

ANNUAL
FINANCIAL
REPORT
2021



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This Annual Financial Report is a free translation into English of the official version of the Annual Financial Report which has been prepared in French and in ESEF format (European Single Electronic Format) and is available on the Company's website (www.somfy.com).

01

PRESENTATION OF THE GROUP

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JOINT INTERVIEW WITH THE LEADERSHIP TEAM

2021 WAS A YEAR OF STRONG GROWTH THAT ALSO SAW THE ACCELERATION OF SOMFY'S TRANSFORMATION IN KEEPING WITH ITS GOVERNANCE AND SUSTAINABLE DEVELOPMENT STRATEGY. LET'S TALK TO JEAN GUILLAUME DESPATURE, CHAIRMAN OF THE BOARD OF DIRECTORS, AND PIERRE RIBEIRO, CHIEF EXECUTIVE OFFICER.

HOW DID SOMFY PERFORM IN 2021?

— **P.R.:** 2021 was in line with 2020, a year in which Somfy took full advantage of the recovery that followed the first lockdown. Growth accelerated to 15.7% on a like-for-like basis. It was coupled with strong profitability and a current operating margin of 20.4%, in line with that seen in 2020. Somfy also demonstrated its ability to generate cash: €148 million for the financial year after the acquisition of Répar'stores.

— **J.G.D.:** This strong growth has not abated since June 2020. In the long term, this pace cannot be sustained as the acceleration is being driven by post-Covid effects. Somfy has benefited from a refocusing of investments in the home, where families spend their time and from where they work remotely, and from the frenzied housing market, which has gone hand-in-hand with a lot of renovation work.

HOW IS SOMFY ADAPTING AND LOOKING TO THE FUTURE IN A PERMANENTLY UNPREDICTABLE ENVIRONMENT?

— **J.G.D.:** The health crisis, the increased cost of raw materials and the shortage of electronic components are all forcing us to reinvent ourselves. We are ramping up this transformation by accelerating our digitalisation. We are operating within two timeframes. We are preparing for the future, for example with the acquisition of Répar'stores in order to contribute to the overall life cycle management of roller shutters, while remaining focused on day-to-day operational excellence and performance.

— **P.R.:** Our new governance makes this possible. Jean Guillaume, as Chairman of the Board of Directors, sets the overall long-term priorities. As CEO, I am responsible for the successful implementation of the strategy, operational excellence and the transformation. The electronic component crisis is a case in point.

“Thanks to the new governance structure, we were able to manage the electronic component crisis without postponing this forward-looking and strategic reflection.”

Pierre Ribeiro

We were able to manage it without postponing this forward-looking and strategic reflection. We have established a team in charge of securing our supply sources and boosting our R&D initiatives to design motors incorporating the components available on the market.

WHAT IS THE NATURE OF THE ONGOING TRANSFORMATION?

— **J.G.D.:** Having defined its vision, rolled out its organisation by function and set up its new governance structure, Somfy is demonstrating its ability to manage strong growth and dynamic transformation simultaneously. The latter takes the form of a program of major projects such as the robustness of infrastructure, the performance of sales teams and the efficiency of R&D.

— **P.R.:** The crisis is accelerating this transformation. Improving our infrastructure is a priority for Somfy, as is the roll-out of a new ERP at Group level. This crisis also highlights the importance of continuing to optimise our logistical and industrial efficiency to better serve our customers.



From left to right
Jean Guillaume DESPATURE, Chairman of the Board of Directors
 and **Pierre RIBEIRO**, Chief Executive Officer

WHY DID YOU SET OUT THE “WE ACT FOR A BETTER WAY” SUSTAINABILITY DEVELOPMENT STRATEGY FORMALLY?

— **J.G.D.:** Somfy has long been committed to Sustainable Development. We wanted to clarify our strategy and set ambitious goals. This strategy is key because the energy performance of buildings is at the heart of our value proposition. Our products contribute to reducing our customers’ carbon footprint. 61.5% of our products sold in 2021 were eco-designed.

— **P.R.:** We are also taking action in relation to the carbon footprint of our business, including our factories, where 40% of electricity consumption is from renewable sources. As for our roller shutter and awning motors, we aim to reduce their energy consumption by 40% by 2030.

WHAT DOES THE FUTURE HOLD FOR SOMFY?

— **P.R.:** With global warming and rising energy prices, the energy performance of buildings has become a key issue. Somfy is well positioned to offer solutions that protect the home in summer and provide dynamic sunlight management in winter. Our future also lies in the creation of new services with high added value for manufacturers, installers and users.

— **J.G.D.:** Our first priority is to complete the transformation that we initiated around the globalisation of the company, the excellence of our businesses and digitalisation. At the same time, we are starting to look to our value proposition in order to support our business customers in their own transformation by capitalising on the power and opportunities digital affords.

