	Construction	VINCI Immobilier and holding companies	Total
(in € millions)	VINCI Autoroutes VINCI Airports Other concessions	VINCI Energies	Cobra IS	VINCI Construction	
Concession operating fixed assets	1,050	-	-	-	1,050
Land	146	53	10	691	997
Constructions and investment property	1,492	180	119	514	2,760
Plant, equipment and fixtures	1,069	332	49	1,832	3,412
Right-of-use assets in respect of leases	310	827	85	685	2,084
Total at 31 December 2021	4,067	1,392	264	3,724	10,303
Total at 31 December 2020	4,130	1,324	-	3,628	9,760

17.3 Impairment tests on property, plant and equipment and intangible assets

Accounting policies

Impairment tests are performed on property, plant and equipment and intangible assets where evidence of an impairment loss arises. For intangible assets with an indefinite useful life and construction work in progress, a test is performed at least annually or whenever there is an indication that an asset may be impaired.

Assets to be tested for impairment losses are grouped within cash-generating units (CGUs) that correspond to homogeneous groups of assets that generate identifiable cash inflows from their use.

In accordance with IAS 36, the criteria adopted to assess indications that an impairment loss has arisen are either external (e.g. a material change in market conditions) or internal (e.g. a material reduction in revenue), without distinction.

Other intangible assets include €6,591 million corresponding to the right to operate London Gatwick airport at 31 December 2021. Since that right to operate is analogous to a perpetual licence, it is not amortised but undergoes an impairment test once per year. That test was carried out at 31 December 2021 on the basis of the following assumptions:

- Cash flow projections cover a 30-year period and take into account a gradual recovery from the Covid-19 crisis, with a return of traffic to 2019 levels in 2025 and a return to the levels projected prior to the crisis by 2030. At the end of that 30-year period, a terminal value is determined by capitalising the final year's projected cash flow to infinity, and that value is discounted to present value.
- The pre-tax discount rate used is 6.2%.

At 31 December 2021, the recoverable amount of that right to operate, based on the above assumptions, remained higher than its net carrying amount.

Sensitivity calculations show that a increase of 50 basis points in the discount rate or a 5% decrease in projected operating cash flow would reduce value in use by €1.9 billion and €0.7 billion, respectively. Under these scenarios, value in use would remain higher than the net carrying amount for the right to operate the airport.

Given the uncertainty relating to the Covid-19 crisis, additional sensitivity tests were carried out at 31 December 2021. A 100 basis point increase in the discount rate would reduce value in use by €3.4 billion. In this case, value in use would still remain higher than the asset's net carrying amount at 31 December 2021.

18. Financial assets measured at amortised cost

Accounting policies

Financial assets measured at amortised cost mainly consist of loans and receivables.

When first recognised, loans and receivables are recognised at their fair value less the directly attributable transaction costs.

From the outset, the Group recognises impairment on its loans and receivables in relation to their risk of non-recovery, in accordance with IFRS 9 "Financial Instruments".

At each balance sheet date, these assets are measured at their amortised cost using the effective interest method and the Group analyses credit risk to determine whether further impairment must be recognised.

If credit risk is found to have increased, additional impairment is recognised in profit and loss, taking into account this risk over the asset's life.

Loans and receivables at amortised cost mainly comprise receivables relating to shareholdings, including shareholders' advances to Concessions or PPP projects companies for €730 million (€775 million at 31 December 2020). They are presented on the asset side of the consolidated balance

sheet under “Other non-current financial assets” (for the part at more than one year). The part at less than one year of loans and receivables is included under “Other current financial assets” for €78 million at 31 December 2021 (€12 million at 31 December 2020).

Changes in loans and receivables at amortised cost and their breakdown by maturity are as follows:

<i>(in € millions)</i>	2021	2020
Beginning of period	1,034	1,160
Acquisitions during period	142	111
Acquisitions as part of business combinations	56	1
Impairment losses	(6)	(103)
Disposals during period	(71)	(45)
Other movements and currency translation differences	6	(90)
End of period	1,161	1,034
<i>Of which:</i>		
<i>Between 1 and 5 years</i>	<i>307</i>	<i>233</i>
<i>Over 5 years</i>	<i>855</i>	<i>801</i>

19. Working capital requirement and current provisions

Accounting policies

Trade receivables are current financial assets and are initially measured at their fair value, which is generally their nominal value, barring any discounting effect.

The Group uses the simplified approach as defined in IFRS 9, and therefore records impairment on its trade receivables to correspond with the expected credit loss at maturity.

At each balance sheet date, trade receivables are measured at their amortised cost less any impairment losses in the event of any non-recovery risks. The assessment of that risk takes into account payment delays and guarantees obtained.

Trade payables are current financial liabilities and are initially measured at their fair value, which is generally their nominal value, barring any discounting effect.

Inventories and work in progress are recognised at their cost of acquisition or of production by the entity. At each balance sheet date, they are measured at the lower of cost and net realisable value.

19.1 Change in working capital requirement

<i>(in € millions)</i>	31/12/2021	31/12/2020	Business-related change in the WCR	Changes in consolidation scope	Other changes ^(*)
Inventories and work in progress (net)	1,591	1,428	20	120	24
Trade and other receivables	15,559	12,493	490	2,474	103
Other current assets	6,036	5,719	32	573	(289)
- Non-operating assets	(22)	(24)	7	-	(5)
Inventories and operating receivables	23,164	19,616	549	3,166	(167)
Trade payables	(12,027)	(8,876)	(888)	(2,561)	299
Other current liabilities	(16,736)	(14,668)	(565)	(1,333)	(170)
- Non-operating liabilities	450	429	(85)	2	104
Trade and other operating payables	(28,313)	(23,115)	(1,538)	(3,892)	232
Working capital requirement (excluding current provisions)	(5,149)	(3,499)	(989)	(726)	66
Current provisions	(5,923)	(4,973)	(590)	(302)	(58)
<i>of which part at less than one year of non-current provisions</i>	<i>(188)</i>	<i>(182)</i>	<i>14</i>	<i>(19)</i>	<i>(1)</i>
Working capital requirement (including current provisions)	(11,071)	(8,473)	(1,579)	(1,028)	8

(*) Mainly currency translation differences.

Changes in consolidation scope mainly include the integration of Cobra IS (see Note B.1.1, “Changes in consolidation scope during the period”). They include the effects of certain factoring and reverse factoring agreements, although the amounts outstanding at 31 December 2021 were not material in the context of the Group.

19.2 Current operating assets and liabilities

Current operating assets and liabilities break down as follows:

		Maturity				
		Within 1 year			Between 1 and 5 years	After 5 years
(in € millions)	31/12/2021	1 to 3 months	3 to 6 months	6 to 12 months		
Inventories and work in progress	1,591	684	110	652	143	2
Trade and other receivables	15,559	11,921	1,215	1,526	849	48
Other current operating assets	6,014	4,870	306	465	336	37
Inventories and operating receivables	I 23,164	17,475	1,630	2,643	1,328	88
Trade payables	(12,027)	(9,044)	(1,177)	(1,136)	(656)	(14)
Other current operating liabilities	(16,286)	(12,907)	(963)	(1,287)	(968)	(162)
Trade and other operating payables	II (28,313)	(21,952)	(2,139)	(2,423)	(1,624)	(176)
Working capital requirement connected with operations	I+II (5,149)	(4,476)	(509)	220	(295)	(88)

		Maturity				
		Within 1 year			Between 1 and 5 years	After 5 years
(in € millions)	31/12/2020	1 to 3 months	3 to 6 months	6 to 12 months		
Inventories and work in progress	1,428	494	71	561	300	2
Trade and other receivables	12,493	9,974	691	1,214	561	53
Other current operating assets	5,696	4,617	360	374	340	4
Inventories and operating receivables	I 19,616	15,085	1,122	2,150	1,200	59
Trade payables	(8,876)	(7,669)	(484)	(476)	(236)	(12)
Other current operating liabilities	(14,239)	(11,638)	(758)	(922)	(753)	(168)
Trade and other operating payables	II (23,115)	(19,306)	(1,242)	(1,398)	(989)	(179)
Working capital requirement connected with operations	I+II (3,499)	(4,222)	(120)	752	211	(120)

Breakdown of trade receivables

(in € millions)	31/12/2021	31/12/2020
Trade receivables	8,378	6,880
Allowances against trade receivables	(734)	(653)
Trade receivables, net	7,643	6,227

The increase in trade receivables arose mainly from the integration of Cobra IS.

In the context of the Covid-19 crisis, the Group adopted a special monitoring of its trade receivables. Impairment of Group trade receivables includes a net charge of €43 million for 2021, relating to industry sectors or countries hit hardest by the pandemic.

At 31 December 2021, trade receivables between six and 12 months past due amounted to €375 million (compared with €381 million at 31 December 2020). Impairment in the amount of €64 million has been recognised in consequence (€35 million at 31 December 2020). Receivables more than one year past due amounted to €363 million (€449 million at 31 December 2020) and impairment of €261 million has been recognised in consequence (€321 million at 31 December 2020).

19.3 Breakdown of current provisions

Accounting policies

Current provisions are directly related to the operating cycle. They are recognised in accordance with IAS 37 and include the part at less than one year of non-current provisions not directly linked to the operating cycle.

These provisions are recognised at their present value. The effect of discounting provisions is recognised under "Other financial income and expense".

Provisions are taken for contractual obligations to maintain the condition of concession assets. They concern the motorway concession companies and cover the expense of major road repairs, bridges, tunnels and hydraulic infrastructure. They also include expenses to be incurred by airport concession companies (repairs to runways, traffic lanes and other paved surfaces) and are calculated on the basis of maintenance expense plans

spanning several years, which are updated annually. These expenses are reassessed on the basis of appropriate indexes (mainly the TP01, TP02 and TP09 indexes in France). Provisions are also taken whenever signs of defects are encountered on certain infrastructure.

Provisions for after-sales service cover Group entities' commitments under statutory warranties relating to completed projects, such as the 10-year warranty on building projects in France. They are estimated statistically on the basis of expenses incurred in previous years or individually on the basis of specifically identified events.

Provisions for losses on completion of contracts and for construction project liabilities are set aside mainly when end-of-contract projections, based on the most likely estimated outcome, indicate a loss, or to cover work yet to be carried out in respect of completed projects under completion warranties.

Provisions for disputes connected with operations relate mainly to disputes with customers, subcontractors, joint contractors or suppliers.

Restructuring provisions include the cost of plans and measures for which there is a commitment whenever these have been announced before the period end.

(in € millions)	Opening	Provisions taken	Provisions used	Other reversals	Changes in consolidation scope and miscellaneous	Change in the part at less than one year	Currency translation differences	Closing
01/01/2020	4,452	1,849	(1,384)	(186)	11	(17)	17	4,741
Obligation to maintain the condition of concession assets	946	176	(95)	(34)	(1)	-	(6)	987
After-sales service	396	131	(108)	(11)	-	-	(6)	401
Losses on completion and construction project liabilities	1,428	904	(656)	(45)	(58)	-	(14)	1,558
Disputes	533	185	(126)	(30)	(4)	-	(5)	553
Restructuring costs	27	45	(10)	(6)	2	-	-	58
Other current liabilities	1,219	471	(351)	(121)	35	-	(19)	1,235
Reclassification of the part at less than one year	193	-	-	-	5	(15)	(1)	182
31/12/2020	4,741	1,912	(1,346)	(247)	(20)	(15)	(52)	4,973
Obligation to maintain the condition of concession assets	987	164	(111)	(18)	1	-	1	1,024
After-sales service	401	145	(117)	(12)	19	-	5	442
Losses on completion and construction project liabilities	1,558	1,010	(750)	(46)	7	-	22	1,800
Disputes	553	279	(124)	(31)	1	-	-	678
Restructuring costs	58	13	(28)	(11)	(5)	-	-	27
Other current liabilities	1,235	645	(339)	(78)	287 ^(*)	-	14	1,763
Reclassification of the part at less than one year	182	-	-	-	19	(14)	1	188
31/12/2021	4,973	2,256	(1,469)	(196)	329	(14)	44	5,923

(*) Including €277 million relating to the Cobra IS acquisition.

At 31 December 2021, contractual obligations to maintain the condition of concession assets mainly comprised €501 million for the ASF group (€486 million at 31 December 2020), €270 million for Cofiroute (€274 million at 31 December 2020), and €224 million for VINCI Airports (€196 million at 31 December 2020) including €113 million for ANA (€93 million at 31 December 2020).

Provisions for other current liabilities mainly consist of individual provisions with a value of less than €2 million each. These include provisions for worksite restoration and removal costs for €216 million (€194 million at 31 December 2020).

20. Non-current provisions

Accounting policies

Non-current provisions are recognised whenever, at the balance sheet date, the Group has a legal or constructive present obligation towards non-Group companies arising from a past event, whenever it is probable that an outflow of resources embodying economic benefits will be required to settle this obligation and whenever a reliable estimate can be made of the amount of the obligation. These provisions are measured at their present value, corresponding to the best estimate of the outflow of resources required to settle the corresponding obligation.

The part at less than one year of provisions not directly linked to the operating cycle is reported under "Current provisions". The part at less than one year of other employee benefits is reported under "Other current liabilities".

Detail of non-current provisions

(in € millions)	Opening	Provisions taken	Provisions used	Other reversals not used	Changes in consolidation scope and miscellaneous	Change in the part at less than one year	Currency translation differences	Closing
01/01/2020	1,135	140	(94)	(59)	199	17	2	1,341
Financial risks	978	8	(8)	(1)	42	-	-	1,019
Other liabilities	557	82	(49)	(15)	(265)	-	(6)	303
Reclassification of the part at less than one year	(193)	-	-	-	(5)	15	1	(182)
31/12/2020	1,341	90	(58)	(16)	(228)	15	(5)	1,140
Financial risks	1,019	50	(4)	(1)	(132)	-	-	933
Other liabilities	303	144	(66)	(5)	15	-	1	393
Reclassification of the part at less than one year	(182)	-	-	-	(19)	14	(1)	(188)
31/12/2021	1,140	194	(69)	(6)	(137)	14	-	1,137

Provisions for financial risks

Provisions for financial risks include the Group's share of the negative net equity of companies accounted for under the equity method. That negative net equity results from the measurement of interest rate derivative instruments (cash flow hedges) at fair value in the financial statements of the companies concerned.

Provisions for other liabilities

Provisions for other liabilities, not directly linked to the operating cycle, include provisions for disputes and arbitration, some of which are described in Note M, "Note on litigation". These amounted to €393 million at 31 December 2021 (€303 million at 31 December 2020), including €242 million at more than one year (€155 million at 31 December 2020).

21. Lease liabilities

Accounting policies

At the start of the lease, the liability is measured on the basis of the present value of payments remaining payable to the lessor, i.e.:

- fixed lease payments, minus any sums received from the lessor as stipulated in the contract;
- variable lease payments that depend on an index or a rate, with future payments determined on the basis of the level of the index or rate on the commencement date of the lease;
- payments to be made by the lessee under a residual value guarantee;
- the exercise price of an option to purchase the underlying asset, if the lessee is reasonably certain to exercise that option;
- penalties to be paid if an option to terminate the lease is exercised, if the lease term was determined on the assumption that the lessee would exercise that option.

The liability may be remeasured in the following situations: adjustment of the lease term; adjustment related to the assessment of whether the exercise of an option is reasonably certain or not; a new estimate of residual value guarantees; revision of rates or indices on which lease payments are based at the time that lease payments are adjusted.

At 31 December 2021, lease liabilities amounted to €2,098 million, including €1,574 million for the part at more than one year and €524 million for the part at less than one year.

They totalled €1,907 million at 31 December 2020.

The net change of €191 million in 2021 breaks down as follows:

- new lease liabilities: €621 million;
- companies entering the consolidation scope: €101 million, mainly relating to Cobra IS for €92 million;
- repayments of lease liabilities: negative amount of €588 million;
- other changes: €57 million.

Maturity schedule for non-current lease liabilities

<i>(in € millions)</i>	Non-current lease liabilities	Between 1 and 2 years	Between 2 and 5 years	After 5 years
Lease liabilities related to property assets	1,053	308	391	353
Lease liabilities related to movable assets	521	203	122	196
31/12/2021	1,574	512	513	549

22. Other contractual obligations of an operational nature and other commitments given and received

22.1 Other contractual obligations of an operational nature

<i>(in € millions)</i>	31/12/2021	31/12/2020
Purchase and capital expenditure obligations ^(*)	1,291	593
Obligations related to quarrying rights	112	116

(*) Excluding capital investment obligations related to concession and PPP contracts (see Note F, "Concessions: PPP contracts, concession contracts and other infrastructure").

The increase in purchase and capital expenditure obligations, excluding those associated with concession contracts, is due to the integration of solar PV and wind projects for €656 million at Cobra IS. The other obligations relate to VINCI Immobilier and to a lesser extent VINCI Energies and VINCI Construction. VINCI Concessions, via its VINCI Concessions Ventures subsidiary, has made a commitment to invest in the world's largest fund dedicated to clean hydrogen infrastructure solutions.

Obligations related to quarry operations include quarrying rights and quarry leases, which concern VINCI Construction.

22.2 Other commitments made and received

The Group's off-balance sheet commitments are subject to specific reporting at each annual and interim closing. They are presented according to the activity to which they relate, in the corresponding notes.

<i>(in € millions)</i>	31/12/2021	31/12/2020
Other commitments made	1,325	958
Other commitments received	310	412

These amounts include various tax and social security-related guarantees as well as personal sureties provided as performance guarantees relating to work done by concession companies, described in Note F.15.1, "Contractual investment and renewal obligations".