“The next step is to support our business customers in their own transformation by capitalising on the power and opportunities that digital affords.”

Jean Guillaume Despature

PROFILE

Driven by the desire to respond to profound social and societal changes, Somfy is a family business committed to inspiring new ways of living for all. An independent and French Group, Somfy is the world leader in its sector, pioneering home automation and its motorizations for over 50 years.

The benchmark for useful, simple, and reliable **Smart Living**, Somfy innovates virtuous solutions accessible to the greatest number of people. **As the preferred partner for window and door automation for homes and buildings**, Somfy:

- ▶ **contributes** to creating ever more value by forging inspiring win-win partnerships that invite us to see our homes differently, changing our habits at home, and creating easier and more virtuous solutions;
- ▶ **anticipates** customer usages by listening to them and undergoing the transformation necessary to guarantee the best possible experience;
- ▶ **is committed** to developing a humane and inclusive approach that encourages everyone to grow and act locally.

Every day, Somfy is dedicated to writing the story of what homes will be like tomorrow. A safe, comfortable, intuitive, and energy-efficient home.

Somfy at a glance

Activity & Financial Performance

SALES

€1,477.8M

SALES GROWTH

+15.7%

on a like-for-like basis compared to 2020

CURRENT OPERATING RESULT

€301.1M

Worldwide presence



6,880

employees in 59 countries



8

production sites

R&D and Sustainable Development



2,281

patents in portfolio



61.5%

of products sold with Act for Green label

4 application types



Shutters
and solar
protections



Connected
Home



Security
& Access
control



Interior
blinds
and curtains

One year with our new governance

2021 WAS THE YEAR THE FORM OF A LIMITED COMPANY WITH A BOARD OF DIRECTORS WITH SEPARATE CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER FUNCTIONS WAS INTRODUCED. IN A CHANGING ENVIRONMENT, THIS GOVERNANCE GIVES THE COMPANY MOMENTUM TO WRITE ITS FUTURE AND EXCEL IN THE EXECUTION OF ITS STRATEGY.

EXECUTIVE COMMITTEE

Composed of 8 members and headed by Pierre Ribeiro, the Executive Committee submits and implements the strategy and rolls out the transformation program. It guarantees operational excellence, customer experience quality, and employee engagement.

PIERRE RIBEIRO
Chief Executive Officer



Pierre Ribeiro
Chief Executive Officer



Valérie Dixmier
Deputy CEO in charge of People, Culture and Organization



Tobias Schaper
Group CFO



Marie Ziegler
Head of Strategy & Insights



Bruno Barlet
Head of Sales



Marc Westermann
Head of Products & Services



Jean-Claude Rivier
Head of Engineering & Customer Satisfaction



Bruno Stragliati
Head of Operations & Supply Chain

BOARD OF DIRECTORS

Chaired by Jean Guillaume Despature, the Board of Directors sets Somfy's ambitions, determines its major orientations, and validates its strategy.

The Board is a genuine partner for the Executive Committee, supports it in rolling out its Ambition 2030, and anticipates major trends to prepare for the future. The Board's posture is evolving, and its scope of action is widened by being more in touch with current issues and working on the budget and acquisitions. Two Observers joined the Board in 2021 and brought their expertise in digitalization and finance.

JEAN GUILLAUME DESPATURE
Chairman of the Board of Directors

> **MICHEL ROLLIER***
Vice-Chairman

DIRECTORS

- > MARIE BAVAREL-DESPATURE
- > PAULE CELLARD*
- > SOPHIE DESORMIÈRE*
- > FLORENCE NOBLOT*
- > BERTRAND PARMENTIER*
- > ANTHONY STAHL
- > ARTHUR WATIN-AUGOUARD**

OBSERVERS

- > GRÉGOIRE FERRÉ
 - > VINCENT LÉONARD
- > **50%** women
 > **62.5%** independent Directors
 > **7** meetings in its current form of Board of Directors with an attendance rate of **98%**
 > **2** meetings in its former form of Supervisory Board with an attendance rate of **93%**

* Independent member

** Member representing employees on the Board of Directors

SPECIALIST COMMITTEES

Specialist Committees, which are part of the Board, prepare the Board's work and facilitate decision-making by submitting recommendations on matters within their respective areas of competence.

AUDIT AND RISK COMMITTEE

► It contributes to closing the half-year and annual financial statements and preparing the information provided to shareholders and the market as a whole. It ensures the effectiveness of internal control and risk management systems in preparing accounting and financial information. It participates in selecting the Statutory Auditors and ensures their independence.

- > **4** meetings
- > **100%** attendance rate

APPOINTMENT AND REMUNERATION COMMITTEE

► It makes recommendations on the composition of the Board and its specialist Committees. It manages the compensation of corporate officers and ensures that compensation is transparent. It makes sure that governance runs smoothly and that its expertise is well suited to the Group's challenges. Indeed, it analyzes the company's HR policies regarding compensation, organization, diversity, and talent.

- > **3** meetings
- > **100%** attendance rate

STRATEGY COMMITTEE

► Constantly in touch with the Strategy & Insights Department, the Strategy Committee determines the major strategic orientations. It stimulates and prepares Board members on key issues to help them be partners on strategic issues. In 2021, its work focused on the budget, acquisition targets, and issues related to the annual strategic cycle.

- > **1** meeting
- > **100%** attendance rate

SUSTAINABLE DEVELOPMENT COMMITTEE

► Created in 2021, it has a cross-functional outlook on CSR issues and guarantees the Group's ambition in this area. At its first meeting in November 2021, the Committee reviewed all of the Group's CSR initiatives: compensation, talent and skills development, environmental strategy, and local focus. The next meeting in 2022 will be focused on revising the CSR indicators of the non-financial statement.

- > **1** meeting
- > **100%** attendance rate

A responsible growth model

BY CREATING A BETTER LIVING ENVIRONMENT ACCESSIBLE TO ALL, SOMFY BRINGS WELL-BEING, SECURITY, AND ENERGY SAVINGS TO ITS CUSTOMERS. ITS BUSINESS MODEL CREATES SHARED VALUE FOR ALL GROUP STAKEHOLDERS.

CAPITAL

PEOPLE

- > **6,131** employees⁽¹⁾
- > Somfy present in **59 countries**
- > Funds contributed to
Les Petites Pierres = **€265K**
- > Foundation budget = **€525K**

PLANET

- > Ecodesign-certified since 2015⁽²⁾
- > Energy-efficiency solutions
- > Dedicated team

PROSPERITY

Industrial and commercial capital

- > **€120M** R&D expenses
- > Network of experts
- > **8** industrial sites

Long-term development model

- > Cash flow = **€313M**
- > CAPEX = **€54M**
- > Stable shareholding = **71.9%**

SUSTAINABLE GROWTH MODEL

VISION

Inspiring a better living environment, accessible to all
Everyone, around the world, aspires to a safe, healthy, and sustainable living environment for themselves as well as for their loved ones.

To meet these essential needs for improving living environments, Somfy creates innovative solutions for homes and buildings in three areas:

- > comfort and well-being for all and at all ages;
- > safety of people and property;
- > preservation of the environment.

AMBITION

Be the preferred partner for window and door automation for homes and buildings.

Four strategic pillars serving our 2030 ambition:



Forward-looking in Smart Living



Raising value for customers



Delivering performance



Inspiring & Engaging

KEY ACTIVITIES

Research & Development // Marketing // Prescription // Assembly // Distribution // Sales

VALUE CREATED

PEOPLE

- > Engagement = **7.6**⁽³⁾
- > **25,7%** of women in management
- > **66** solidarity missions for the Foundation
- > **65** Les Petites Pierres projects funded

PLANET

- > **61.5%** of Act for Green products⁽²⁾
- > **210 kT CO₂e** avoided⁽⁴⁾
- > **40%** electricity from renewable sources

PROSPERITY

- > **40** patent applications
- > **46** new products and services
- > Customer Net Promoter Score⁽⁵⁾ = **45.4**
- > **44%** local purchases (<500 km)
- > Sales = **€1,478M**
- > ROCE = **31.4%**

(1) Excluding temporary workers. (2) As per life cycle analyses certified according to the PEP ecopassport® standard. (3) "Intrinsic engagement rate" up 0.5 points.

(4) Volume of emissions avoided by customers using automated roller shutter solutions in France and Germany (methodology validated by Carbone 4).

(5) Customer Net Promoter Score (customer satisfaction indicator) = % promoters - % detractors.

Somfy and its environment

UNCERTAINTY BECOMES THE NORM. WHY? CLIMATE CHANGE, INCREASING SOCIAL INEQUALITIES AND GEOPOLITICAL TENSIONS, AND THE INCREASING SCARCITY OF RESOURCES AND RISING RAW MATERIALS PRICES. LIKE THE ELECTRONIC COMPONENTS CRISIS, WHICH HAS HAD A SIGNIFICANT IMPACT ON MANUFACTURERS, INCLUDING SOMFY.



CLIMATE

Unquestionably, the consequences of climate change are more tangible, recurrent, and irreversible. Faced with the climate emergency, Somfy has chosen to innovate with its solutions for protecting the home in summer and dynamic solar management in winter. The Group manufactures Act for Green eco-designed products, initiates a responsible purchasing approach to buy more locally, and innovates packaging. It invests continuously in solutions to reduce the impact of its operations and develops more energy-efficient products that actively contribute to building energy performance..