The commitments made and received by the Group in connection with concession contracts, construction and service contracts and items connected with unrecognised retirement benefit obligations are shown in the following notes:

- Note F.15, "Off-balance sheet commitments in Concessions";
- Note G.16.3, "Commitments made and received in connection with construction and service contracts";
- Note K.29.1, "Provisions for retirement benefit obligations".

I. Equity

23. Information on equity

Capital management policy

VINCI has a share buy-back programme approved in its Shareholders' General Meeting of 8 April 2021 for a period of 18 months, with a maximum purchase amount of €2 billion at a maximum price of €130 per share. The programme commenced in the fourth quarter of 2021. VINCI acquired 6,714,354 shares on the market at an average price of €89.36 per share, for a total of €600 million.

Treasury shares (see Note H.20.2, "Treasury shares") are allocated to financing external growth transactions and to covering performance share plans and the employer contributions to international employee share ownership plans. They may also be cancelled. Following the decision taken by the Board of Directors on 16 December 2021, VINCI SA cancelled 6,000,000 shares for €538 million.

VINCI's employee savings policy aims to make it easier for Group employees to become shareholders. At 31 December 2021, over 54% of the Group's employees were VINCI shareholders through employee share ownership plans (82% of employees in France). Since those funds own 9.88% of the company's shares, the Group's current and former employees form its largest group of shareholders.

Neither the Group's consolidated equity nor the equity of parent company VINCI SA is subject to any external constraints in the form of financial covenants.

23.1 Share capital

At 31 December 2021, the parent company's share capital was represented by 592,362,376 ordinary shares of €2.5 nominal value each.

Changes in the number of shares

	31/12/2021	31/12/2020
Number of shares at beginning of period	588,519,218	605,237,689
Increases in share capital	9,843,158	8,281,529
Cancelled treasury shares	(6,000,000)	(25,000,000)
Number of shares at end of period	592,362,376	588,519,218
Number of shares issued and fully paid	592,362,376	588,519,218
Nominal value of one share (in €)	2.5	2.5
Treasury shares held directly by VINCI	24,781,783	26,457,495
<i>of which shares allocated to covering performance share plans and employee share ownership plans</i>	<i>19,389,553</i>	<i>21,779,619</i>

The changes in capital during 2021 and 2020 break down as follows:

	Increases (reductions) in share capital (in €)	Share premiums arising on contributions or mergers (in €)	Number of shares representing the share capital
01/01/2020	1,513,094,222	10,982,378,341	605,237,689
Group savings plans	7,304,553	239,862,638	2,921,821
Payment of dividend in shares	13,399,270	408,463,347	5,359,708
Cancelled treasury shares	(62,500,000)		(25,000,000)
31/12/2020	1,471,298,045	11,630,704,326	588,519,218
Group savings plans	24,607,895	714,503,451	9,843,158
Cancelled treasury shares	(15,000,000)		(6,000,000)
31/12/2021	1,480,905,940	12,345,207,777	592,362,376

23.2 Treasury shares

Accounting policies

Treasury shares held by the Group are booked as a deduction from equity at their cost of acquisition. Any gains or losses connected with the purchase, sale or cancellation of treasury shares are recognised directly in equity without affecting the income statement.

Changes in treasury shares were as follows:

	31/12/2021	31/12/2020
Number of shares at beginning of period	26,457,495	50,491,699
Shares repurchased during the period	6,714,354	3,482,269
Shares granted to employees (2016 performance share plan)		778
Shares granted to employees (2017 performance share plan)		(2,139,259)
Shares granted to employees (2018 performance share plan)	(1,925,708)	(3,130)
Shares granted to employees (2019 performance share plan)	(1,615)	(2,930)
Shares granted to employees (2020 performance share plan)	(1,570)	(915)
Shares granted to employees (2021 performance share plan)	(875)	
Delivery of shares in connection with the Castor International plan	(460,298)	(371,017)
Cancelled treasury shares	(6,000,000)	(25,000,000)
Number of shares at end of period	24,781,783	26,457,495

At 31 December 2021, the total number of treasury shares held was 24,781,783. These were recognised as a deduction from consolidated equity for €1,973 million.

A total of 19,389,553 shares are allocated to covering long-term incentive plans and employee share ownership transactions and 5,392,230 are intended to be used as payment in external growth transactions, sold or cancelled.

23.3 Distributable reserves and statutory reserve

At 31 December 2021, VINCI SA's distributable reserves amounted to €31 billion (€29 billion at 31 December 2020) and its statutory reserve to €151 million (€151 million at 31 December 2020).

23.4 Amounts recognised directly in equity

The main amounts recognised directly in equity are as follows:

(in € millions)	31/12/2021			31/12/2020		
	Attributable to owners of the parent	Attributable to non-controlling interests	Total	Attributable to owners of the parent	Attributable to non-controlling interests	Total
Hedging costs						
Reserve at beginning of period	(28)	-	(28)	(7)	-	(7)
Gross reserve before tax effect at balance sheet date	I (43)	-	(43)	(28)	-	(28)
Cash flow hedge and net investment hedges						
Reserve at beginning of period	(906)	-	(906)	(1,002)	-	(1,002)
Changes in fair value of companies accounted for under the equity method	163	-	163	(35)	-	(35)
Other changes in fair value in the period	(235)	1	(234)	35	-	35
Fair value items recognised in profit or loss	97	-	97	95	-	95
Changes in consolidation scope and miscellaneous	2	-	2	-	-	-
Gross reserve before tax effect at balance sheet date	II (879)	1	(878)	(906)	-	(906)
of which gross reserve relating to companies accounted for under the equity method	(543)	-	(543)	(707)	-	(707)
Total gross reserve before tax effects (items that may be recycled to income)	I+II (922)	1	(921)	(934)	-	(934)
Associated tax effect	200	-	200	289	-	289
Reserve net of tax (items that may be recycled to income)	III (722)	1	(721)	(645)	-	(645)
Equity instruments						
Reserve at beginning of period	(2)	-	(2)	-	-	-
Gross reserve before tax effect at balance sheet date	IV (1)	-	(1)	(2)	-	(2)
Actuarial gains and losses on retirement benefit obligations						
Reserve at beginning of period	(500)	10	(491)	(589)	(17)	(606)
Actuarial gains and losses recognised in the period	134	30	164	111	32	143
Associated tax effect	(28)	(8)	(36)	(22)	(6)	(27)
Changes in consolidation scope and miscellaneous	-	-	-	(1)	-	(1)
Reserve net of tax at end of period	V (394)	31	(362)	(500)	10	(491)
Total reserve net of tax (items that may not be recycled to income)	IV+V (395)	31	(364)	(502)	10	(492)
Total amounts recognised directly in equity	III+IV+V (1,117)	32	(1,085)	(1,148)	10	(1,138)

The amounts recorded directly in equity relate to cash flow hedging transactions (negative effect of €738 million), net investment hedging transactions (negative effect of €140 million) and actuarial gains and losses on retirement benefit obligations (negative effect of €362 million after tax).

Transactions relating to the hedging of interest rate risk had a negative effect of €717 million, comprising:

- €186 million concerning fully consolidated subsidiaries, including VINCI Airports (€77 million), VINCI Autoroutes (€53 million) and VINCI SA (€42 million);
- €531 million relating to companies accounted for under the equity method, including LISEA (€350 million).

These transactions are described in Note J.27.1.2, "Cash flow hedges".

23.5 Non-controlling interests

Non-controlling interests amounted to €1,889 million at 31 December 2021 (€2,162 million at 31 December 2020).

At 31 December 2021, the Group owned one subsidiary in which there were material non-controlling interests, London Gatwick airport, 49.99% of which is not owned by VINCI. VINCI Airports and Global Infrastructure Partners, acting on behalf of non-controlling shareholders, signed a shareholders' agreement determining control over London Gatwick airport. That agreement covers matters including the composition of the Board of Directors, the ability to appoint certain key executives, including the Chief Executive Officer (CEO), and a mechanism for approving substantive decisions such as those regarding the business plan and annual budget. In addition, a procedure has been established for resolving any disputes that may arise, which in certain scenarios will allow non-controlling shareholders, after acceptance by VINCI, to sell their shares to VINCI.

Condensed financial information for London Gatwick airport is presented below. It prepared in accordance with IFRSs, adjusted where appropriate for fair value remeasurements on the date control was acquired (13 May 2019) and adjustments to harmonise accounting policies with those of the Group. The amounts at 31 December 2021 are presented before eliminations of intercompany accounts and transactions.

<i>(in € millions)</i>	London Gatwick airport
Revenue	224
Net income ^(*)	(806)
<i>of which attributable to non-controlling interests</i>	(403)
Other comprehensive income	(13)
Comprehensive income for the period	(819)
<i>of which attributable to non-controlling interests</i>	(410)
Non-current assets	10,040
Current assets	875
Non-current liabilities	(7,145)
Current liabilities	(1,257)
Net assets	2,513
<i>of which attributable to non-controlling interests</i>	1,257
Net operating cash flows	(191)
Net cash flows from investing activities	(52)
Net cash flows from financing activities	624
Other changes	32
Change in net cash	413

(*) Including the impact from revaluing deferred tax as a result of the UK corporation tax rate now set to be 25% instead of 19% from 2023 (negative effect of €376 million in 2021).

24. Dividends

In the 8 April 2021 Shareholders' General Meeting, shareholders approved a dividend payment of €2.04 per share with respect to 2020. The dividend was paid in cash on 22 April 2021.

On 18 November 2021, VINCI proceeded with the payment of an interim dividend of €0.65 in respect of 2021. A total dividend of €2.90 will be submitted for approval at the Shareholders' General Meeting to be held on 12 April 2022, with the final dividend of €2.25 to be paid on 28 April 2022 (see Note N.33, "Allocation of 2021 net income").

Dividends paid by VINCI SA to its shareholders in respect of 2021 and 2020 break down as follows:

	2021	2020
Dividend per share (in €)		
Interim dividend	0.65	
Final dividend	2.25 ^(*)	2.04
Net total dividend	2.90	2.04
Amount of dividend (in € millions)		
Interim dividend	372	-
Final dividend	1,275 ^(**)	1,157
Net total dividend	1,646	1,157

(*) Estimate based on the number of shares with dividend entitlement at 3 February 2022, i.e. 566,586,687 shares.

(**) Submitted for approval at the Shareholders' General Meeting of 12 April 2022.

J. Financing and financial risk management

25. Net financial debt

Accounting policies

Bonds, other loans and financial debt are recognised at amortised cost using the effective interest method. The effective interest rate is determined after taking account of redemption premiums and issuance expenses. Under this method, the interest expense is measured actuarially and reported under the cost of gross financial debt.

The economic benefit of a loan at a significantly below-market rate of interest, which is the case in particular for project finance granted by public sector organisations, is treated as a government grant and recognised as a reduction of the debt and the related investments, in accordance with IAS 20.

Certain financing contracts provide for early redemption options, for amounts that are always close to the amortised cost of the financial liabilities that are recognised as a result. Consequently, the Group does not recognise any derivative financial instrument separately from the original contracts.

The part at less than one year of borrowings is included in "Current borrowings".

At 31 December 2021, net financial debt, as defined by the Group, stood at almost €19.3 billion, up €1.3 billion compared with 31 December 2020. It breaks down as follows:

Analysis by accounting heading	(in € millions)	Note	31/12/2021			31/12/2020		
			Non-current	Current ^(*)	Total	Non-current	Current ^(*)	Total
Financial liabilities at amortised cost	Bonds	25.1	(22,212)	(2,741)	(24,952)	(23,136)	(1,707)	(24,842)
	Other bank loans and other financial debt	25.1	(2,757)	(788)	(3,545)	(3,548)	(253)	(3,801)
	Long-term financial debt^(**)	25.1	(24,969)	(3,528)	(28,497)	(26,684)	(1,959)	(28,643)
	Commercial paper	26.2	-	(412)	(412)	-	(1,194)	(1,194)
	Other current financial liabilities	26.1	-	(618)	(618)	-	(375)	(375)
	Bank overdrafts	26.1	-	(876)	(876)	-	(339)	(339)
	Financial current accounts - liabilities	26.1	-	(61)	(61)	-	(42)	(42)
	I - Gross financial debt		(24,969)	(5,496)	(30,465)	(26,684)	(3,909)	(30,593)
	<i>of which impact of fair value hedges</i>		(481)	(26)	(507)	(1,144)	(7)	(1,151)
	<i>of which effect of recognising London Gatwick's debt at fair value in VINCI's consolidated financial statements</i>		(445)	-	(445)	(453)	-	(453)
Financial assets at amortised cost	Collateralised loans and financial receivables		4	-	4	4	-	4
	Financial current accounts - assets	26.1	-	86	86	-	95	95
Financial assets measured at fair value through profit or loss	Cash management financial assets	26.1	-	114	114	-	43	43
	Cash equivalents	26.1	-	3,042	3,042	-	5,646	5,646
	Cash	26.1	-	8,022	8,022	-	6,119	6,119
	II - Financial assets		4	11,264	11,268	4	11,903	11,906
Derivatives	Derivative financial instruments - liabilities	27	(422)	(513)	(935)	(434)	(319)	(753)
	Derivative financial instruments - assets	27	575	291	866	1,250	201	1,450
	III - Derivative financial instruments		153	(222)	(69)	816	(118)	698
Net financial debt (I+II+III)			(24,812)	5,547	(19,266)	(25,864)	7,875	(17,989)
<i>Breakdown of net financial debt:</i>								
	<i>Concessions</i>		(34,792)	2,098	(32,693)	(35,595)	2,877	(32,718)
	<i>VINCI Energies</i>		(2,099)	2,545	447	(2,426)	2,169	(257)
	<i>Cobra IS</i>		(187)	864	676	-	-	-
	<i>VINCI Construction</i>		(1,254)	4,589	3,334	(1,309)	3,519	2,211
	<i>Holding companies and VINCI Immobilier</i>		13,520	(4,549)	8,971	13,466	(693)	12,774

(*) The current part includes accrued interest not matured.

(**) Including the part at less than one year.

Change in net financial debt

(in € millions)	"Non-cash" changes									31/12/2021
	31/12/2020	Cash flows	Ref.	Changes in consolidation scope	Exchange rate effect	Changes in fair value	Other changes	"Non-cash" total	Ref.	
Bonds (non-current)	(23,136)	(1,574)	(3)	-	(476)	659	2,315	2,498	(4)	(22,212)
Other loans and borrowings (non-current)	(3,548)	895	(3)	(193)	(22)	-	111	(104)	(4)	(2,757)
Current borrowings	(3,909)	1,373		(535)	(10)	(15)	(2,399)	(2,960)		(5,496)
of which the part at less than one year of long-term debts	(1,617)	1,081	(3)	(222)	2	(15)	(2,421)	(2,656)	(4)	(3,193)
of which current financial debts at inception	(1,606)	801	(2)	(290)	4	-	1	(285)	(4)	(1,090)
of which accrued interest on bank debts	(347)	-	(4)	(2)	(8)	-	19	10	(4)	(337)
of which bank overdrafts	(339)	(508)	(1)	(22)	(8)	-	2	(29)	(1)	(876)
Collateralised loans and receivables	4	-	(4)	-	-	-	-	-	(4)	4
Cash management financial assets	137	(16)		77	2	-	-	78		200
of which cash management financial assets (excluding accrued interest)	137	(16)	(2)	77	2	-	(1)	77	(4)	199
of which accrued interest on cash management assets	1	-	(4)	-	-	-	1	1	(4)	1
Cash and cash equivalents	11,765	(2,169)	(1)	1,344	125	-	(1)	1,468	(1)	11,064
Derivative financial instruments	698	2		(2)	(185)	(593)	11	(769)		(69)
of which fair value of derivatives	581	2	(3)	(2)	(187)	(593)	-	(782)	(4)	(198)
of which accrued interest on derivatives	117	-	(4)	-	1	-	11	13	(4)	129
Net financial debt	(17,989)	(1,488)	(5)	690	(567)	52	38	212	(5)	(19,266)

Cash flows for the period (outflow of €1.5 billion) result from robust free cash flow generation in 2021 (€5.3 billion), thus covering the major part of the Cobra IS acquisition as well as dividend distributions and share buy-backs during the period. In addition, refinancing arranged by the Group in 2021 led to net cash flow of €0.7 billion.

The negative exchange rate effect of €567 million arises for the most part from long-term foreign currency debts, mainly denominated in sterling and US dollars, both of which appreciated against the euro in 2021.

Scope effects mainly include the net financial surplus of Cobra IS for €676 million.

The table below reconciles changes in net financial debt with the cash flow statement.

Reconciliation of net financial debt with financing flows on the cash flow statement:

(in € millions)	Ref.	2021
Change in net cash	(1)	(1,238)
Change in cash management assets and other current financial debts	(2)	785
(Proceeds from)/repayment of loans	(3)	404
Other changes ^(*)	(4)	(1,228)
Change in net financial debt	(5)	(1,276)

(*) Of which net financial surplus of Cobra IS for €676 million.

25.1 Detail of long-term financial debt by business line

The breakdown of net long-term financial debt (including the part at less than one year) at 31 December 2021 was as follows:

(in € millions)	31/12/2021			31/12/2020		
	Bonds	Other bank loans and other financial debt	Long-term financial debt	Bonds	Other bank loans and other financial debt	Long-term financial debt
Concessions	(17,763)	(2,998)	(20,761)	(18,063)	(3,410)	(21,473)
VINCI Energies	-	(37)	(37)	-	(39)	(39)
Cobra IS	-	(405)	(405)	-	-	-
VINCI Construction	-	(103)	(103)	-	(108)	(108)
Holding companies and VINCI Immobilier	(7,189)	(1)	(7,191)	(6,779)	(244)	(7,023)
Total	(24,952)	(3,545)	(28,497)	(24,842)	(3,801)	(28,643)

At 31 December 2021, long-term net financial debt amounted to €28.5 billion, down €146 million compared with the 31 December 2020 figure of €28.6 billion. The change resulted mainly from the following transactions:

- In May, Cofiroute repaid €1.1 billion of bonds, comprising €750 million of bonds issued in 2006 followed by a tap of €350 million in 2007, paying a coupon of 5%. The company also repaid €55 million of borrowings from the European Investment Bank during the year.
- In the second quarter, ASF repaid €55 million of borrowings from the European Investment Bank.
- In April, Gatwick Airport Finance plc – London Gatwick airport’s controlling holding company – issued £450 million of five-year bonds paying a coupon of 4.375%.
- In April, London Gatwick airport issued £300 million of nine-year bonds paying a coupon of 2.5% in connection with the early refinancing of a £300 million credit facility arranged in April 2020 in light of the pandemic and initially for three years.
- VINCI SA issued €750 million of 10.5-year bonds in July, paying a coupon of 0.5%, repaid a \$300 million term loan in October initially set to mature in March 2023 and arranged a €250 million private placement in November.
- Cobra IS had €405 million of long-term financial debt at 31 December 2021.

Details of the Group's main financial debts are given in the tables below:

Concessions

		31/12/2021				31/12/2020		
(in € millions)	Currency	Contractual interest rate	Maturity	Capital remaining due	Carrying amount	of which accrued interest not matured	Capital remaining due	Carrying amount
Bonds	I			16,895	17,763	275	16,805	18,063
ASF group				8,626	9,026	141	8,630	9,273
of which:								
ASF 2007 bond issue	EUR	5.6%	July 2022	1,575	1,642	44	1,575	1,682
ASF 2013 bond issue	EUR	2.9%	January 2023	700	734	19	700	749
ASF 2014 bond issue	EUR	3.0%	January 2024	600	615	17	600	615
ASF 2016 bond issue	EUR	1.0%	May 2026	500	512	3	500	525
ASF 2017 bond issue	EUR	1.1%	April 2026	500	503	4	500	502
ASF 2017 bond issue	EUR	1.3%	January 2027	1,000	1,006	12	1,000	1,005
ASF 2018 bond issue	EUR	1.4%	June 2028	700	735	5	700	764
ASF 2018 bond issue	EUR	1.4%	January 2030	1,000	1,072	13	1,000	1,126
ASF 2019 bond issue	EUR	1.4%	February 2031	1,000	1,045	12	1,000	1,101
Cofiroute				3,000	2,983	11	4,106	4,209
2006 bond issue and supplement in 2007	EUR	5.0%	May 2021	-	-	-	1,100	1,139
2016 bond issue	EUR	0.4%	February 2025	650	652	2	650	654
2016 bond issue	EUR	0.8%	September 2028	650	657	2	650	682
2017 bond issue	EUR	1.1%	October 2027	750	757	2	750	766
2020 bond issue	EUR	1.0%	May 2031	950	952	6	950	962
Arcour				400	398	-	407	404
Arcour 2017	EUR	2.8%	November 2047	400	398	-	407	404
VINCI Airports				4,582	5,062	122	3,373	3,876
Aerodom 2017	USD	6.8%	March 2029	280	276	-	258	254
Gatwick Airport Limited 2011 ^(*)	GBP	6.1%	March 2026	357	366	18	334	348
Gatwick Airport Limited 2011 ^(*)	GBP	6.5%	March 2041	357	363	19	334	349
Gatwick Airport Limited 2012 ^(*)	GBP	5.3%	January 2024	357	373	18	334	349
Gatwick Airport Limited 2012 ^(*)	GBP	5.8%	January 2037	357	368	19	334	344
Gatwick Airport Limited 2014 ^(*)	GBP	4.6%	March 2034	417	425	15	389	397
Gatwick Airport Limited 2016 ^(*)	GBP	2.6%	October 2046	357	353	2	334	330
Gatwick Airport Limited 2017 ^(*)	GBP	3.1%	September 2039	417	414	3	389	387
Gatwick Airport Limited 2018 ^(*)	GBP	3.3%	February 2048	357	358	10	334	335
Gatwick Airport Limited 2019 ^(*)	GBP	2.9%	July 2049	357	353	5	334	330
Gatwick Airport Limited 2021 ^(*)	GBP	2.5%	April 2030	357	358	6	-	-
Gatwick Airport Finance plc	GBP	4.4%	April 2026	536	533	5	-	-
Other concessions				287	294	-	291	301
of which Lima Expresa 2012	PEN	Inflation-	June 2037	211	206	-	211	208
Other bank loans and other financial debt	II			3,033	2,998	10	3,463	3,409
ASF group				465	457	-	525	515
Cofiroute				353	353	3	408	407
Arcour				183	167	-	186	169
Arcos				359	355	-	296	291
VINCI Airports				1,095	1,087	2	1,434	1,423
ADL (Aéroports de Lyon) group including ADLP ^(*)				347	348	2	358	357
Aerodom 2017 ^(*)	USD	L3M	March 2024	139	138	-	157	153
VINCI Airports Serbia 2018 ^(*)				359	352	-	325	318
Gatwick Airport Limited 2020 ^(*)	GBP	L12M	April 2021	-	-	-	334	334
Other concessions				578	580	5	614	604
Lima Expresa 2019 ^(*)	PEN	3.0%	May 2022	293	297	5	296	289
Long-term financial debt	I+II			19,928	20,761	285	20,268	21,473

(*) Including borrowings subject to covenants at 31 December 2021.

VINCI SA

(in € millions)	31/12/2021					31/12/2020		
	Curren- cy	Contractual interest rate	Maturity	Capital remaining due	Carryin- g amount	of which accrued interest	Capital remaining due	Carrying amount
Bonds	I			6,933	7,189	49	6,247	6,779
of which:								
2017 bond issue and supplement ^(*)	USD	0.4%	February 2022	633	633	1	591	586
2018 bond issue	EUR	1.0%	September 2025	750	768	2	750	786
2018 bond issue and supplement	EUR	1.8%	September 2030	1,100	1,182	5	1,100	1,246
2019 bond issue	GBP	2.3%	March 2027	476	483	9	445	451
2019 bond issue	EUR	1.6%	January 2029	950	998	15	950	1,040
2019 bond issue	USD	3.8%	April 2029	883	946	7	815	929
2019 bond issue	GBP	2.8%	September 2034	476	476	4	445	445
2020 green bond issue	EUR	0.0%	November 2028	500	485	-	500	502
2021 bond issue	EUR	+0.5%	January 2032	750	730	2	-	-
Other bank loans and other financial debt	II			-	-	-	244	244
Long-term financial debt	I+II			6,933	7,189	49	6,492	7,023

(*) Corresponding to non-dilutive convertible bonds.

Breakdown of long-term financial debt by currency

At 31 December 2021, 59% of the Group's long-term financial debt was denominated in euros, 27% in sterling and 8% in US dollars. Most foreign-currency debts of companies of which the functional currency is the euro (mainly VINCI SA and ASF) were hedged at their time of issue and do not generate any exposure to exchange rate risk. Generally, the Group's activities in foreign countries are financed in the local currency.

25.2 Net financial debt maturity schedule

On the basis of interest rates at 31 December 2021, the Group's debt and associated interest payments break down as follows, by maturity date:

(in € millions)		Carrying amount	Capital and interest	31/12/2021			
				Within 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years
Bonds							
Capital		(24,952)	(23,828)	(2,395)	(896)	(4,777)	(15,760)
Interest payments		-	(4,884)	(579)	(503)	(1,288)	(2,514)
Other bank loans and other financial debt							
Capital		(3,545)	(3,579)	(816)	(683)	(600)	(1,480)
Interest payments		-	(423)	(55)	(46)	(101)	(222)
Long-term financial debt		(28,497)	(32,715)	(3,844)	(2,129)	(6,766)	(19,976)
Commercial paper		(412)	(412)	(412)	-	-	-
Other current financial liabilities		(618)	(618)	(618)	-	-	-
Bank overdrafts		(876)	(876)	(876)	-	-	-
Financial current accounts - liabilities		(61)	(61)	(61)	-	-	-
Financial debt	I	(30,465)	(34,682)	(5,812)	(2,129)	(6,766)	(19,976)
Financial assets	II	11,268^(**)	11,268	11,268	-	-	-
Derivative financial instruments - liabilities		(935)	(273)	(31)	(50)	(90)	(102)
Derivative financial instruments - assets		866	1,248	239	177	439	393
Derivative financial instruments	III	(69)	975	208	127	350	291
Net financial debt	I+II+III	(19,266)	-				

(*) For derivative financial instruments, amounts correspond solely to interest flows.

(**) Including €11.2 billion at less than three months, consisting mainly of €3.0 billion of cash equivalents and €8.0 billion of cash (see Note J.26.1, "Net cash managed").

At 31 December 2021, the average maturity of the Group's long-term financial debt was 7.3 years (7.7 years at 31 December 2020). The average maturity was 7.5 years for the Concessions business, 3.3 years for VINCI Energies, 1.1 years for Cobra IS, 3.5 years for VINCI Construction, and 7 years for the holding companies and VINCI Immobilier.

25.3 Credit ratings and financial covenants

Credit ratings

At 31 December 2021, the Group's credit ratings were as follows:

	Agency	Rating		
		Long term	Outlook	Short term
VINCI SA	Standard & Poor's	A-	Stable	A2
	Moody's	A3	Stable	P2
ASF	Standard & Poor's	A-	Stable	A2
	Moody's	A3	Stable	
Cofiroute	Standard & Poor's	A-	Stable	A2
Gatwick Funding Limited ^(*)	Standard & Poor's	BBB	Negative	
	Moody's	Baa2	Negative	
	Fitch	BBB+	Negative	

(*) Company that raises funding for London Gatwick airport.

In 2021, rating agencies updated their views as follows:

- VINCI SA:
 - Moody's adjusted its short-term rating from P1 at 31 December 2020 to P2, while maintaining its long-term A3 rating with stable outlook.
 - In June 2021, Standard & Poor's confirmed its A- long-term and A2 short-term ratings with stable outlook.
- London Gatwick airport: S&P confirmed its investment-grade BBB rating and assigned a negative outlook to that rating. The airport had been on the CreditWatch Negative list since mid-July 2020.

Financial covenants

Some financing agreements include early repayment clauses applicable in the event of non-compliance with financial ratios.

The Group regularly monitors developments in relation to these financial covenants and, in the context of the continuing health crisis, has paid particular attention to finance agreements that could give rise to risks of it failing to comply with financial ratios in the short and medium term. Talks take place with lenders as the case may be to inform them of potential instances of default related to such failures. Group entities that entered into negotiation regarding terms for financing were able to reach agreements.

In particular, waivers and amendments were obtained by London Gatwick Airport in September 2021 in relation to its bank and bond debt for a total amount of £3.4 billion. The agreement mainly consisted of the following:

- An exemption from the requirement to comply, in December 2021 and June 2022, with the two financial ratios (interest coverage ratio and debt ratio) provided for in its financing agreements;
- A change to the method for calculating the debt ratio until June 2024 in order to adjust for the exceptional impact of the Covid-19 crisis on the airport's Ebitda.

Other agreements subject to covenants do not involve material amounts (individual amounts below €300 million).

26. Net cash managed and available resources

Accounting policies

Cash and cash equivalents comprise current accounts at banks and short-term liquid investments subject to negligible risks of fluctuations of value. Cash equivalents include money market UCITS and certificates of deposit with maturities not exceeding three months at the origin. Bank overdrafts are not included in cash and are reported on the balance sheet under "Current financial liabilities".

"Cash management financial assets" comprises investments in money market securities and bonds, and units in UCITS, made with a short-term management objective, that do not satisfy the IAS 7 criteria for recognition as cash.

They are measured and recognised at their fair value. Changes in value are recognised in profit or loss.

Purchases and sales of cash management financial assets are recognised at their transaction date.

At 31 December 2021, the Group's available resources amounted to €17.8 billion, including €9.3 billion of net cash managed and €8.5 billion of confirmed medium-term bank credit facilities remaining unused.

26.1 Net cash managed

Net cash managed breaks down as follows:

	31/12/2021					
(in € millions)	Concessions	VINCI Energies	Cobra IS	VINCI Construction	Holding companies and VINCI Immobilier	Total
Cash equivalents	165	45	255	137	2,441	3,042
Marketable securities and mutual funds (UCITS)	-	-	-	-	732	732
Negotiable debt securities with an original maturity of less than 3 months ^(*)	165	45	255	137	1,708	2,310
Cash	1,686	584	1,036	2,417	2,299	8,022
Bank overdrafts	(5)	(52)	-	(760)	(60)	(876)
Net cash and cash equivalents	1,846	577	1,291	1,795	4,680	10,188
Cash management financial assets	14	22	72	1	5	114
Negotiable debt securities and bonds with an original maturity of less than 3 months	14	-	-	1	5	20
Negotiable debt securities and bonds with an original maturity of more than 3 months	-	21	72	-	-	93
Commercial paper issued	(327)	-	(85)	-	-	(412)
Other current financial liabilities	(367)	(25)	(194)	(32)	(1)	(618)
Balance of cash management current accounts	3,661	1,988	-	2,854	(8,477)	25
Net cash managed	4,827	2,562	1,084	4,618	(3,794)	9,297

(*) Including term deposits, interest earning accounts and certificates of deposit.

	31/12/2020				
(in € millions)	Concessions	VINCI Energies	VINCI Construction	Holding companies and VINCI Immobilier	Total
Cash equivalents	165	7	124	5,351	5,646
Marketable securities and mutual funds (UCITS)	-	-	5	3,780	3,785
Negotiable debt securities with an original maturity of less than 3 months ⁽⁴⁾	165	7	119	1,571	1,862
Cash	999	519	1,905	2,696	6,119
Bank overdrafts	-	(65)	(223)	(51)	(339)
Net cash and cash equivalents	1,164	461	1,806	7,995	11,426
Cash management financial assets	9	10	23	2	43
Negotiable debt securities and bonds with an original maturity of less than 3 months	8	-	23	2	32
Negotiable debt securities and bonds with an original maturity of more than 3 months	1	9	-	-	10
Commercial paper issued	(194)	-	-	(1,000)	(1,194)
Other current financial liabilities	(345)	(29)	-	-	(375)
Balance of cash management current accounts	4,053	1,755	1,721	(7,475)	53
Net cash managed	4,687	2,196	3,550	(480)	9,953

(*) Including term deposits, interest earning accounts and certificates of deposit.

The investment vehicles used by the Group are money market UCITS, interest earning accounts, term deposits and negotiable debt securities (certificates of deposit generally with a maturity of less than three months). They are measured and recognised at their fair value.

Net cash is managed with limited risk to capital. The performance and the risks associated with these investments of net cash are monitored regularly through a report detailing the yield of the various assets and analysing the associated level of risk.

At 31 December 2021, net cash managed by VINCI SA amounted to €3.2 billion, arising mainly from the cash surpluses transferred upwards from French subsidiaries through a cash pooling system. VINCI Finance International, a wholly owned subsidiary of VINCI that centralises the cash surpluses of foreign subsidiaries, managed investments and cash of close to €1.5 billion at 31 December 2021. This centralisation enables the management of financial resources to be optimised at Group level and the risks relating to the counterparties and investment vehicles used to be better managed.

Other subsidiaries whose cash is not centralised must comply with the guidelines and instructions issued by VINCI, which define the investment vehicles and the counterparties authorised. The investments amounted to around €4.6 billion at 31 December 2021, comprising €1.2 billion for Concessions, €0.6 billion for VINCI Energies, €1.1 billion for Cobra IS and €1.8 billion for VINCI Construction.

26.2 Other available resources

Revolving credit facilities

VINCI has a €8 billion confirmed syndicated revolving credit facility. Following the exercise of the second one-year extension option in November 2020, the maturity of the credit facility was extended until November 2025; for this last year, its amount will be lowered to €7.7 billion. It does not contain any default clause relating to non-compliance with financial ratios. This credit facility was undrawn at 31 December 2021.

The company that owns London Gatwick Airport has a £300 million revolving credit facility, which is due to expire in June 2025. This credit facility was fully drawn at 31 December 2021.

Cobra IS has access to several revolving credit facilities due to mature in 2022, totalling €726 million and mainly denominated in euros and US dollars. At 31 December 2021, a total of €194 million had been drawn on these credit facilities.

Commercial paper

VINCI has a €5 billion commercial paper programme rated A2 by Standard & Poor's and P2 by Moody's. This credit facility was undrawn at 31 December 2021.

In November 2020, the company that owns London Gatwick airport was deemed eligible to draw on the Covid Corporate Financing Facility set up by the UK government over a one-year period, which has been extended until March 2022. Of the total authorised financing of £300 million, £275 million was drawn at 31 December 2021.

Cobra IS has a €150 million commercial paper programme, of which it was using €85 million at 31 December 2021.

27. Financial risk management

Management rules

VINCI has implemented a system to manage and monitor the financial risks to which it is exposed, principally interest rate risk. In response to the health crisis, the Group has adopted specific procedures to ensure that its risks are properly monitored.

In accordance with the rules laid down by the Group's Finance Department, the responsibility for identifying, measuring and hedging financial risks lies with the operational entity in question. On the other hand, derivative financial instruments are generally managed by the Group Finance Department on behalf of the subsidiaries in question.

Treasury committees, in which the Group's Finance Department and the concerned companies participate, analyse the main exposures regularly and decide on management strategies for the entities that have the most material exposure to financial risks (VINCI SA, ASF, Cofiroute, VINCI Finance International).

In order to manage its exposure to market risks, the Group uses derivative financial instruments.

Accounting policies

Most interest rate and foreign currency exchange rate derivatives used by VINCI are designated as hedging instruments. Hedge accounting is applicable if the conditions provided for in IFRS 9 are satisfied:

- At the time of setting up the hedge, there must be a formal designation and documentation of the hedging relationship.
- The economic relationship between the hedged item and the hedging instrument must be documented, as must potential sources of ineffectiveness.
- Retrospective ineffectiveness must be measured at each accounts closing date.