PEOPLE AND TALENTS

Today, growth is often slowed down by labor shortages and the difficulty of recruiting talent. In this context, responsible and attentive companies have a head start in attracting and retaining young talent searching for meaning and life balance. Somfy strives to provide an attractive living environment and maintains a corporate culture that offers its employees an enriching and inspiring experience. This commitment is also societal through the associative projects supported by Somfy Foundation. As our environment is increasingly complex, Somfy favors simplicity in its operational methods and empowerment in its decision-making processes. As a company that fosters learning, Somfy is attentive to each employee's employability by creating development programs within their corporate university: Somfy Campus.



CSR challenges and risks

In 2021, Somfy carried out a complete overhaul of its risk catalog, which will enable a more operational analysis of the risks the Group faces over all of the company's major processes. In addition to updating the Group's global risks, a review focused on our response to the Group's internal CSR challenges and those identified by Somfy's stakeholders was carried out. These issues are grouped into Somfy's three pillars within their Sustainable Development policy: Planet, People, Prosperity. The materiality assessment used for this financial year will be reviewed in 2022. For more information, see the Non-financial statement chapter of the Annual Financial Report.

CUSTOMERS AND CONSUMER TRENDS

As a result of the health crisis, the home has become a refuge. In 2021, the trend was confirmed, and homes are the preferred place of investment. Today, homes are more comfortable, more energy-efficient, and more intelligent. Customers are looking for products that are easy to install and use and that are durable and communicating. Somfy has a solid position to respond to those trends and is also present throughout the value chain, from installation to repair. Excellence in customer relations begins with installers as they are the brand's ambassadors, with more than 3,000 belonging to the Somfy Experts network in Europe.



DIGITAL REVOLUTION

The restrictions linked to the health crisis have boosted e-commerce growth. As for the connected home, the arrival of additional home automation solutions has given the market a substantial boost. This market is characterized by the growing number of players of varied sizes, the appearance of new entrants, and the growing presence of GAFA. It is also a more mature market, with the development of open protocols—such as the new Matter connectivity standard in which Somfy is participating—opening the way to interoperable products that are secure in terms of cybersecurity. Digital technology also means using product data to generalize predictive maintenance.

Coping with component shortages

They are everywhere in our everyday objects and are complex and expensive to manufacture. 80% of components are manufactured in Asia. The Covid-19 crisis may have fanned the flames, but the shortage is mainly structural. It is the result of increased production of component-hungry products, such as the electric car. Faced with this situation, Somfy is working hard to secure its supplies. The Group has also mobilized its R&D to design motors that incorporate new generation components.



An ambition that guarantees trust and performance

The purpose of Ambition 2030 is to reinforce the Group's current performance and prepare for the future. This global vision focusing on trust and performance reviews the fundamentals of the pioneering Group that created the first motor for blinds and the first home automation box with the introduction of radio technology. The vision is based on 4 levers: innovation to invent Smart Living, customer centricity through usages, performance, and team engagement.

With Ambition 2030, Somfy is refocusing its strategy. The Group is refocusing on its core business, connected solutions for window and door automation. It aims to develop its value proposition for all usages and stakeholders, from manufacturers and installers to end-users. Today, two fundamental trends are forcing Somfy to reinvent who they are. The first is reducing the carbon footprint of buildings reflected in regulations and changes in public opinion. The second is digitalizing usages, opening up a new era in customer relations.

To make this 10-year vision a reality, Somfy is undergoing a profound transformation in its operations, organization, operational methods, and culture. The Group has adopted a new functions-based organization that focuses on the customer and digital technology. It also launched a 3-year actions plan built around 5 projects: robust infrastructure, sales team performance, efficiency in R&D and a dynamic product range, team engagement, and financial and economic performance.

The customer is at the heart of these transformation projects to make Somfy the preferred partner for window and door automation for homes and buildings. While it is essential to provide customers with useful, efficient, and reliable products, it is equally essential to simplify their lives by integrating Somfy's offers into its ecosystem of connected objects and devising services with high-added value. Guaranteeing this unique customer experience is the promise made by Ambition 2030, which is also a cultural transformation.

CUSTOMER CENTRICITY AND SALES TEAM PERFORMANCE



The crisis has demonstrated that customer centricity starts with reinforced operational fundamentals and the ability to innovate and anticipate market needs. The keyword for Somfy's customer-centricity is digitalization, and the new ERP infrastructure supports it. The key benefits are efficient and lean processes, more accessible access to information, and new customer services. More than ever, employee engagement, transparency, and agility in decision-making are crucial when faced with an extraordinary situation. Under these circumstances, reaching 15.7% growth in sales in 2021 in spite of difficulties encountered to deliver our customers on time is truly remarkable.