Changes in fair value from one period to the next are recognised differently depending on whether the instrument is designated for accounting purposes as:

- a fair value hedge of an asset or a liability or of an unrecognised firm commitment;
- a cash flow hedge; or
- a hedge of a net investment in a foreign entity.

The Group applies the permitted or required provisions of IFRS 9 as regards the treatment of hedging costs of all instruments qualifying for hedge accounting.

A fair value hedge enables the exposure to the risk of a change in the fair value of a financial asset, a financial liability or unrecognised firm commitment to be hedged. It involves mainly receive fixed/pay floating interest rate swaps.

Changes in the fair value of the hedging instrument are recognised in the income statement for the period. The change in value of the hedged item attributable to the hedged risk is also recognised symmetrically in the income statement for the period (and adjusts the value of the hedged item). Except for the ineffective part of the hedge, these two revaluations offset each other within the same line items in the income statement.

A cash flow hedge allows exposure to variability in future cash flows associated with an existing asset or liability, or a highly probable forecast transaction, to be hedged. It involves mainly receive floating/pay fixed interest rate swaps.

Changes in the fair value of the hedging instrument are recognised under "Other comprehensive income" (OCI) for the effective portion and in the income statement for the period for the ineffective portion. Gains or losses accumulated under equity (OCI) are taken to profit or loss under the same line item as the hedged item – i.e. under "Operating income and expenses" for cash flows from operations and under "Financial income and expense" otherwise – when the hedged cash flow occurs.

If the hedging relationship is disqualified because it is no longer considered effective, the cumulative gains or losses in respect of the hedging instrument are retained in equity (OCI) and reclassified in the income statement as and when the hedged cash flows occur, with subsequent changes in fair value recorded directly in the income statement. If the future cash flow is no longer expected, the gains and losses previously recognised in equity (OCI) are recognised in the income statement.

A net investment hedge consists of hedging the exchange rate risk relating to the equity of an investment in a consolidated subsidiary outside of the eurozone. Changes in the value of the hedging instrument are recorded in equity under "Currency translation differences" for the effective portion. The portion of the changes in the value of the hedging instrument regarded as ineffective is recognised in the cost of net financial debt. Currency translation differences relating to changes in the value of the hedging instrument are recognised in the income statement when the foreign entity in which the initial investment was made leaves the consolidation scope.

Derivative financial instruments that are not designated as hedging instruments are reported in the balance sheet at fair value and changes in their fair value are recognised in the income statement.

Cross-currency swaps are regarded as interest rate instruments where they are designated as fair value or cash flow hedges for accounting purposes, or as foreign exchange instruments in other cases.

Derivative financial instruments

At the balance sheet date, the fair value of derivative financial instruments broke down as follows:

(in € millions)	Balance sheet item	Note	31/12/2021			31/12/2020		
			Asset	Liability	Fair value ^(*)	Asset	Liability	Fair value ^(*)
Derivatives related to net financial debt								
Interest rate derivatives: fair value hedges		27.1.2	731	164	567	1,281	46	1,235
Interest rate derivatives: cash flow hedges		27.1.2	-	141	(141)	-	323	(323)
Interest rate derivatives not designated as hedges		27.1.3	33	31	2	57	55	3
Interest rate derivatives	Net financial debt		764	335	429	1,339	423	915
Foreign currency exchange rate derivatives: fair value hedges		27.2	-	-	-	-	-	-
Foreign currency exchange rate derivatives: cash flow hedges		27.2	6	2	4	1	-	1
Foreign currency exchange rate derivatives: hedges of net foreign investments		27.2	2	143	(142)	27	12	16
Foreign currency exchange rate derivatives not designated as hedges		27.2	4	23	(19)	12	6	6
Foreign currency exchange rate derivatives	Net financial debt		12	168	(156)	41	18	23
Other derivatives	Net financial debt		91	432	(341)	71	312	(241)
Derivatives related to WCR								
Foreign currency exchange rate derivatives: fair value hedges		27.2	2	6	(4)	9	4	5
Foreign currency exchange rate derivatives: cash flow hedges		27.2	1	2	(2)	2	2	-
Foreign currency exchange rate derivatives	Working capital requirement		3	9	(6)	10	6	5
Other derivatives	Working capital requirement		26	-	25	-	-	-
Total derivative financial instruments			894	944	(50)	1,461	759	702

(*) Fair value includes interest accrued but not matured of €129 million at 31 December 2021 and €117 million at 31 December 2020.

Other hedging instruments

The asset-related exchange rate risk related to ownership of assets in foreign currencies is generally, where possible, hedged by financial debt denominated in the same currency.

27.1 Interest rate risk

Interest rate risk is managed within the Group, making a distinction between the Concessions business, the activities of the Energy and Construction businesses, and the holding companies as their respective financial profiles are not the same.

For concession subsidiaries, interest rate risk is managed with two timescales: the long term, aiming to ensure and maintain the concession's economic equilibrium, and the short term, with an objective of limiting the impact of the cost of debt on earnings for the period.

Over the long term, the objective is to ensure that the breakdown between fixed and floating rate debt is adjusted according to the level of debt, with a greater proportion at fixed rate when the level of debt is high.

The Energy and Construction businesses and the holding companies have a structural net operating cash surplus. For these activities, the objective is to ensure that financial assets and financial liabilities are well matched in terms of maturity.

To hedge its interest rate risk, the Group uses derivative financial instruments in the form of swaps or options of which the start may be deferred. These derivatives may be designated as hedges for accounting purposes or not, in accordance with the IFRSs. The Group takes care to ensure that the ineffective portion of hedges is not material.

At 31 December 2021, the Group used the approach permitted by the amendment to IFRS 7 and IFRS 9 "Interest Rate Benchmark Reform – Phase 1", allowing it to not take into account the effects of the interest rate reform, including when assessing the highly probable nature of hedged interest flows, until the transition to the new reference rates becomes effective. As a result, interest rate swaps are still subject to hedge accounting. To prepare for Phase 2 of the amendment, the Group has set up a dedicated working group that brings together all the stakeholders concerned, in order to anticipate the transition to the new rates as effectively as possible.

The main benchmarks used by the Group and concerned by the reform are Libor GBP and Libor CHF. The Group is in the process of signing various amendments implementing the transition for the reference rates due to be discontinued on 1 January 2022. The new benchmarks will apply from the first interest period in 2022. The Group has not yet finalised its transition method concerning Libor USD.

27.1.1 Long-term financial debt before and after interest rate hedging and sensitivity to interest rate risk

Long-term financial debt before and after interest rate hedging

This table shows the breakdown at 31 December 2021 of long-term debt between fixed rate, capped floating rate or inflation-linked debt, and the part at floating rate before and after taking account of hedging derivative financial instruments:

Breakdown between fixed and floating rate before hedging										
(in € millions)	Fixed rate			Inflation-linked			Floating rate			Total
	Debt	Proportion	Rate	Debt	Proportion	Rate	Debt	Proportion	Rate	Debt Rate
Concessions	17,658	89%	2.82%	291	1%	7.50%	1,978	10%	1.20%	19,928 2.73%
VINCI Energies	38	100%	1.42%							38 1.42%
Cobra IS	38	10%	1.33%				365	90%	2.44%	404 2.34%
VINCI Construction	90	87%	2.59%				13	13%	1.38%	104 2.43%
Holding companies	6,860	99%	1.67%				75	1%	1.18%	6,935 1.67%
Total at 31/12/2021	24,684	90%	2.50%	291	1%	7.50%	2,432	9%	1.39%	27,407 2.45%
Total at 31/12/2020	23,655	88%	2.59%	291	1%	4.43%	2,962	11%	1.02%	26,907 2.44%

Breakdown between fixed and floating rate after hedging										
(in € millions)	Fixed rate			Inflation-linked			Floating rate			Total
	Debt	Proportion	Rate	Debt	Proportion	Rate	Debt	Proportion	Rate	Debt Rate
Concessions	11,996	60%	2.77%	311	2%	7.18%	7,621	38%	0.44%	19,928 1.94%
VINCI Energies	38	100%	1.42%							38 1.42%
Cobra IS	38	10%	1.33%				365	90%	2.44%	404 2.34%
VINCI Construction	90	87%	2.59%				13	13%	1.38%	104 2.43%
Holding companies	3,488	50%	1.42%				3,447	50%	0.04%	6,935 0.74%
Total at 31/12/2021	15,650	57%	2.46%	311	1%	7.18%	11,447	42%	0.38%	27,407 1.64%
Total at 31/12/2020	15,553	58%	2.67%	315	1%	4.29%	11,039	41%	0.43%	26,907 1.77%

Sensitivity to interest rate risk

VINCI is exposed to the risk of fluctuations in interest rates, given:

- the cash flow connected with net floating rate financial debt;
- fixed rate financial instruments, recognised on the balance sheet at fair value through profit and loss;
- derivative financial instruments that are not designated as hedges. These mainly comprise net call option positions on which the maximum loss over the life of the transaction does not exceed the premium paid.

On the other hand, fluctuations in the value of derivatives designated as cash flow hedges are recognised directly in equity and have no effect on profit or loss (for the effective portion).

The analysis below has been prepared assuming that the amount of the financial debt and derivatives at 31 December 2021 remains constant over one year. The consequence of a variation in interest rates of 25 basis points at the balance sheet date would be an increase or decrease of equity and pre-tax income for the amounts shown below. For the purpose of this analysis, the other variables are assumed to remain constant.

(in € millions)	31/12/2021			
	Income		Equity	
	Impact of sensitivity calculation +25 bps	Impact of sensitivity calculation -25 bps	Impact of sensitivity calculation +25 bps	Impact of sensitivity calculation -25 bps
Floating rate debt after hedging (accounting basis)	(29)	29	-	-
Floating rate assets after hedging (accounting basis)	24	(24)	-	-
Derivatives not designated as hedges for accounting purposes	7	(7)	-	-
Derivatives designated as cash flow hedges	-	-	115	(115)
Total	2	(2)	115	(115)

27.1.2 Description of hedging transactions

Fair value hedges

At the balance sheet date, details of the instruments designated as fair value hedges, which include receive fixed/pay floating interest rate swaps and cross-currency swaps, were as follows:

(in € millions)	Receive fixed/pay floating interest rate swap (incl. cross-currency swaps)					
	Fair value	Notional	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years
31/12/2021	567	15,276	1,259	820	2,378	10,819
31/12/2020	1,235	14,589	500	1,214	2,055	10,819

These transactions relate mainly to the fixed rate bond issues by ASF, VINCI SA and Cofiroute.

Cash flow hedges

The Group is exposed to fluctuations in interest rates on its floating rate debt and may set up receive floating/pay fixed interest rate swaps designated as cash flow hedges to hedge this risk.

These transactions mainly involve the holding companies, motorway projects and other concessions.

At 31 December 2021, details of the instruments designated as cash flow hedges were as follows:

(in € millions)	31/12/2021					
	Fair value	Notional	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years
Receive floating/pay fixed interest rate swaps (incl. cross-currency swaps)	(139)	5,944	3,086	221	1,071	1,566
Interest rate options (caps, floors and collars)	(1)	20	4	5	11	-
Total interest rate derivatives designated as cash flow hedges for accounting purposes	(141)	5,964	3,091	225	1,082	1,566
<i>Of which hedging of contractual cash flows</i>	<i>(141)</i>	<i>5,964</i>	<i>3,091</i>	<i>225</i>	<i>1,082</i>	<i>1,566</i>
<i>Of which hedging of highly probable forecast cash flows</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>

(in € millions)	31/12/2020					
	Fair value	Notional	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years
Receive floating/pay fixed interest rate swaps	(321)	8,970	3,233	3,000	1,069	1,668
Interest rate options (caps, floors and collars)	(2)	24	-	-	-	24
Total interest rate derivatives designated as cash flow hedges for accounting purposes	(323)	8,994	3,233	3,000	1,069	1,693
<i>Of which hedging of contractual cash flows</i>	<i>(318)</i>	<i>5,994</i>	<i>3,233</i>	<i>-</i>	<i>1,069</i>	<i>1,693</i>
<i>Of which hedging of highly probable forecast cash flows</i>	<i>(5)</i>	<i>3,000</i>	<i>-</i>	<i>3,000</i>	<i>-</i>	<i>-</i>

The following table shows the periods in which the Group expects the amounts recorded in equity at 31 December 2021 for the instruments designated as cash flow hedges to have an impact on profit or loss:

(in € millions)	31/12/2021				
	Amount recorded in equity of controlled companies	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years
Total interest rate derivatives designated as cash flow hedges for accounting purposes	(186)	(4)	(13)	(23)	(146)
<i>Of which existing instruments</i>	<i>(130)</i>	<i>(1)</i>	<i>(8)</i>	<i>(9)</i>	<i>(112)</i>
<i>Of which unwound instruments</i>	<i>(56)</i>	<i>(3)</i>	<i>(5)</i>	<i>(14)</i>	<i>(34)</i>

27.1.3 Description of non-hedging transactions

(in € millions)	Interest rate swaps				
	Fair value	Notional	Within 1 year	Between 1 and 2 years	Between 2 and 5 years
31/12/2021	2	775	-	700	-
31/12/2020	3	425	-	-	350

At 31 December 2021, non-hedging derivative instruments related in particular to swaps arranged as anticipatory hedges at Arcour, which no longer met the criteria for hedge accounting.

27.2 Management of foreign currency exchange rate risk

Nature of the Group's risk exposure

Almost 67% of VINCI's revenue is generated in the eurozone. Contracts outside the eurozone are generally carried out in the local currency in respect of local subsidiaries' activities, and usually in euros and dollars in the case of major export projects. The Group's exposure to currency risk is therefore limited.

VINCI's foreign currency risk management policy consists of hedging the transactional risk connected with subsidiaries' commercial or financial flows denominated in currencies other than their functional currency.

In addition, the Group's strategy is intended to minimise asset-related exchange rate risk. Through regular monitoring, hedging levels are adjusted in line with currency exposures relating to net assets owned. A risk analysis is carried out for each new investment to decide whether or not to hedge the exposure, by converting euro-denominated financing into foreign currency or financing directly in foreign currency.

Detail of foreign currency exchange rate derivatives related to net financial debt

Transactions in exchange rate derivatives carried out by the Group, intended in particular to hedge its financial transactions, break down as follows:

(in € millions)	31/12/2021					
	Balance sheet fair value	Notional	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years
Forward foreign exchange transactions	4	226	204	6	15	-
Cash flow hedges (*)	4	226	204	6	15	-
Currency swaps (incl. cross-currency swaps)	(141)	2,597	474	109	838	1,177
Hedges of net foreign investments (*)	(142)	2,597	474	109	838	1,177
Currency swaps (incl. cross-currency swaps)	(18)	589	150	146	224	69
Forward foreign exchange transactions	(1)	438	438	-	-	-
Foreign currency exchange rate derivatives not designated as hedges for accounting purposes	(19)	1,027	588	146	224	69
Total foreign currency exchange rate derivatives	(156)	3,850	1,267	261	1,077	1,245

(*) Changes in the fair value of the hedging instrument are recognised under "Other comprehensive income" (OCI) for the effective portion and in the income statement for the period for the ineffective portion.

(in € millions)	31/12/2020					
	Balance sheet fair value	Notional	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years
Forward foreign exchange transactions	1	70	70	-	-	-
Cash flow hedges (*)	1	70	70	-	-	-
Currency swaps (incl. cross-currency swaps)	16	2,863	586	156	962	1,159
Hedges of net foreign investments (*)	16	2,863	586	156	962	1,159
Currency swaps (incl. cross-currency swaps)	5	465	57	142	203	63
Forward foreign exchange transactions	1	192	192	-	-	-
Foreign currency exchange rate derivatives not designated as hedges for accounting purposes	6	657	249	142	203	63
Total foreign currency exchange rate derivatives	23	3,590	905	298	1,165	1,222

(*) Changes in the fair value of the hedging instrument are recognised under "Other comprehensive income" (OCI) for the effective portion and in the income statement for the period for the ineffective portion.

Detail of hedges qualifying for hedge accounting as part of a net foreign investment hedging relationship

The Group's principal hedges of net foreign investments were as follows at 31 December 2021:

(in € millions)	31/12/2021				
	GBP (pound sterling)	USD (US dollar)	SGD (Singapore dollar)	JPY (Japanese yen)	SEK (Swedish krona)
Notional amount of derivatives designated as NIH	2,230	190	114	-	86
Nominal amount of debt designated as NIH	952	770	-	106	-

NIH: Net investment hedge.

The Group hedges the net assets of its main subsidiaries in foreign currencies, particularly subsidiaries whose functional currency is the US dollar (USD), pound sterling (GBP), Singapore dollar (SGD), Japanese yen (JPY), Canadian dollar (CAD) or a Scandinavian currency.

At 31 December 2021, the main net investment hedging positions concerned the following acquisitions:

- VINCI Airports – GBP exposure related to London Gatwick airport and Belfast International airport, USD exposure related to Aerodrom, and JPY exposure related to Kansai Airports;
- VINCI Construction – USD exposure related to Eurovia Atlantic Coast (formerly Lane Construction's Plants & Paving division);
- VINCI Energies – USD exposure related to PrimeLine Utility Services and SGD exposure related to Wah Loon Engineering.

Analysis of operational foreign currency exchange rate risk

The principal foreign exchange risk exposure was as follows at 31 December 2021:

(in € millions)		31/12/2021			
Currency	GBP (pound sterling)	USD (US dollar)	NZD (New Zealand dollar)	COP (Colombian peso)	CAD (Canadian dollar)
Closing rate	0.8403	1.1326	1.6579	4629.4	1.439
Exposure	138	127	40	43	36
Hedging	(46)	(36)	(8)	(18)	(16)
Net position	92	91	32	25	20

Given a residual exposure on some non-hedged assets, a 10% appreciation of the above-mentioned foreign currencies against the euro would have a positive impact on pre-tax earnings of €29 million.