OPTIMIZING R&D EFFICIENCY



With 17 R&D centers and more than 600 engineers, Somfy is pursuing its strategy of globalizing its R&D in order to improve the efficiency and speed of new product development. In 2021, the Group filed 40 patent applications and commercialized 46 new products and services. This is the case with the TaHoma suite, which improves the performance and business of installers with an offer that is easier to sell, install, and maintain. The Somfy air program, for simple and safe daily ventilation, is also continuing its development in France with the IntelliTAG air io opening sensor. Thanks to this offer and TaHoma, windows are connected as soon as they are manufactured. Users can check whether their windows are open or closed from their smartphone, and they can receive an alarm if there is an attempted intrusion.

DIGITALIZING AND DEVELOPING A ROBUST INFRASTRUCTURE



A robust infrastructure is necessary to ensure Somfy's industrial, logistics, and digital performance. This, in turn, will deliver excellent service. Today, the Group implements a new digital infrastructure based on a shared operational model supported by the same ERP solution. This ERP was successfully tested in Italy in 2021 and is the foundation of Somfy's digitalization. A robust infrastructure also requires a resilient and efficient multi-brand logistics network to support business growth. Somfy also wants to improve operational performance and efficiency by standardizing production processes and manufacturing lines.



Key figures



+10M

+ 38.4% connected devices

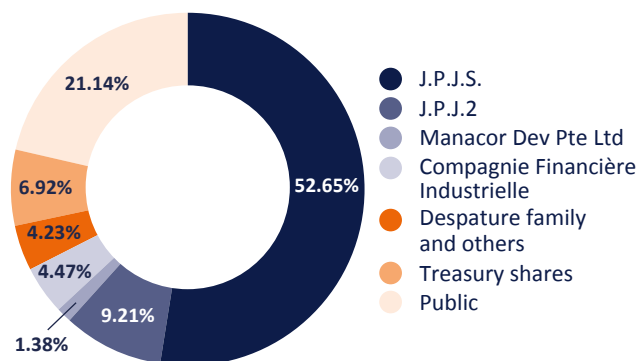


+15.7%

Growth in sales for 2021 (on a like-for-like basis)

INVESTOR RELATIONS

BREAKDOWN OF CAPITAL IN %



CAPITAL

At 31 December 2021, Somfy SA capital amounted to €7,400,000, divided into 37,000,000 shares with a nominal value of €0.20, fully paid up and all in the same class.

The company has not issued any securities giving right to capital. As authorised, the company owned 2,560,045 Somfy SA shares at 31 December 2021.

GROSS DIVIDEND

Per share, in €

31/12/20	1.85
31/12/21	2.15

NET PROFIT

Per share, in €

31/12/20	6.19
31/12/21	7.49

LISTING

Somfy SA has a Board of Directors and is listed on Euronext Paris in compartment A (ISIN Code FR0013199916).

CONTRACT

On 20 June 2018, Somfy SA signed a liquidity contract with ODDO BHF.

2022 FINANCIAL CALENDAR

25 January	Release of 2021 Full-Year Turnover
9 March	Release of 2021 Full-Year results
10 March	Financial Information Meeting - Presentation of 2021 Full-Year Results
14 April	Release of 2021 Annual Financial Report
21 April	Release of Quarterly Turnover (Q1 2022)
1 June	Annual General Meeting
21 July	Release of 2022 Half-Year Turnover
7 September	Release of 2022 Half-Year Financial Report
7 September	Release of 2022 Half-Year Results and Conference Call
19 October	Release of Turnover for the First Nine Months of FY 2022

ORGANISATION

GENERAL MANAGEMENT

—
Chief Executive Officer:

Pierre Ribeiro

Deputy Chief Executive Officer in charge of People, Culture and Organization:

Valérie Dixmier

BOARD OF DIRECTORS

—
Chairman:

Jean Guillaume Despature

Vice-Chairman:

Michel Rollier*

Directors:

Marie Bavarel-Despature

Paule Cellard*

Sophie Desormière*

Florence Noblot*

Bertrand Parmentier*

Anthony Stahl

Arthur Watin-Augouard**

Observers:

Grégoire Ferré

Vincent Léonard

AUDIT AND RISK COMMITTEE

—
Chairman:

Bertrand Parmentier*

Member:

Paule Cellard*

Observer:

Vincent Léonard

APPOINTMENT AND REMUNERATION COMMITTEE

—
Chairman:

Michel Rollier*

Members:

Paule Cellard*

Jean Guillaume Despature

STRATEGY COMMITTEE

—
Chairman:

Jean Guillaume Despature

Members:

Sophie Desormière*

Bertrand Parmentier*

Anthony Stahl

Observer:

Grégoire Ferré

SUSTAINABLE DEVELOPMENT COMMITTEE

—
Chair:

Florence Noblot*

Members:

Marie Bavarel-Despature

Jean Guillaume Despature

STATUTORY AUDITORS

—
ERNST & YOUNG et Autres
KPMG SA

FOR FURTHER INFORMATION

—
Pierre Ribeiro

Chief Executive Officer

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www.somfyfinance.com

* Independent member.