Detail of foreign currency exchange rate derivatives related to operational flows

Transactions in exchange rate derivatives carried out by the Group, intended in particular to hedge its operational flows, break down as follows at 31 December 2021:

(in € millions)					
Currency	GBP/EUR	USD/EUR	PLN ^(*) /EUR	CAD ^(**) /EUR	AED ^(***) /EUR
Fair value	(1)	(1)	(1)	(1)	-
Notional	38	118	67	13	8
Average maturity (months)	17	6	4	9	7
Buy/Sell	Buy/Sell	Buy/Sell	Buy/Sell	Sell	Sell

(*) Polish zloty.

(**) Canadian dollar.

(***) United Arab Emirates dirham.

27.3 Management of credit and counterparty risk

VINCI is exposed to credit risk in the event of default by its customers and to counterparty risk in respect of its investments of cash (mainly credit balances at banks, negotiable debt securities, term deposits and marketable securities), subscription to derivatives, commitments received (sureties and guarantees received), unused authorised credit facilities, and financial receivables.

The Group has set up procedures to manage and limit credit risk and counterparty risk.

Trade receivables

Approximately a third of consolidated revenue is generated with public sector or quasi-public sector customers. Moreover, VINCI considers that the concentration of credit risk connected with trade receivables is limited because of the large number of customers and the fact that they are geographically dispersed. No customer accounts for more than 10% of VINCI's revenue. In export markets, the risk of non-payment is covered, as far as possible, by appropriate insurance policies (Coface, documentary credits and other insurance). The Covid-19 situation has prompted certain business lines and divisions (in particular VINCI Airports and VINCI Energies) to review their impairment policy regarding trade receivables. Information is presented in Note H.19.2, "Breakdown of trade receivables".

Financial instruments (cash investments and derivatives)

Financial instruments (cash investments and derivatives) are set up with financial institutions that meet VINCI's credit rating criteria. The Group has also set up a system of counterparty limits to manage its counterparty risk, along with maximum control ratios of a given instrument. Maximum risk amounts by counterparty are defined taking account of their credit ratings. The limits are regularly monitored and updated on the basis of a consolidated quarterly reporting system.

The Group Finance Department also distributes instructions to subsidiaries laying down the authorised limits by counterparty, the list of authorised UCITS (French subsidiaries) and the selection criteria for money market funds (foreign subsidiaries).

The measurement of the fair value of derivative financial instruments carried by the Group includes a "counterparty risk" component for derivatives carried as assets and a "credit risk" component for derivatives carried as liabilities. Credit risk is measured using standard mathematical models for market participants. At 31 December 2021, adjustments recognised with respect to counterparty risk and own credit risk were not material.

Netting agreements relating to derivative financial instruments

At 31 December 2021 and in accordance with IAS 32, the Group's financial assets and liabilities (including derivative financial instruments) are not netted on the balance sheet, except where the Group has netting agreements. In the event of default by the Group or the financial institutions with which it has contracted, these agreements provide for netting between the fair values of assets and liabilities arising from derivative financial instruments presented in the consolidated balance sheet.

The table below sets out the Group's net exposure arising from these netting agreements:

(in € millions)	31/12/2021			31/12/2020		
	Fair value of derivatives recognised on the balance sheet ^(*)	Impact of netting	Total	Fair value of derivatives recognised on the balance sheet ^(*)	Impact of netting	Total
Derivative financial instruments - assets	894	(323)	571	1,461	(257)	1,204
Derivative financial instruments - liabilities	(944)	323	(621)	(759)	257	(502)
Net derivative instruments	(50)		(50)	702		702

(*) Gross amounts as stated on the Group's consolidated balance sheet.

27.4 Management of other risks

Equity risk

At 31 December 2021, the Group held 24,781,783 VINCI shares (representing 4.18% of the share capital) acquired at an average price of €79.62. Increases or decreases in the stock market price of these treasury shares have no impact on the Group's consolidated profit or loss or equity.

In addition, VINCI has an 8% stake in Groupe ADP. At each balance sheet date, this investment is measured at fair value on the basis of the stock market price. A positive or negative change of 100 basis points in the latter would lead respectively to the recognition of an upward or downward €9 million adjustment in the income statement.

Regarding assets to cover retirement benefit obligations, a breakdown by asset type is given in Note K.29.1, "Provisions for retirement benefit obligations".

After issues of non-dilutive convertible bonds, VINCI is exposed to the risk of changes in their redemption value, which depends on VINCI's share price. To protect against an increase in the redemption value caused by a rise in the share price, the Group has taken out options with the same maturity. Together, all of these transactions mean that VINCI is not exposed to any risks in relation to treasury shares.

Inflation risk

Certain Group entities are exposed to inflation risk, particularly London Gatwick airport, since part of its revenue is linked to local inflation. To protect against a fall in inflation, inflation swaps (receiving fixed or floating rate and paying inflation) have been arranged.

Commodity risks

Most of the Group's revenue arises either from contracts that include price revision clauses or under short-term contracts. The risks associated with an increase in commodity prices are therefore generally limited.

For major contracts with no price revision clauses, commodity price risk is analysed on a case-by-case basis and managed, depending on the case, by negotiating firm price agreements with suppliers, cash-and-carry deals or hedging derivatives based on commodity indexes.

VINCI Construction has set up a policy to manage bitumen price risks on part of its exposure through short-maturity hedging derivatives (swaps of less than three months on average). This policy applies to small contracts in France with an average length of less than three months and which do not include price revision clauses.

As part of its business, Cobra IS may set up energy-indexed hedges to protect itself against unfavourable changes in electricity and gas prices.

VINCI uses little unprocessed raw material, other than the aggregates produced and used by VINCI Construction.

28. Book and fair value of financial instruments by accounting category

The method of measuring the fair value of financial assets and liabilities has not changed since the 31 December 2020 accounts closing date. The following table shows the carrying amount and fair value of financial assets and liabilities in the balance sheet by accounting category as defined in IFRS 9:

31/12/2021	Accounting categories							Fair value			
	Derivatives at fair value through profit and loss	Derivatives designated as hedges	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets at amortised cost	Financial liabilities at amortised cost	Total	Level 1: quoted prices and cash	Level 2: internal model using observable factors	Level 3: internal model using non-observable factors	Total
Balance sheet headings and classes of instrument											
Equity instruments	-	-	1,069	9	-	-	1,078	898 ^(*)	-	180	1,078
Financial assets at amortised cost and PPP financial receivables	-	-	-	-	1,372	-	1,372	-	1,372	-	1,372
I - Non-current financial assets^(**)	-	-	1,069	9	1,372	-	2,450	898	1,372	180	2,450
II - Derivative financial instruments - assets	128	767	-	-	-	-	894	-	894	-	894
Cash management financial assets	-	-	114	-	-	-	114	-	114	-	114
Financial current accounts - assets	-	-	-	-	86	-	86	86	-	-	86
Cash equivalents	-	-	3,042	-	-	-	3,042	732	2,310 ^(***)	-	3,042
Cash	-	-	8,022	-	-	-	8,022	8,022	-	-	8,022
III - Current financial assets	-	-	11,178	-	86	-	11,264	8,841	2,423	-	11,264
Total assets	128	767	12,247	9	1,458	-	14,609	9,739	4,690	180	14,609
Bonds						(24,952)	(24,952)	(24,472)	(1,309)	-	(25,782)
Other bank loans and other financial debt						(3,545)	(3,545)	-	(3,592)	-	(3,592)
IV - Long-term financial debt	-	-	-	-	-	(28,497)	(28,497)	(24,472)	(4,902)	-	(29,374)
V - Derivative financial instruments -	(488)	(456)	-	-	-	-	(944)	-	(944)	-	(944)
Other current financial liabilities						(1,031)	(1,031)	-	(1,031)	-	(1,031)
Financial current accounts - liabilities						(61)	(61)	(61)	-	-	(61)
Bank overdrafts						(876)	(876)	(876)	-	-	(876)
VI - Current financial liabilities	-	-	-	-	-	(1,968)	(1,968)	(937)	(1,031)	-	(1,968)
Total liabilities	(488)	(456)	-	-	-	(30,465)	(31,409)	(25,409)	(6,876)	-	(32,286)

(*) Fair value of Groupe ADP shares – see Note E.11, “Other non-current financial assets”.

(**) See Note E.11, “Other non-current financial assets” and Note F.14, “PPP financial receivables (controlled companies)”.

(***) Mainly comprising certificates of deposit, term deposits and time-deposit accounts.

The table below shows the carrying amount and fair value of financial assets and liabilities as reported at 31 December 2020 by accounting category as defined by IFRS 9:

31/12/2020	Accounting categories							Fair value			
	Derivatives at fair value through profit and loss	Derivatives designated as hedges	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets at amortised cost	Financial liabilities at amortised cost	Total	Level 1: quoted prices and cash	Level 2: internal model using observable factors	Level 3: internal model using non-observable factors	Total
Balance sheet headings and classes of instrument											
Equity instruments	-	-	943	8	-	-	951	841 ^(*)	-	110	951
Financial assets at amortised cost and PPP	-	-	-	-	1,286	-	1,286	-	1,286	-	1,286
I - Non-current financial assets^(**)	-	-	943	8	1,286	-	2,237	841	1,286	110	2,237
II - Derivative financial instruments - assets	128	1,333	-	-	-	-	1,461	-	1,461	-	1,461
Cash management financial assets	-	-	43	-	-	-	43	-	43	-	43
Financial current accounts - assets	-	-	-	-	95	-	95	95	-	-	95
Cash equivalents			5,646				5,646	3,785	1,862 ^(***)	-	5,646
Cash			6,119				6,119	6,119	-	-	6,119
III - Current financial assets	-	-	11,808	-	95	-	11,903	9,999	1,904	-	11,903
Total assets	128	1,333	12,751	8	1,381	-	15,601	10,839	4,651	110	15,601
Bonds	-	-	-	-	-	(24,842)	(24,842)	(24,619)	(1,300)	-	(25,920)
Other bank loans and other financial debt	-	-	-	-	-	(3,801)	(3,801)	-	(3,976)	-	(3,976)
IV - Long-term financial debt	-	-	-	-	-	(28,643)	(28,643)	(24,619)	(5,277)	-	(29,896)
V - Derivative financial instruments -	(372)	(387)	-	-	-	-	(759)	-	(759)	-	(759)
Other current financial liabilities	-	-	-	-	-	(1,569)	(1,569)	-	(1,569)	-	(1,569)
Financial current accounts - liabilities	-	-	-	-	-	(42)	(42)	(42)	-	-	(42)
Bank overdrafts	-	-	-	-	-	(339)	(339)	(339)	-	-	(339)
VI - Current financial liabilities	-	-	-	-	-	(1,950)	(1,950)	(381)	(1,569)	-	(1,950)
Total liabilities	(372)	(387)	-	-	-	(30,593)	(31,352)	(25,000)	(7,604)	-	(32,605)

(*) Fair value of Groupe ADP shares – see Note E.11, “Other non-current financial assets”.

(**) See Note E.11, “Other non-current financial assets” and Note F.14, “PPP financial receivables (controlled companies)”.

(***) Mainly comprising certificates of deposit, term deposits and time-deposit accounts.

K. Employee benefits and share-based payments

29. Provisions for employee benefits

At 31 December 2021, the part at more than one year of provisions for employee benefits broke down as follows:

(in € millions)	Note	31/12/2021	31/12/2020 ^(*)
Provisions for retirement benefit obligations	29.1	1,357	1,430
Long-term employee benefits	29.2	102	105
Total provisions for employee benefits		1,459	1,535

(*) Adjusted as at 1 January 2020 following the IFRS IC's agenda decision of May 2021 clarifying how to calculate retirement benefit obligations (see Note A.2.1, "Basis for preparing the financial statements").

29.1 Provisions for retirement benefit obligations

Accounting policies

Provisions are taken on the liabilities side of the consolidated balance sheet for obligations connected with defined benefit retirement plans for both current and former employees (people who have retired and those with deferred rights). These provisions are determined using the projected unit credit method on the basis of actuarial valuations made at each annual balance sheet date. The actuarial assumptions used to determine the obligations vary depending on the economic conditions of the country or monetary zone in which the plan is operated. Each plan's obligations are recognised separately.

Under IAS 19, for defined benefit plans financed under external management arrangements (i.e. pension funds or insurance policies), the surplus or shortfall of the fair value of the assets compared with the present value of the obligations is recognised as an asset or liability in the consolidated balance sheet. That recognition is subject to asset ceiling rules and minimum funding requirements set out in IFRIC 14.

The expense recognised under operating income or loss in each period comprises the current service cost and the effects of any change, reduction or winding up of the plan. The accretion impact recognised on actuarial liabilities and interest income on plan assets are recognised under other financial income and expenses. Interest income from plan assets is calculated using the discount rate used to calculate obligations with respect to defined benefit plans.

The impacts of remeasuring net liabilities relating to defined benefit pension plans are recorded under other comprehensive income. They comprise the following:

- actuarial gains and losses on obligations resulting from changes in actuarial assumptions and from experience adjustments (the effects of differences between the actuarial assumptions adopted and that which has actually occurred);
- plan asset outperformance/underperformance (i.e. the difference between the effective return on plan assets and the return calculated using the discount rate applied to the actuarial liability); and
- changes in the asset ceiling effect.

At 31 December 2021, provisions for retirement benefit obligations comprised provisions for lump sums on retirement and provisions with respect to obligations for supplementary retirement benefits.

(in € millions)	31/12/2021	31/12/2020 ^(*)
At more than one year	1,357	1,430
At less than one year ^(**)	51	60
Total provisions for retirement benefit obligations	1,408	1,490

(*) Adjusted as at 1 January 2020 following the IFRS IC's agenda decision of May 2021 clarifying how to calculate retirement benefit obligations (see Note A.2.1, "Basis for preparing the financial statements").

(**) The part of provisions for retirement benefit obligations that matures within less than one year is shown under "Other current liabilities".

The VINCI Group's main supplementary retirement benefit obligations relate to defined benefit plans, which have the following characteristics:

- For French subsidiaries, these are contractual lump sums paid on retirement (generally based on a percentage of final salary, depending on the employee's length of service and applicable collective agreements), supplementary defined benefit retirement plans of which some of the Group's employees, retired employees and officers are members, and a specific obligation in respect of the Vice-Chairman of VINCI SA's Board of Directors. Some plans, of which several Group executives are members, are pre-financed through two insurance policies taken out with Cardif and one policy taken out with Allianz. These policies involve active management with reference to composite indexes, and aim to achieve a good balance between the expected return on investments and the associated risks. Sufficient liquidity, in view of the timescale of plan liabilities, is maintained so that pensions and other one-off payments can be met. These plans are closed to new members.

- To cover the liabilities of some UK and Swiss subsidiaries, plans are funded through independent pension funds.

In the UK, defined benefit plans for certain Group employees and former employees give rise to benefits that are mainly based on final salaries. They also provide benefits in the event of death and disability. These plans are closed to new members.

At 31 December 2021, 6,382 individuals, including 3,191 retirees, were covered by the plans. The average duration of the plans is 19 years.

The investment strategy for plan assets is defined by the trustees representing the pension funds. Contribution schedules and the plan's level of funding are determined by the employer and the trustee, based on three-yearly actuarial valuations. Contribution schedules are intended to cover future service costs and any deficit arising from vested rights.

In Switzerland, plans for the Group's employees and former employees (2,786 people at 31 December 2021, of which over 90% are active) are "cash balance" pension plans that guarantee their members a minimum return on their contributions. They provide benefits in the event of death or disability, along with a pension when members stop working. These plans are open to new members. Their duration is around 18 years.

- For German subsidiaries, there are several internal plans within the Group, including so-called "direct promises" plans. These plans provide members with pensions or death and disability benefits. At 31 December 2021, 9,073 individuals were covered by the plans, including 5,594 retirees, 2,051 people working for Group subsidiaries and 1,428 people who were generally still working but no longer working for the Group. Most of these plans were closed at 31 December 2021. Their average duration is 13 years.

Commitments relating to lump sum payments on retirement for manual construction workers in France, which are met by contributions to an outside multi-employer insurance fund (CNPO), are considered as being under defined contribution plans and are therefore recognised as an expense as and when contributions are payable.

The main retirement benefit obligations covered by provisions recognised in the balance sheet are calculated using the following assumptions:

Assumptions	Eurozone		United Kingdom		Switzerland	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Discount rate	1.05%	0.80%	1.65% - 1.70%	1.65% - 1.75%	0.30%	0.05%
Inflation rate	1.80%	1.60%	2.30% - 2.65% (*) 3.10% - 3.25% (**)	2.00% - 2.25% (*) 2.80% - 2.85% (**)	1.10%	1.00%
Rate of salary increases	2.10% - 4.00%	2.10% - 4.00%	1.00% - 3.45%	1.00% - 3.00%	1.60%	1.50%
Rate of pension increases	1.80%	1.25% - 2.00%	2.36% - 3.75%	2.60% - 3.45%	n/a	n/a

(*) CPI. (**) RPI.

Discount rates have been determined by geographical area on the basis of the yields on private sector bonds with a rating of AA and whose maturities correspond to the plans' expected cash flow.

The other local actuarial assumptions (economic and demographic assumptions) are set on the basis of the specific features of each of the countries in question.

Plan assets are valued at their fair value at 31 December 2021. The book value at 31 December 2021 is used for assets invested with insurance companies.

On the basis of the actuarial assumptions referred to above, details of the retirement benefit obligations, provisions recognised in the balance sheet, and the retirement benefit expenses recognised in 2021 are provided below.

Result of actuarial valuations in the period

Breakdown by type of obligation

	31/12/2021			31/12/2020		
	Lump sums paid on retirement in France	Pensions, supplementary pensions and other	Total	Lump sums paid on retirement in France ^(*)	Pensions, supplementary pensions and other	Total
(in € millions)						
Actuarial liability from retirement benefit obligations	754	3,030	3,783	758	2,867	3,625
Plan assets at fair value	38	2,492	2,530	38	2,102	2,140
Deficit (or surplus)	716	538	1,254	719	765	1,484
Provision recognised under liabilities on the balance sheet	I 716	692	1,408	719	771	1,490
Overfunded plans recognised under assets on the balance sheet	II -	110	110	-	3	3
Asset ceiling effect (IFRIC 14) ^(**)	III -	44	44	-	2	2
Total	I-II-III 716	538	1,254	719	765	1,484

(*) Adjusted as at 1 January 2020 following the IFRS IC's agenda decision of May 2021 clarifying how to calculate retirement benefit obligations (see Note A.2.1, "Basis for preparing the financial statements").

(**) Effect of asset ceiling rules and minimum funding requirements.

Overall, the proportion of obligations relating to retired beneficiaries was around 32% of the total actuarial liability from retirement benefit obligations at 31 December 2021.

Breakdown by country

	31/12/2021						
(in € millions)		France	Germany	United Kingdom	Switzerland	Other countries	Total
Actuarial liability from retirement benefit obligations		993	436	1,642	547	165	3,783
Plan assets at fair value		142	9	1,635	583	160	2,530
Deficit (or surplus)		851	427	7	(36)	5	1,254
Provision recognised under liabilities on the balance sheet	I	859	427	88	4	30	1,408
Overfunded plans recognised under assets on the balance sheet	II	-	-	81	2	27	110
Asset ceiling effect (IFRIC 14) ⁽⁹⁾	III	-	-	-	38	6	44
Total	I-II-III	859	427	7	(36)	(3)	1,254

(*) Effect of asset ceiling rules and minimum funding requirements.

	31/12/2020					
(in € millions)	France ^(*)	Germany	United Kingdom	Switzerland	Other countries	Total
Actuarial liability from retirement benefit obligations	1,001	461	1,482	504	177	3,625
Plan assets at fair value	136	7	1,361	489	147	2,140
Deficit (or surplus)	865	453	121	15	30	1,484
Provision recognised under liabilities on the balance sheet	I	865	453	121	15	36
Overfunded plans recognised under assets on the balance sheet	II	-	-	-	3	3
Asset ceiling effect (IFRIC 14) ^(**)	III	-	-	-	2	2
Total	I-II-III	865	453	121	15	30

(*) Adjusted as at 1 January 2020 following the IFRS IC's agenda decision of May 2021 clarifying how to calculate retirement benefit obligations (see Note A.2.1, "Basis for preparing the financial statements").

(**) Effect of asset ceiling rules and minimum funding requirements.

Change in actuarial liability and plan assets

(in € millions)

	2021	2020 ^(*)
Actuarial liability from retirement benefit obligations		
At beginning of period	3,625	3,745
<i>of which obligations covered by plan assets</i>	<i>2,538</i>	<i>2,626</i>
Current service cost	91	91
Actuarial liability discount cost	41	42
Past service cost (plan changes and curtailments)	(4)	(6)
Plan settlements	-	(4)
Actuarial gains and losses recognised in other comprehensive income	2	(22)
<i>of which impact of changes in demographic assumptions</i>	<i>(22)</i>	<i>42</i>
<i>of which impact of changes in financial assumptions</i>	<i>48</i>	<i>(32)</i>
<i>of which experience gains and losses</i>	<i>(24)</i>	<i>(32)</i>
Benefits paid to beneficiaries	(126)	(154)
Employee contributions	14	13
Business combinations	1	9
Disposals of companies and other assets	4	1
Currency translation differences	135	(91)
At end of period	3,783	3,625
<i>of which obligations covered by plan assets</i>	<i>2,717</i>	<i>2,538</i>
Plan assets		
At beginning of period	2,140	2,090
Interest income during period	27	27
Actuarial gains and losses recognised in other comprehensive income ^(**)	208	120
Plan settlements	-	-
Benefits paid to beneficiaries	(55)	(88)
Contributions paid to funds by the employer	64	55
Contributions paid to funds by employees	13	13
Business combinations	-	-
Disposals of companies and other assets	2	-
Currency translation differences	130	(77)
At end of period	2,530	2,140
Deficit (or surplus)	I-II	1,254

(*) Adjusted as at 1 January 2020 following the IFRS IC's agenda decision of May 2021 clarifying how to calculate retirement benefit obligations (see Note A.2.1, "Basis for preparing the financial statements").

(**) Experience gains and losses corresponding to the observed difference between the actual return on plan assets and a nominal return based on the discount rate for the actuarial liability.

VINCI estimates the payments to be made in 2022 in respect of retirement benefit obligations at €105 million, comprising €55 million of benefits to be paid to retired employees or beneficiaries (benefits not covered by plan assets), and €50 million of contributions to be paid to fund managing bodies.

Pension funds are also likely to pay €97 million of benefits to retired employees or their beneficiaries, without any impact on the Group's cash position.

Change in provisions for retirement benefit obligations during the period

(in € millions)	2021	2020 ^(*)
Provisions for retirement benefit obligations recognised under liabilities on the balance sheet		
At beginning of period	1,490	1,663
Total charge recognised with respect to retirement benefit obligations	103	95
Actuarial gains and losses recognised in other comprehensive income	(206)	(142)
Benefits paid to beneficiaries by the employer	(70)	(65)
Contributions paid to funds by the employer	(64)	(55)
Business combinations and disposals of companies	1	9
Asset ceiling effect (IFRIC 14) and overfunded plans	147	-
Currency translation differences	6	(14)
At end of period	1,408	1,490

(*) Adjusted as at 1 January 2020 following the IFRS IC's agenda decision of May 2021 clarifying how to calculate retirement benefit obligations (see Note A.2.1, "Basis for preparing the financial statements").

Breakdown of expenses recognised in respect of defined benefit plans

(in € millions)	2021	2020
Current service cost	(91)	(91)
Actuarial liability discount cost	(41)	(42)
Interest income on plan assets	27	27
Past service cost (plan changes and curtailments)	4	6
Impact of plan settlements and other	(2)	5
Total	(103)	(95)

Breakdown of plan assets by country and type of investment

The breakdown of plan assets by type of investment is as follows:

	31/12/2021				Weighted average
	United Kingdom	Switzerland	France	Other countries	
Breakdown of plan assets					
Equities	17%	32%	18%	30%	22%
Bonds	25%	41%	28%	21%	28%
Property	6%	22%	4%	8%	10%
Money market securities	4%	6%	1%	1%	4%
Other investments	48%	0%	50%	41%	37%
Total	100%	100%	100%	100%	100%
Plan assets (in € millions)	1,635	583	142	169	2,530
Plan assets by country (% of total)	65%	23%	6%	7%	100%

	31/12/2020				Weighted average
	United Kingdom	Switzerland	France	Other countries	
Breakdown of plan assets					
Equities	18%	33%	16%	36%	22%
Bonds	26%	40%	29%	31%	30%
Property	9%	20%	5%	7%	11%
Money market securities	5%	7%	1%	1%	5%
Other investments	43%	0%	50%	25%	32%
Total	100%	100%	100%	100%	100%
Plan assets (in € millions)	1,361	489	136	154	2,140
Plan assets by country (% of total)	64%	23%	6%	7%	100%

At 31 December 2021, the amount of plan assets listed on active markets (fair value level 1 as defined by IFRS 13) was €2,128 million (€1,797 million at 31 December 2020). During the period, the actual rate of return on plan assets was 13.1% in the UK, 10.1% in Switzerland and 4.3% in France.

Sensitivity analysis

For all post-employment benefit plans for Group employees (lump sums paid on retirement, pensions and supplementary pensions), a 0.5 point fall in the discount rate would increase the actuarial liability by around 8%.

For all pension and supplementary pension plans in force within the Group, a 0.5 point increase in long-term inflation rates would increase the value of obligations by some 5%.

For pension and supplementary pension plans in Switzerland and the UK, sensitivity to mortality rates is calculated based on a one-year reduction in the age of each beneficiary. Applying this assumption increases the corresponding obligation by around 2%.

Expenses recognised in respect of defined contribution plans

In some countries, and more especially in France and Spain, the Group contributes to basic state pension plans, for which the expense recognised is the amount of the contributions called by the state bodies. These state pension plans are considered as being defined contribution plans.

The amounts taken as an expense in the period in respect of defined contribution plans (other than basic state plans) totalled €647 million in 2021 (€630 million in 2020). These amounts include the contributions paid in France to the external multi-employer fund (CNPO) in respect of obligations in regard to lump sums paid on retirement to construction workers.

29.2 Other employee benefits

Provisions for other employee benefits mainly include long-service bonuses and jubilee bonuses.

At 31 December 2021, they amounted to €114 million, including €12 million for the part at less than one year (€119 million including €14 million for the part at less than one year at 31 December 2020).

Long-service bonuses and jubilee bonuses have been calculated using the following actuarial assumptions:

	31/12/2021	31/12/2020
Discount rate	1.05%	0.80%
Inflation rate	1.80%	1.60%
Rate of salary increases	1.80% - 2.80%	1.60% - 2.60%

30. Share-based payments

Accounting policies

The measurement and recognition methods for share subscription plans, Group savings plans and performance share plans, are defined by IFRS 2 "Share-based Payment". The granting of performance shares and offers to subscribe to Group savings plans in France and abroad represent a benefit granted to their beneficiaries and therefore constitute supplementary remuneration borne by VINCI.

Because such transactions do not give rise to monetary transactions, the benefits granted in this way are recognised as expenses in the period in which the rights are acquired, with a corresponding increase in equity. Benefits are measured by an external actuary on the basis of the fair value, at the grant date, of the equity instruments granted.

Benefits arising from awards of performance shares and Group savings plans are granted as decided by VINCI's Board of Directors after approval at the Shareholders' General Meeting. Since their measurement is not entirely linked to operational activity, it has been deemed appropriate not to include the corresponding expense in operating income from ordinary activities, which is an indicator of business lines' performance, but to report it on a separate line, labelled "Share-based payment expense (IFRS 2)", in recurring operating income.

30.1 Performance shares

Performance shares have been granted to certain Group employees and senior executives. Under the corresponding plans, definitive vesting of the shares is conditional on beneficiaries being employed by the Group at the end of the vesting period and on performance conditions being met.

Information on changes in performance share plans currently in force

	31/12/2021	31/12/2020
Number of shares granted subject to performance conditions at beginning of period	7,034,538	6,990,596
Shares granted subject to performance conditions	2,489,680	2,365,032
Shares acquired by beneficiaries	(1,929,768)	(2,146,234)
Shares cancelled	(421,018)	(174,856)
Number of shares granted subject to performance conditions not vested at end of period	7,173,432	7,034,538

Information on the features of the performance share plans currently in force

	Plan set up on 08/04/2021	Plan set up on 09/04/2020	Plan set up on 17/04/2019	Plan set up on 17/04/2018
Original number of beneficiaries	3,960	3,529	3,271	2,947
Vesting date of the shares granted	08/04/2024	09/04/2023	17/04/2022	17/04/2021
Number of shares granted subject to performance conditions originally (*)	2,489,680	2,365,032	2,453,497	2,349,324
Shares cancelled	(14,555)	(30,507)	(80,760)	(419,586)
Shares acquired by beneficiaries	(875)	(2,485)	(5,595)	(1,929,738)
Number of shares granted subject to performance conditions at end of period	2,474,250	2,332,040	2,367,142	-

(*) This includes share granted to the Chief Executive Officer under a plan set up in accordance with ordinary law and subject to the same performance conditions.

On 4 February 2021, VINCI's Board of Directors decided that 88.28% of the performance shares initially granted under the 2018 plan (i.e. 1,925,708 shares) would vest for beneficiaries having remained with the Group (i.e. 2,666 employees). That percentage reflects the fact that the external performance criterion was not 100% fulfilled: the difference between VINCI's TSR between 2018 and 2020 and that of the CAC 40 over the same period was negative by 1.72 percentage points, only allowing an allocation of 41.49% of the 20% portion of the performance shares in the award to vest in full. The internal economic performance criterion measuring value creation and accounting for 80% of the award was 100% fulfilled.

On 8 April 2021, VINCI's Board of Directors decided to set up a new performance share plan to grant a total of 2,489,680 shares subject to performance conditions to 3,960 employees. These performance shares will not vest until a three-year period has elapsed, subject to beneficiaries being employed by the Group until the end of the vesting period and to the fulfilment of the following performance conditions:

- An economic criterion (50% weighting) measuring value creation. This will be determined depending on the ratio of the return on capital employed (ROCE, determined after deconsolidation of the airports business and until global airport traffic has returned to 2019 levels), calculated as an average over a three-year period, to the weighted average cost of capital (WACC), also calculated as an average over a three-year period. The vesting percentage will vary between 0% if the ratio is 1.0x or lower and 100% if the ratio is 1.25x or higher, with linear interpolation between these two limits of this range.
- Financial criteria (25% weighting) including:
 - a) Relative stock market performance (12.5%), measuring VINCI's share price performance by comparison with a composite industry index, calculated on the basis of the stock market valuations of a list of companies with business activities similar to those of VINCI. This relative performance corresponds to the difference, ascertained at 31 December 2023, between the following two indicators:
 - the total shareholder return (TSR) for the VINCI share between 1 January 2021 and 31 December 2023;

- the TSR for the composite industry index between 1 January 2021 and 31 December 2023.

Total shareholder returns include dividends.

The vesting percentage will vary between 0% if the difference is negative by 5 percentage points or more and 100% if the difference is positive by 5 percentage points or more, with linear interpolation between the two limits of this range.

b) The Group's ability to manage its debt and generate cash flows in line with its level of debt (12.5% weighting). This will be measured by the FFO (funds from operations)/net debt ratio, determined according to the methodology of rating agency Standard & Poor's and calculated as an average over a three-year period. The vesting percentage will vary between 0% if the ratio is 15% or lower and 100% if the ratio is 20% or higher, with linear interpolation between the two limits of this range.

- Environmental, social and governance criteria (25% weighting) comprising:
 - a) an external environmental criterion (15%) measured by the Climate Change score received each year by VINCI from CDP Worldwide in respect of the 2021, 2022 and 2023 financial years;
 - b) a safety criterion (5%) measuring the Group's safety performance, based on the frequency rate of workplace accidents with at least 24 hours of lost time per million hours worked for VINCI employees worldwide;
 - c) a criterion relating to increasing female representation (5%) measuring the increase in the percentage of women hired or promoted to management positions across the Group's whole scope. In 2020, that percentage was 25.30%. The aim is to increase it to 28.33% by the end of 2023.

The Board of Directors may adjust these performance conditions either in the event of a strategic decision that changes the scope of the Group's business activities or under exceptional circumstances.

Fair value of the performance share plans

The fair value of the performance shares has been calculated by an external actuary at the respective grant dates of the shares on the basis of the following characteristics and assumptions:

	2021 plan	2020 plan ^(*)	2019 plan	2018 plan
VINCI share price on date plan was announced (in €)	90.70	76.50	89.68	81.23
Fair value of performance share at grant date (in €)	78.64	61.69	74.84	64.12
Fair value compared with share price at grant date	86.70%	80.64%	83.45%	78.94%
Original maturity (in years) - vesting period	3 years	3 years	3 years	3 years
Risk-free interest rate ^(*)	-0.64%	-0.44%	-0.40%	-0.32%

(*) Three-year government bond yield in the eurozone.

(**) Excluding the 2020 long-term incentive plan granted to the executive company officer, for which the fair value per performance share at the grant date (18 June 2020) was €73.05.

An expense of €143 million was recognised in 2021 in respect of performance share plans that have not yet vested (April 2021, April 2020, April 2019 plans and end of the April 2018 plan), compared with €148 million in 2020 (April 2020, April 2019 and April 2018 plans and end of the April 2017 plan).

30.2 Group savings plans

VINCI's Board of Directors defines the conditions for subscribing to Group savings plans in accordance with the authorisations given to it by shareholders at the Shareholders' General Meeting.

Group savings plan – France

In France, VINCI generally issues new shares reserved for employees three times a year at a subscription price that includes a 5% discount against the average stock market price over 20 trading days before the Board of Directors meeting that set the subscription price. Subscribers also benefit from an employer contribution with an annual maximum of €3,500 per person. The benefits granted in this way to Group employees are recognised in profit or loss and are valued in accordance with IFRS 2 on the basis of the following assumptions:

- length of subscription period: four months;
- length of lock-up period: five years.

The estimated number of shares subscribed to at the end of the subscription period is calculated using a method that apportions individual subscriptions based on historical data observed in relation to the 2017, 2018, 2019 and 2021 plans (2020 plans are excluded due to the exceptional nature of that year), taking account of the opportunity cost arising from the lock-up period applicable to units in the savings fund.

The opportunity cost arising from the lock-up period is estimated from the point of view of a third party who would use a loan to buy the same number of disposable shares and repay the loan by selling the shares at the end of the lock-up period. The interest rate on that loan is defined as the rate paid by a private individual on an amortising consumer loan as assessed by the Banque de France in the month of assessment. That rate is compared with the risk-free rate on the allotment date.