** Member representing employees.

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MANAGEMENT REPORT

TO THE COMBINED GENERAL MEETING OF 1 JUNE 2022

Ladies and Gentlemen,

In accordance with legal and regulatory provisions, the Board of Directors has convened you here in order to inform you on the management of your company and its subsidiaries and to submit for your approval the financial statements for the year ended 31 December 2021.

Founded in 1969 in France, and now operating in 59 countries, Somfy is the world leader in window and door automation for homes and buildings. Pioneer in the connected home, the Group is constantly innovating to guarantee its users comfort, well-being, and security in the home and is fully committed to promoting Sustainable Development. For more than 50 years, Somfy has been using automation to improve living environments and has been committed to creating reliable and sustainable solutions that promote better living and well-being for all.

HIGHLIGHTS OF THE YEAR

PRESSURE ON PROCUREMENT

Covid-19 is still present internationally, but Somfy has modified its organisation in order to deal with it and ensure continuity of service for its customers. The very strong upturn in demand has led to both cyclical pressures on the electronic components and raw materials markets and supply disruptions. These disruptions have had a limited impact on the financial year's results, which have been driven by very strong sales.

CHANGE OF GOVERNANCE

At the Combined General Meeting of 2 June 2021, the company changed its corporate governance structure by adopting the form of a limited company with a Board of Directors. In addition, on 2 June 2021 the Board of Directors decided to separate the roles of Chairman and Chief Executive Officer and made the following appointments:

- Jean Guillaume Despature, Chairman of the Board of Directors;
- Pierre Ribeiro, Chief Executive Officer;
- Valérie Dixmier, Deputy Chief Executive Officer in charge of People, Culture and Organization.

At the same Board meeting, Michel Rollier was appointed Vice-Chairman of the Board of Directors, and four specialist Committees were established: Audit and Risk Committee, Appointment and Remuneration Committee, Sustainable Development Committee and Strategy Committee.

ACQUISITION OF RÉPAR'STORES

The acquisition by Somfy of a majority stake of 60% in the share capital of Répar'stores, a specialist in repair and upgrade services for roller shutters in France, took effect at the start of January 2021 following the lifting of the usual conditions precedent. Répar'stores has since been fully consolidated in Somfy's financial statements. The agreement is accompanied by additional options allowing for the acquisition of Répar'stores' remaining shares at the end of 2026.

The acquisition of Répar'stores is in line with the ten-year strategic plan Ambition 2030 – to consolidate its status as the preferred partner in window and door automation for homes and buildings, while simultaneously securing the necessary resources to capture new market opportunities in the services category and reinforce its commitment to end-users. Beyond the operational synergies brought about by this alliance, this combination allows Somfy to strengthen its commitment to Sustainable Development by investing in the ability to repair roller shutters and in their sustainability.

Roller shutter repairs and upgrades is a niche segment with high growth potential due to the size of the installed base (more than 65 million roller shutters estimated in France, almost half of which are not motorised) and its continued growth (driven by both renovation and new builds). To serve this fast-growing market, Répar'stores will be able to leverage Somfy's strong global presence and its network of European subsidiaries.

The purchase price was €34.7 million for 60% of the share capital. The financial impacts of the transaction are detailed in note 2.3 to the consolidated financial statements.

Over the 2021 financial year, Répar'stores employed 138 people, had 209 franchisees and contributed €33.8 million in sales and €3.0 million to current operating result.

CHANGES TO THE CONSOLIDATION SCOPE

—
Apart from the transaction discussed above, there were no material changes to the consolidation scope during the 2021 financial year.

CONTINGENT LIABILITIES

—
In a decision dated 23 June 2021, the highest Court of Appeal, the *Cour de Cassation*, dismissed the appeal by staff of the company **Spirel** in their dispute against **Somfy SA**, thereby concluding the case brought by the employees before the regional court of Albertville, the *Tribunal de Grande Instance*. The ruling issued by the Chambéry Court of Appeal on 21 May 2019 is therefore final. It should be noted that the Court of Appeal dismissed the claims of the employees relating to the alleged deliberate bankruptcy of Spirel and the non-material damage caused as a result of anxiety, disappointment and vexation, and their claims for compensation totalling €8.2 million, as well as the requirement for Somfy SA to repay the advance payments made by the Association that underwrites salary debts (AGS - *Association de Garantie des Créances Salariales*) up to a maximum of €2.9 million sought by the liquidator of Spirel.