	2021		
	First four-month period of 2022 (1 January – 30 April 2022)	Third four-month period of 2021 (1 September – 31 December 2021)	Second four-month period of 2021 (1 May – 31 August 2021)
Group savings plan – France			
Subscription price (in €)	85.59	89.08	77.83
Share price at date of Board of Directors' meeting	91.47	95.73	81.30
Estimated number of shares subscribed	1,861,541	412,896	1,661,792
Estimated number of shares issued (subscriptions plus employer contribution)	3,020,207	672,572	2,570,257

	2020 ^(*)	
	First four-month period of 2021	Third four-month period of 2020
Group savings plan – France (Tranche)		
Subscription price (in €)	69.66	79.90
Share price at date of Board of Directors' meeting	71.82	85.64
Estimated number of shares subscribed	1,885,684	459,242
Estimated number of shares issued (subscriptions plus employer contribution)	3,128,584	748,066

(*) Compared with previous years and due to the Covid-19 crisis, the subscription period of the plan for the first four-month period of 2020 was extended until the end of August. As a result, only two savings plans were proposed to employees in 2020.

Group savings plan – international

In the first half of 2021, in accordance with authorisations given to the Board of Directors by shareholders at the Shareholders' General Meeting, VINCI initiated new savings plans for the employees of certain foreign subsidiaries. Known as Castor International, the plan covers 41 countries, representing 91% of Group revenue and 85% of the Group's workforce outside France.

The main characteristics of this plan are as follows:

- subscription period: from 18 May to 4 June 2021 for all countries except the United Kingdom (seven successive subscription periods between March and September 2021);
- employer contribution consisting of bonus shares, with delivery deferred for three years where possible, or with immediate delivery but a three-year vesting period;
- no lock-up period beyond the three-year vesting period for bonus shares.

Castor International plan (excluding the UK)	2021	2020	2019	2018
Subscription price (in €)	91.72	73.41	88.08	84.50
Closing share price on the last day of the subscription period (in €)	93.45	90.32	90.28	84.32
Anticipated dividend pay-out rate	2.97%	2.51%	2.60%	2.34%
Fair value of bonus shares on the last day of the subscription period (in €)	85.47	83.78	83.60	78.66

The expense recognised in 2021 for all Group employee savings plans amounted to €145 million (€92 million in 2020).

L. Other notes

31. Related party transactions

The Group's transactions with related parties mainly concern the following:

- remuneration and similar benefits paid to members of the governing and management bodies;
- transactions with companies over which VINCI exercises significant influence or joint ventures over which VINCI has joint control.

Transactions with related parties are undertaken at market prices.

31.1 Remuneration and similar benefits paid to members of the governing and management bodies

The remuneration of the Group's company officers is determined by the Board of Directors following proposals from the Remuneration Committee.

The table below shows the remuneration and similar benefits, on a full-year basis, granted by VINCI SA and the companies that it controls to persons who, at the balance sheet date are (or, during the period, have been), members of the Group's governing bodies and Executive Committee. The corresponding amounts have been recognised and expensed in 2021 and 2020 as follows:

(in € thousands)	Members of governing bodies and the Executive Committee	
	2021	2020
Remuneration	11,576	13,027
Employer social contributions	8,449	8,404
Post-employment benefits	2,320	2,267
Termination benefits	3,102	1,549
Share-based payments ^(*)	9,647	10,920
Remuneration as Board members	1,379	1,342

(*) This amount is determined in accordance with IFRS 2 and as described in Note K.30, "Share-based payments".

The variable portion of remuneration and similar benefits relating to 2021 is an estimate, for which a provision has been taken in the period.

The aggregate amount of retirement benefit obligations (contractual lump sums payable on retirement and supplementary defined benefit plans) in favour of members of the Group's governing bodies and Executive Committee amounted to €75 million at 31 December 2021 (€88 million at 31 December 2020).

31.2 Other related parties

Qatar Holding LLC owned 3.8% of VINCI at 31 December 2021. VINCI Construction Grands Projets (49%) and Qatari Diar Real Estate Investment Company (QD, 51%) jointly own Qatari Diar VINCI Construction (QDVC), which is accounted for under the equity method. This company's corporate object is the development of construction activities in Qatar and international markets. It generated revenue of €199 million in 2021.

Group companies can also carry out work for principals in which QD may have a shareholding.

The Group has normal but non-material business relations with companies in which members of the VINCI Board of Directors are senior executives or directors.

Financial information on companies accounted for under the equity method is given in Note E.10.2, "Aggregated financial information".

32. Statutory Auditors' fees

As recommended by the AMF, this table includes only fully consolidated companies.

(in € millions)	Deloitte 2021				PricewaterhouseCoopers 2021				KPMG 2021 ^(*)			
	Statutory Auditor (Deloitte & Associés)	Network	Total Deloitte	%	Statutory Auditor (Pricewaterhouse Coopers Audit)	Network	Total PwC	%	Statutory Auditor (KPMG Audit IS)	Network	Total KPMG	%
Certification, half-year limited review of statutory and consolidated financial information												
VINCI SA	0.4	-	0.4	3%	0.4	-	0.4	4%	-	-	-	0%
Fully consolidated subsidiaries	5.7	4.6	10.2	87%	3.3	4.1	7.4	79%	2.3	0.6	2.9	82%
Subtotal	6.1	4.6	10.6	90%	3.7	4.1	7.8	83%	2.3	0.6	2.9	82%
Services other than certification of accounts^(*)												
VINCI SA	0.4	-	0.4	3%	0.4	-	0.4	4%	-	-	-	0%
Fully consolidated subsidiaries	0.3	0.6	0.8	7%	0.1	1.0	1.2	13%	0.1	0.5	0.6	18%
Subtotal	0.6	0.6	1.2	10%	0.5	1.0	1.5	17%	0.1	0.5	0.6	18%
Total	6.7	5.1	11.8	100%	4.2	5.1	9.3	100%	2.4	1.1	3.6	100%

(*) Services other than certification of accounts include services required by regulations and those provided at the request of controlled entities: contractual audits, comfort letters, audit certificates, agreed procedures, consulting and assignments relating to changes in accounting standards, due diligence procedures for acquisitions, audits of procedures and information systems, and tax services that do not impair auditor independence.

(**) Statutory Auditor for certain Group subsidiaries.

M. Note on litigation

The companies comprising the VINCI Group are sometimes involved in litigation arising from their activities. The related risks are assessed by VINCI and the subsidiaries involved on the basis of their knowledge of the cases, and provisions are taken in consequence as appropriate.

The main legal, administrative or arbitration proceedings that were in progress on or had ended by 31 December 2021 were as follows:

- In relation to the compensation claim commenced by SNCF in March 2011 following the decision handed down on 21 March 2006 by the Conseil de la Concurrence^(*) (the French competition authority), which penalised several companies for collusion in relation to civil engineering works at the Magenta and Saint-Lazare Condorcet stations in Paris (Eole project), the VINCI Group companies reached a settlement with SNCF in March 2016 for the purpose of ending SNCF's claim against them. On 8 March 2016, the Paris Administrative Court noted the reciprocal discontinuance of proceedings and waiver of rights of action between SNCF Mobilités and all VINCI Group companies involved in these proceedings. The dispute is now definitively at an end following a settlement between SNCF and the other companies concerned.

- In a judgment handed down on 17 December 2013, the Paris Regional Court declared time-barred and inadmissible a claim by Région Île-de-France's for compensation for the harm it purportedly suffered because of the anti-competitive practices penalised by the Conseil de la Concurrence^(*) on 9 May 2007 in relation to the programme to refurbish schools in the Paris region between 1989 and 1996. After that judgment, on 16 November 2015, the *tribunal des conflits* (jurisdiction court) declared the ordinary courts not competent to decide the dispute between the Region and various construction companies. More than two years after the jurisdiction court's decision, the Region made 88 applications to the Paris Administrative Court relating to as many school refurbishment contracts, claiming €293 million of damages from 14 companies – including several Group companies – and 11 individuals. In late July 2019, the Paris Administrative Court dismissed the Region's claims. The Region is appealing against those decisions. On 19 February 2021, in its judgments in two of the 88 sets of proceedings, the Paris Administrative Appeal Court took the view that Région Île-de-France's action would not be time-barred in the end, that the region would therefore have grounds to ask the court to find the defendants jointly and severally liable, but that the region's wrongdoing reduced the defendants' liability by a third, and ordered an expert opinion to determine any harm suffered by the Region. This expert opinion has not yet been issued. The defendants have lodged an appeal at last instance against these two judgments before the Conseil d'Etat, and the other 86 sets of proceedings remain adjourned. The Group takes the view that these proceedings, whose origin dates back more than 30 years and which concerns a claim that has already been found to be time-barred in 2013 and then again in 2019, represent a contingent liability whose impact it is unable to measure.

(*) Now known as the Autorité de la Concurrence.

- In August 2019, after the French government notified its intention to terminate early the concession contract relating to the Notre-Dame-des-Landes, Nantes Atlantique and Saint-Nazaire Montoir airports, Aéroports du Grand Ouest (AGO) twice sought to commence the conciliation procedure provided for in Article 94 of the concession contract. The government refused to comply and, through an order dated 24 October 2019, declared that the concession contract had been terminated for public interest reasons. On 5 December 2019, to safeguard its right to compensation, AGO sent to the government an initial compensation request and, on 6 December 2019, it filed an application to the Nantes Administrative Court to challenge the termination order. In its application, AGO reiterated that it was prepared to commence, as an alternative, a mediation procedure under Article L.213-7 of the French Code of Administrative Justice, to try to reach a balanced agreement that would resolve the dispute. On 3 June 2021, AGO received the government's defence, sent by the Nantes Administrative Court. On 30 June 2021, the President of the Nantes Administrative Court proposed a mediation procedure to the parties, pursuant to Article L.213-7 of the French Code of Administrative Justice. AGO accepted this proposed mediation, but the latter was not able to take place due to the government's refusal to implement the procedure. The dispute is therefore still ongoing before the Nantes Administrative Court.

- The Czech Republic's roads and motorways department (RSD) has made several claims against Eurovia CS, a Eurovia subsidiary based in the Czech Republic, as well as other non-Group companies. These claims concern works carried out between 2003 and 2007 in building the D47 motorway. Since late 2012, the RSD has brought several arbitration and legal proceedings mainly to seek damages for what the RSD alleges was defective work affecting the roads and engineering structures that were built as well as additional compensation for various other losses. Repairs have been carried out since the start of 2014, costing substantially less than the amount sought by the RSD. A partial arbitration decision was handed down in June 2021. The corresponding works are expected to be completed by the end of 2022 for amounts that are also considerably lower than those sought by the RSD. An arbitration decision is pending for two other motorway sections and civil proceedings have been brought in relation to a fourth section. Regarding the claims relating mainly to defective work and covered by the proceedings already under way, the RSD is claiming damages of 3.1 billion Czech koruna, of which Eurovia CS's share would be around 75%. In view of its current status and its latest developments, the Group considers that this dispute will not have a material effect on its financial situation.

- Soletanche Bachy France had submitted a request for arbitration to the International Chamber of Commerce after ACT (Aqaba Container Terminal) terminated a contract for the construction of an extension to a container terminal in the port of Aqaba in Jordan. The company was disputing the grounds for terminating the contract, and was claiming \$10 million in damages. ACT contended that it had valid grounds for terminating the contract and that it had incurred additional costs in completing the works, and was counter-claiming \$44 million in damages. The arbitration tribunal, in an arbitration award dated 30 August 2017 amended by two awards dated 28 September 2017 and 1 May 2018, dismissed the company's claim and ordered it to pay ACT \$38.3 million plus \$9.1 million of legal expenses. The company has commenced proceedings to oppose the execution of that decision and against the joint contractors. On 15 December 2020, the Paris Appeal Court confirmed the decision by the Paris Regional Court declaring the arbitration award of 30 August 2017 enforceable. Soletanche Bachy France has lodged an appeal at last instance against this judgment before the Cour de Cassation. Given the provisions it has set aside, the Group considers, in view of the current situation, that this dispute will not have any material effect on its financial situation.

- On 6 November 2019, the Metropolitan Municipality of Lima (Peru) commenced arbitration proceedings against Lima Expresa (hereinafter "LimaEx"), the concession holder of the Línea Amarilla motorway, before the International Arbitration Chamber of Paris. The Metropolitan Municipality of Lima's main claim, as concession grantor, relates to the termination of the 12 November 2009 concession contract and to the series of amendments to that contract. On 20 December 2016, the Group acquired 100% of LimaEx through its subsidiary VINCI Highways SAS. LimaEx is contesting the Metropolitan Municipality of Lima's claims based on allegations of bribery prior to the Group's acquisition of LimaEx, and has filed a counterclaim. In addition, as part of three sets of criminal proceedings currently taking place, one against a former official of the Metropolitan Municipality of Lima and two against an ex-mayor of Lima, the public prosecutors have requested that LimaEx's civil liability be invoked. LimaEx is disputing these requests in each set of proceedings. The Group takes the view that these proceedings represent a contingent liability whose impact it is unable to measure.

- On 12 May 2015, VINCI Construction Grands Projets formed a non-incorporated joint venture with Italian company Astaldi. The entity was created for the purpose of carrying out construction works on the new Santiago airport in Chile under an engineering, procurement and construction contract formed on 18 November 2015 with the concession holder Sociedad Concesionaria Nuevo Pudahuel. VINCI Construction Grands Projets and Astaldi have equal interests in the joint venture. A dispute has arisen between VINCI Construction Grands Projets and Astaldi regarding (i) allegations of mismanagement made by Astaldi against VINCI Construction Grands Projets, which VINCI Construction Grands Projets rejects entirely; and (ii) VINCI Construction Grands Projets' exclusion of Astaldi from the joint venture's governance because of misconduct by Astaldi, which is disputed by Astaldi. Astaldi commenced arbitration proceedings against VINCI Construction Grands Projets on 14 December 2020 before the International Chamber of Commerce. In a letter dated 28 December 2020, Astaldi stated that the amount it was claiming was around €150 million. VINCI Construction Grands Projets entirely disputes the compensation sought by Astaldi and has made a counterclaim aimed at (i) forcing Astaldi to pay its share of the loss suffered by the consortium at the time of its exclusion and (ii) forcing Astaldi to reimburse its share of the calls for funds made during the works, which total €59.6 million. The arbitral tribunal, the seat of which is in Geneva, has been constituted. In view of the current situation, the Group considers that this dispute will not have a material effect on its financial situation.

There are no other judicial, administrative or arbitration proceedings, including any proceedings known to the Company, pending or with which it is threatened, that are likely to have, or have had in the last 12 months, a material effect on the financial situation or profitability of the Company and/or Group.

N. Post-balance sheet events

33. Appropriation of 2021 net income

The Board of Directors finalised the consolidated financial statements for the year ended 31 December 2021 on 3 February 2022. These financial statements will only become definitive when approved at the Shareholders' General Meeting to be held on 12 April 2022. A draft resolution will be put to shareholders in that meeting to pay a dividend of €2.90 per share in respect of 2021. Given the payment of the interim dividend of €0.65 per share on 18 November 2021, the final dividend to be distributed would be €2.25 per share. That dividend would be paid on 28 April 2022 (ex-date: 26 April 2022).

34. Other post-balance sheet events

Share buy-back programme

As part of its share buy-back programme, VINCI signed a share purchase agreement with an investment services provider on 4 January 2022. Under that agreement, which runs from 5 January until 29 March 2022 at the latest, the provider will purchase up to €600 million of VINCI shares on VINCI's behalf. The price paid for those shares will not exceed the maximum price determined in VINCI's Combined Shareholders' General Meeting of 8 April 2021.

O. Other consolidation rules and methods

Intragroup transactions

Reciprocal operations and transactions relating to assets, liabilities, income and expenses between companies that are fully consolidated are eliminated in the consolidated financial statements.

Where a fully consolidated Group entity carries out a transaction with a joint venture or associate that is accounted for under the equity method, income and losses resulting from the transaction are only recognised in the Group's consolidated financial statements to the extent of the interest owned by third parties in the joint venture or associate.

Translation of the financial statements of foreign companies and establishments

In most cases, the functional currency of companies and establishments is their local currency.

The financial statements of foreign companies of which the functional currency is different from that used in preparing the Group's consolidated financial statements are translated at the closing rate for balance sheet items and at the average rate for the period for income statement items. Any resulting translation differences are recognised under other comprehensive income. Goodwill relating to foreign entities forms part of the assets acquired and is therefore denominated in the company's functional currency and translated at the exchange rate in force at the balance sheet date.

Foreign currency transactions

Transactions in foreign currency are translated into euros at the exchange rate at the transaction date. Assets and monetary liabilities denominated in foreign currencies are translated at the closing rate. Foreign exchange gains and losses are recognised in income.

Foreign exchange gains and losses arising on loans denominated in foreign currency or on foreign currency exchange rate derivatives qualifying as hedges of net investments in foreign subsidiaries are recorded under currency translation differences in equity.

Business combinations

Under IFRS 3 (amended), the cost of a business combination is the fair value, at the date of exchange, of the assets given, liabilities assumed, and/or equity instruments issued by the acquirer in exchange for control of the acquiree. Contingent price adjustments are included in the cost of the business combination and are measured at fair value at each balance sheet date. From the acquisition date, any subsequent changes to this fair value resulting from events after control was acquired are recognised in profit or loss.

Expenses that are directly attributable to the acquisition, such as professional fees for due diligence and other related fees, are expensed as they are incurred. They are presented as part of operating income in the "Impact of changes in scope and gain/(loss) on disposals of shares" item of the income statement.

Non-controlling interests in the acquiree, where they give their holders present ownership interests in the entity (voting rights, a share of earnings, etc.) and entitle them to a proportionate share of net assets in the event of liquidation, are measured either at their share of the acquiree's net identifiable assets, or at their fair value. This option is applied on a case-by-case basis for each acquisition.