The proceedings before the Labour Court of Albertville, dismissed in 2016 and 2018 and involving the employees contesting the grounds for their redundancy and claiming damages of an amount substantially similar to the amount claimed in the proceedings before the regional court are still ongoing.

The Group continues to qualify the risk as a contingent liability and no provision was recognised at 31 December 2021.

In a ruling of 17 December 2021, the Paris Commercial Court dismissed all claims brought by **Alder Holdings SAS** (formerly United Technologies Holdings SAS) in its case against **Somfy SA** concerning the disposal of CIAT shares in 2015. Alder Holdings was also ordered to pay the sellers €100,000 in damages and €300,000 in unrecoverable costs under Article 700 of the Code of Civil Procedure.

For reference, Alder Holdings was claiming a total of €18.4 million from the sellers of the CIAT shares (of which Somfy's portion would have been €8.5 million) under the liability guarantee, in connection with complaints fully contested by the sellers, and also remained liable for deferred payments.

The Court ordered the provisional enforcement of its judgement, such that:

- Alder Holdings should pay the outstanding amounts owed in respect of deferred payments. In February 2021, a judge hearing applications for interim measures had already ordered Alder Holdings to pay a €6.6 million provision (including €2.9 million for Somfy, received in April 2021);
- funds held by the conventional sequestrator in the amount of €10 million should be paid to the sellers in settlement of the balance of the purchase price;
- the total amount remaining to be received by Somfy SA is €6.8 million.

Alder Holdings appealed the ruling on 26 January 2022. The proceeding is thus still ongoing. However, on the strength of this favourable ruling, Somfy SA remains confident as to the outcome of this litigation. It has qualified the risk as a contingent liability and no provision was recognised at 31 December 2021. Similarly, no writedown of receivables in respect of the deferred payment was recognised at 31 December 2021.

PRESENTATION OF FINANCIAL STATEMENTS

PARENT COMPANY DATA

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Over the year ended 31 December 2021, Somfy SA generated sales of €4.6 million. Net financial income amounted to €192.1 million, including €189.3 million in dividends paid by the subsidiaries in respect of their net profit for the year to 31 December 2020.

Net profit was €184.5 million, after inclusion of a tax income of €2.2 million.

CONSOLIDATED DATA

SALES

Group sales were €1,48 billion for the 2021 financial year, an increase of 17.6% compared with the previous financial year (up 15.7% on a like-for-like basis). They included significant growth of 40.8% over the first half-year, and a decline of 5.0% over the second on a like-for-like basis, taking into account atypical comparison bases in 2020. Group sales recorded growth of 23.1%

in real terms in comparison with the 2019 financial year - unaffected by the pandemic - reflecting the buoyant market.

All regions ended the 2021 financial year recording double-digit growth, except for Central Europe, which was particularly impacted by the component crisis, but which nevertheless proved resilient (up 0.7% on a like-for-like basis).

Impressive performances were recorded in North America, a key region for the development of the Group, and in France, as well as in Latin America, Southern Europe and Africa & the Middle East.

Over the financial year, the currency effect was negligible and the scope effect was €33.8 million, representing the contribution of Répar'stores, consolidated since 1 January 2021.

Sales of the equity-accounted Chinese subsidiary Dooya totalled €275.6 million over the financial year, an increase of 37.1% (up 33.0% on a like-for-like basis, including growth of 43.9% over the first half-year and 25.4% over the second). Sales were driven by both China (up 30.3% on a like-for-like basis) and the rest of the world (up 35.0% on a like-for-like basis).

SALES BY CUSTOMER LOCATION

€ thousands	31/12/21	31/12/20	Change N/N-1	Change N/N-1 on a like-for-like basis
Central Europe	262,511	261,044	0.6%	0.7%
<i>of which Germany</i>	<i>211,568</i>	<i>212,185</i>	<i>-0.3%</i>	<i>-0.3%</i>
Northern Europe	168,400	146,613	14.9%	13.4%
North America	132,981	107,127	24.1%	27.7%
Latin America	24,427	19,286	26.7%	35.9%
NORTH & WEST	588,319	534,069	10.2%	10.9%
France	431,883	347,444	24.3%	14.6%
Southern Europe	148,931	119,880	24.2%	23.9%
Africa & the Middle East	79,021	60,604	30.4%	40.1%
Eastern Europe	152,295	127,187	19.7%	21.1%
Asia-Pacific	77,385	67,943	13.9%	13.4%
SOUTH & EAST	889,514	723,059	23.0%	19.3%
TOTAL SALES	1,477,834	1,257,128	17.6%	15.7%

RESULTS

Current operating result totalled €301.1 million for the financial year, an increase of 15.5%, and represented 20.4% of sales, maintaining the exceptional level of current operating margin of the previous financial year (20.7% in 2020).