On the date control is acquired, the cost of acquisition is allocated by recognising the identifiable assets acquired and liabilities assumed from the acquiree at their fair value at that date, except for tax assets and liabilities and employee benefits, which are measured according to their reference standard (IAS 12 and IAS 19 respectively) and asset groups classified as held for sale, which are recognised under IFRS 5 at their fair value less costs to sell. The positive difference between the cost of acquisition and the fair value of the identifiable assets and liabilities acquired constitute goodwill. Where applicable, goodwill can include a portion of the fair value of non-controlling interests if the full goodwill method has been selected.

The Group has 12 months from the date of acquisition to finalise the accounting of assets and liabilities relating to business combinations.

In the case of a business combination achieved in stages, previously acquired shareholdings in the acquiree are measured at fair value at the date of acquisition of control. Any resulting gain or loss is recognised in profit or loss.

Transactions between shareholders, acquisitions and disposals of non-controlling interests after acquisition of control

In accordance with IFRS 10, acquisitions or disposals of non-controlling interests, with no impact on control, are considered as transactions with the Group's shareholders. The difference between the consideration paid to increase the percentage shareholding in an already-controlled entity and the supplementary share of equity thus acquired is recorded under equity attributable to owners of the parent. Similarly, a decrease in the Group's percentage interest in an entity with no impact on control is booked in the accounts as a transaction between shareholders, with no impact on profit or loss. Professional fees and other costs relating to acquisitions and disposals of non-controlling interests that have no impact on control, and any associated tax effects, are recorded under equity. Cash flow related to transactions between shareholders is presented under cash flow (used in)/from financing activities in the consolidated cash flow statement.

Put options granted to non-controlling shareholders

Put options (options to sell) granted to the non-controlling shareholders of certain Group subsidiaries are recognised under other non-current liabilities for the present value of the exercise price of the option and as a corresponding reduction of consolidated equity (non-controlling interest and equity attributable to equity holders of the parent for the surplus, if any).

Assets held for sale and discontinued operations

Assets held for sale

Non-current assets (or groups of assets) are classified as held for sale and recognised at the lower of their carrying amount and their fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction instead of through continuing use.

Non-current assets (including those forming part of a group held for sale) classified as held for sale are not depreciated or amortised.

Discontinued operations

Discontinued operations, whether already stopped, disposed of or classified as held for sale, can:

- represent a business line or a geographical area of business that is material for the Group;
- form part of a single disposal plan relating to a business line or a geographical area of business that is material for the Group; or
- correspond to a subsidiary acquired exclusively for resale.

Discontinued operations are shown on a separate line of the consolidated income statement and the consolidated cash flow statement at the balance sheet date.

The Group assesses their materiality using various criteria, both qualitative (market, product, geographical area) and quantitative (revenue, profitability, cash flow, assets). Assets connected with discontinued operations, if held for sale, are measured at the lower of their carrying amount and fair value less costs to sell.

Report of the Statutory Auditors on the consolidated financial statements

For the year ended 31 December 2021

To VINCI's Shareholders' General Meeting,

1. Opinion

In accordance with our appointment as Statutory Auditors by the shareholders at the Shareholders' General Meeting, we have audited the accompanying consolidated financial statements of VINCI for the year ended 31 December 2021.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the assets and liabilities, and the results of the Group formed by the persons and entities included in the consolidation, in accordance with the International Financial Reporting Standards as endorsed by the European Union.

The opinion formulated above is consistent with the content of our report to the Audit Committee.

2. Basis of our opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the information that we collected provides a sufficient and appropriate basis for our opinion.

Our responsibilities under those standards are stated in the "Responsibilities of the Statutory Auditors in relation to auditing the consolidated financial statements" section of this report.

Independence

We conducted our audit, in accordance with the independence rules laid out in the French Commercial Code (Code de commerce) and in the code of conduct of the statutory audit profession in France, between 1 January 2021 and the date on which we issued our report, and in particular we did not provide any services forbidden by Article 5, paragraph 1 of Regulation (EU) 537/2014.

3. Observation

We draw attention to Note 2.1 to the consolidated financial statements, "Basis for preparing the financial statements," relating to the retrospective application from 1 January 2020 of the IFRS IC decision on the method used to calculate employee benefits and the period of service to which benefits are attributed. Our opinion is not modified in respect of this matter.

4. Justification of our assessments – Key audit matters

The global crisis caused by the Covid-19 pandemic created a particular environment for the preparation and auditing of financial statements for the year. The crisis and the exceptional public health emergency measures have had multiple consequences for companies, impacting their business and financing in particular and increasing uncertainty about their future prospects. Some of these measures, such as travel restrictions and remote working, have also affected companies' internal organisation and how audits are conducted.

In this complex and changing environment, as required by Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters, relating to what were, in our professional judgment, the main risks of material misstatement in relation to our audit of the year's consolidated financial statements, and our responses to those risks.

Those assessments were made in the context of our audit of the consolidated financial statements taken as a whole and in the formation of our opinion stated above. We express no opinion on items of the consolidated financial statements taken in isolation.

Recoverable amount of goodwill and intangible assets, along with interests in concession companies accounted for under the equity method

Notes A.2.3, E.9, E.10, F.13, H.17.1 and H.17.3 to the consolidated financial statements

Description of the risk

Goodwill, concession intangible assets and other intangible assets had material net carrying amounts at 31 December 2021, i.e. €16,472 million, €25,329 million and €7,586 million respectively, together equal to 49% of total assets. Those assets may present a risk of impairment losses arising

from internal or external factors, such as a deterioration in performance, changes in the economic environment, adverse market conditions, movements in traffic levels and changes in legislation or regulations.

The Group is also exposed to a risk of impairment losses in respect of infrastructure operated by concession companies over which the Group has joint control or significant influence. Interests in those concession companies amounted to €353 million at 31 December 2021.

The Group carries out impairment tests on goodwill, concession intangible assets, other intangible assets and interests in concession companies accounted for under the equity method where there is an indication that an impairment loss has arisen. The recoverable amount is based on a value in use calculation, which is itself based on discounted future cash flow forecasts.

These impairment tests reflected the uncertain macroeconomic outlook caused by the Covid-19 health crisis, and Management's various recovery scenarios.

Determining the recoverable amount of these assets and any impairment losses to be recognised is a key audit matter, given the importance of estimates and the level of judgment required by Management regarding the operational performance and future traffic assumptions, long-term growth rates and discount rates used, and the sensitivity of their measurement to changes in certain assumptions

Audit work performed

For cash-generating units and intangible assets that are material or present what we regard as a substantial specific risk of impairment losses, we:

- checked the relevance of the approach used to determine the cash-generating units on which the asset impairment tests were carried out;
- familiarised ourselves with the way in which those impairment tests were carried out;
- assessed whether the main assumptions were reasonable in the context of the repercussions of the Covid-19 crisis, particularly regarding changes in operational performance and traffic levels, long-term growth rates and discount rates used, including by examining those rates with our experts and comparing them with our databases..

As regards goodwill, we examined the appropriateness of information provided in the Notes to the consolidated financial statements on the determination of underlying assumptions and sensitivity analyses in view of the appropriate accounting standard.

Recognition of construction contracts

Notes A.2.3, G.16 and H.19.3 to the consolidated financial statements

Description of the risk

VINCI's Contracting business accounts for more than 80% of VINCI's consolidated revenue, and most of the revenue in that business comes from long-term construction contracts.

Construction contract income and expenses are recognised using the stage-of-completion method: the stage of completion and the revenue to be recognised are calculated on the basis of a large number of completion estimates made by monitoring the work performed and taking into account unforeseen circumstances. Adjustments may therefore be made to initial estimates throughout the life of the contracts and may materially affect results.

If the estimate of the final outcome of a contract indicates a loss, a provision is made for the loss on completion regardless of the stage of completion, based on the best estimates of income, including, if need be, any rights to additional revenue or claims if these are highly probable and can be reliably estimated.

Determining these completion estimates and the financial impact of any adjustments that may become necessary during the performance of projects and operations is a key audit matter, given the amounts involved and the high level of judgment required on the part of the operational departments of the subsidiaries involved in the determination of these completion estimates.

Audit work performed

- familiarised ourselves with the procedures and any specific information systems used by the most material subsidiaries involved in recognising revenue and monitoring the corresponding expenditure;
- assessed and tested the design and implementation of key controls adopted in the most material subsidiaries (manual and computerised controls);
- checked that the estimated revenue on completion was consistent with contracts and supplementary agreements signed;
- assessed whether the risks of delays and cost overruns related to the performance of works were properly taken into account, along with estimates of completion costs, and reviewed the contingencies included in the budget and the extent to which disputes were covered;
- checked that, if a project is expected to be loss-making on completion, a provision is set aside for the loss on completion including, if need be, any rights to additional revenue or claims if these are highly probable and can be reliably estimated.

Provisions for liabilities and litigation

Notes H.19.3, H.20 and M to the consolidated financial statements.

Description of the risk

The Group's companies are sometimes involved in litigation arising from their activities.

Provisions may, as the case may be, be set aside for these liabilities and litigation in accordance with the appropriate accounting standard, and the liabilities and litigation are assessed by VINCI and the subsidiaries concerned based on their knowledge of the matters.

Provisions for litigation (€678 million at 31 December 2021), other current liabilities (€1,763 million at 31 December 2021) and other non-current liabilities (€393 million at 31 December 2021) represented a total amount of €2,834 million at 31 December 2021.

Determining and measuring the recognised provisions for liabilities and litigation is a key audit matter given the amounts involved, the importance of estimates and the level of judgment required by Management in determining those provisions, as regards the likely outcome of the corresponding liabilities and litigation.

Audit work performed

To obtain an understanding of existing liabilities and litigation and the related matters of judgment, we held discussions with the Group's departments, business lines and main subsidiaries. For each of the main liabilities and items of litigation identified, we:

- familiarised ourselves with the procedures used by the Group when ascertaining, documenting and measuring the corresponding provisions;
- corroborated the amount of provisions recognised with the lawyers' replies to our requests for information;
- carried out a critical examination of internal analyses relating to the probability and possible impact of each liability and item of litigation, examining the available information relating to the proceedings (correspondence, claims, judgments, notifications, etc.). In particular, we used our professional judgment to assess the positions adopted by Management, to see where they fell by comparison with risk assessment ranges, and the consistency of those positions over time.

We examined the appropriateness of information provided in the Notes to the consolidated financial statements regarding the main items of litigation identified.

Acquisition of the energy business from ACS ("Cobra IS")

Notes A.1 and B.1 to the consolidated financial statements

Description of the risk

On 31 December 2021, Vinci finalized the acquisition of ACS's energy business ("Cobra IS"). As of 31 December 2021, the total acquisition price was evaluated to €5.1 billion, including the estimated additional earn-out payment to be paid gradually to the seller as gigawatts of renewable energy developed by Cobra IS are made available, over a period lasting up to 30 June 2030.

Data for the Cobra IS business has been consolidated in VINCI's financial statements as of the date of acquisition, on 31 December 2021, and has led to the recognition of provisional goodwill of €4.5 billion. The Group has twelve months from the date of acquisition (up to 30 December 2022) to finalise the allocation of the acquisition price.

We regarded this as a key audit matter because the acquisition is material for the Group and because of Management's use of estimates and judgement in determining the acquisition price and making a preliminary identification of the assets acquired and liabilities assumed.

Audit work performed

In the course of our audit, we examined the legal documentation relating to the transaction, as well as the information that was prepared by Management to determine the acquisition price and the provisional amount of the earn-out payment and to make a preliminary identification of the assets acquired and the liabilities assumed in the transaction.

We familiarised ourselves with the acquisition agreement formed by the Group and the seller and assessed the arrangements made by Management to analyse and recognise the acquisition of control over the company.

We conducted limited review of the opening balance sheet of Cobra IS at 31 December 2021, covering the main entities in the scope of consolidation. In particular, we:

- Performed analytical procedures on the opening balance sheet items, based on risk and materiality criteria;
- Interviewed the management of the acquired companies to understand the main ongoing disputes and litigation;
- Reconciled the consolidated data of Cobra IS with the underlying financial statements.

Lastly, we examined the information provided in the notes to the consolidated account on the accounting treatment of this acquisition, particularly in Note B.1.

5. Specific verification

We also verified, in accordance with the professional standards applicable in France and as required by laws and regulations, the information concerning the Group presented in the management report of the Board of Directors.

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

We attest that the consolidated declaration of non-financial performance, required under Article L.225-102-1 of the French Commercial Code, is included in the information relating to the Group provided in the management report of the Board of Directors, it being specified that, in accordance with the provisions of Article L.823-10 of this code, we have not verified the fair presentation and the consistency with the consolidated financial statements of the information provided in this declaration and this information must be subject to a report by an independent third party.

6. Other legal and regulatory verifications or information

Format of consolidated financial statement to be included in the annual financial report

We also verified, in accordance with professional standards for statutory audit procedures to be carried out on parent company and consolidated financial statements presented in the single electronic reporting format, that the presentation of consolidated financial statements to be included in the annual financial report referred to in section I of Article L451-1-2 of the French Monetary and Financial Code, prepared under the responsibility of the Chief Executive Officer, complies with the format specified in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018. With regard to consolidated financial statements, our work includes verifying that the tagging in the statements complies with the format specified in the aforementioned regulation.

Based on our work, we conclude that the presentation of the consolidated financial statements to be included in the annual financial report complies, in all material aspects, with the single electronic reporting format.

However, it is not our responsibility to verify that the consolidated financial statements ultimately included by your company in the annual financial report filed with the AMF correspond to those on which we performed our work.

7. Appointment of the Statutory Auditors

Deloitte & Associés was appointed as Statutory Auditor of VINCI at the Shareholders' General Meeting of 23 June 1989, taking into account mergers and acquisitions of firms since that date, and PricewaterhouseCoopers Audit was appointed as Statutory Auditor of VINCI at the Shareholders' General Meeting of 17 April 2019.

At 31 December 2021, Deloitte & Associés was in its 33rd year and PricewaterhouseCoopers Audit was in its third year of total uninterrupted engagement.

8. Responsibilities of Management and persons involved in corporate governance in relation to the consolidated financial

Management is responsible for preparing consolidated financial statements that present a true and fair view, in accordance with IFRSs as endorsed by the European Union, and for setting up the internal controls it deems necessary for preparing consolidated financial statements that do not contain any material misstatements, whether due to fraud or error.

When preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, for presenting in those statements any necessary information relating to its status as a going concern, and for applying the accounting concept of going concern, except where there is a plan to liquidate the Company or discontinue its operations.

The Audit Committee is responsible for monitoring the process of preparing the financial information and for monitoring the effectiveness of internal control and risk management systems, and internal audit systems as the case may be, as regards procedures relating to the preparation and treatment of accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

9. Responsibilities of the Statutory Auditors in relation to auditing the consolidated financial statements

Audit objective and procedure

Our responsibility is to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements, taken as a whole, are free of material misstatement. Reasonable assurance means a high level of assurance, although there is no guarantee that an audit conducted in accordance with professional standards will systematically detect all material misstatements. Misstatements may arise from fraud or error, and are regarded as material when they can reasonably be expected, individually or together, to influence the economic decisions that users of the financial statements take on the basis of those statements.

As stated by Article L.823-10-1 of the French Commercial Code, our audit assignment does not involve guaranteeing the viability of your Company or the quality of its management.

When conducting an audit in accordance with professional standards in France, Statutory Auditors use their professional judgment throughout the audit. In addition:

- they identify and assess the risks that the consolidated financial statements contain material misstatements, whether through fraud or error, define and implement audit procedures to address those risks, and collect information that they regard as sufficient and appropriate as the basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, because fraud may involve collusion, falsification, voluntary omissions, false statements or the circumvention of internal controls;
- they familiarise themselves with the internal controls relevant to the audit, in order to define audit procedures appropriate to the situation in hand, and not in order to express an opinion on the effectiveness of internal control;
- they assess the appropriateness of accounting policies adopted and the reasonableness of accounting estimates made by Management, along with information about those estimates provided in the consolidated financial statements;

- they assess whether Management has applied appropriately the going concern convention and, based on information collected, whether or not there is a material uncertainty arising from events or circumstances likely to call into question the Company's ability to continue as a going concern. That assessment is based on information collected until the date of the auditors' report, although it should be borne in mind that subsequent circumstances or events may call into question the Company's status as a going concern. If the Statutory Auditors conclude that there is a material uncertainty, they draw the attention of those reading their report to information provided in the consolidated financial statements in relation to that uncertainty or, if that information is not provided or is not relevant, they certify the financial statements with reservations or refuse to certify them;
- they assess the overall presentation of the consolidated financial statements and assess whether the consolidated financial statements reflect the underlying operations and events so that they give a true and fair view;
- regarding financial information relating to persons or entities included in the scope of consolidation, they collect the information that they regard as sufficient and appropriate to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for managing, supervising and conducting the audit of the consolidated financial statements and for the opinion expressed on those financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee that includes the extent of audit work and the schedule of work performed, along with the conclusions arising from our work. We also make it aware, as the case may be, of any material internal control weaknesses that we have identified regarding procedures for preparing and treating accounting and financial information.

The information in the report to the Audit Committee includes what we regard as the main risks of material misstatements with respect to the audit of the year's consolidated financial statements, and which are therefore the key audit matters. It is our role to describe those points in the present report.

We also provide the Audit Committee with the declaration provided for by Article 6 of Regulation (EU) 537-/ 2014 confirming our independence, within the meaning of the rules applicable in France, as determined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the code of conduct of the statutory audit profession in France. As the case may be, we discuss with the Audit Committee any risks to our independence and the safeguard measures applied.

Neuilly-sur-Seine et Paris-La Défense, le 7 février 2022
Les commissaires aux comptes

PricewaterhouseCoopers Audit

Deloitte & Associés

Bertrand Baloché

Jean-Romain Bardoz

Mansour Belhiba

Amnon Bendavid

*This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.
The Statutory Auditors' report includes information specifically required by European regulations 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.*



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