This was driven in particular by the Group's strong growth and by the continuation of certain non-recurring cost savings, the health situation once again restricting the holding of business events and limiting travel. Results for the financial year were conversely negatively impacted by the significant rise in transportation and raw material costs.

The impact of non-recurring items and net financial expense was not material. Corporation tax increased automatically given the level of profits. Share of net profit from associates and joint ventures was €17.0 million, an improvement thanks to Dooya's good results.

Consolidated net profit totalled €259.4 million, an increase of 21.8%.

The return on capital employed (ROCE) stood at 31.4%, compared with 29.6% the previous year, testament to these strong results.

FINANCIAL POSITION

Shareholders' equity grew from €1,171.0 to €1,371.2 million over the financial year, and the net financial surplus increased from €517.7 million to €641.7 million.

The sound financial structure was maintained, thanks in particular to the high level of cash flow which covered the main requirements.

ALTERNATIVE PERFORMANCE MEASURES

The change N/N-1 on a like-for-like basis, current operating margin, ROCE and net financial debt are Alternative Performance Measures (APMs), definitions and calculation details of which are included in note 4.3 of the notes to the consolidated financial statements.

SEGMENT REPORTING AT 31 DECEMBER 2021

€ thousands	North & West	South & East	Intra-regional eliminations	Consolidated
Segment sales	577,938	1,224,707	-324,811	1,477,834
Intra-segment sales	-2,658	-322,153	324,811	-
Segment sales - Contribution to sales	575,280	902,554	-	1,477,834
Segment current operating result	79,491	221,566	-	301,056
Share of net profit/(loss) from associates	-	17,027	-	17,027
Cash flow	51,254	261,854	-	313,108
Net investments in intangible assets & PPE (including IFRS 16)	7,621	62,370	-	69,991
Goodwill	2,775	116,260	-	119,035
Net intangible assets and PPE	37,857	325,568	-	363,425
Investments in associates and joint ventures	-	172,998	-	172,998

STOCK MARKET PERFORMANCE

During the 2021 financial year, the Somfy SA share price increased by 27.1%. At 31 December 2020, the last trading day before the close of the previous financial year, the share price was €138.60, compared with €176.20 at 31 December 2021. Over the same period the CAC 40 and CAC All-Tradable indices increased by 28.9% and 26.1% respectively.

Based on this last share price and taking account of a gross dividend per share of €2.15, the Somfy SA share yielded 1.2%.

The market for the share recorded a monthly trading volume high of 430,164 and low of 111,158, with a monthly average of 182,909 shares, compared with 104,670 shares the previous year.

POST-BALANCE SHEET EVENTS

AGREEMENT TO ACQUIRE THE ITALIAN GROUP TELECO AUTOMATION

Somfy announced the signing on 24 February 2022 of an agreement for the acquisition of a 75% stake in the share capital of Italian group Teleco Automation, a specialist in automation, control and lighting systems for indoor and outdoor residential equipment. This acquisition will enable Somfy to benefit from the Italian group's expertise and innovation capacity in the automation of solar protection equipment for terraces, particularly pergolas and awnings, in order to accelerate the development of its core business and support the digitalisation of outdoor living equipment.

Founded in 1996 and operating in more than 40 countries, Teleco Automation, which has 180 employees, reported dynamic growth in 2021, generating sales of more than €40 million.

The acquisition is expected to close during the second quarter of 2022, subject notably to the waiving of usual conditions precedent. Somfy will finance the acquisition using existing cash resources.

The agreement comes with put and call options relating to the balance of Teleco Automation's share capital exercisable in early 2025.

RUSSIAN-UKRAINIAN CRISIS

Somfy is closely monitoring developments in the crisis between Russia and Ukraine. It is working to protect its employees and safeguard its assets in these countries, which together account for less than 1% of Group sales. To date, it is difficult to measure the consequences of this crisis in 2022 on economic activity in general and on the Group in particular.

OUTLOOK

The 2021 financial year confirmed the momentum of the home market and the continuation of the strong trend in favour of the digitalisation of homes and buildings, both indoor and outdoor. The context of ongoing shortages, once again limiting visibility for the coming year, has led the Group to exercise caution. Nevertheless, Somfy forecasts continuing growth in sales over the 2022 financial year.

In addition, the Group is significantly ramping up its investments to strengthen its production capabilities in order to support its growth, continue its innovation efforts, adapt its logistics, and accelerate its digitalisation.

It is also monitoring acquisition opportunities on its core markets or in relation to complementary activities such as digital and services, in the key regions of Europe and the United States, as can be seen by the recent signing of an agreement to acquire Teleco Automation, an Italian group, leader in automation systems for bioclimatic pergolas.

By making customers ever more central to its strategy, during this new financial year, the Group will continue all the measures introduced to prevent the impact of shortages, best respond to market demand and support its growth.

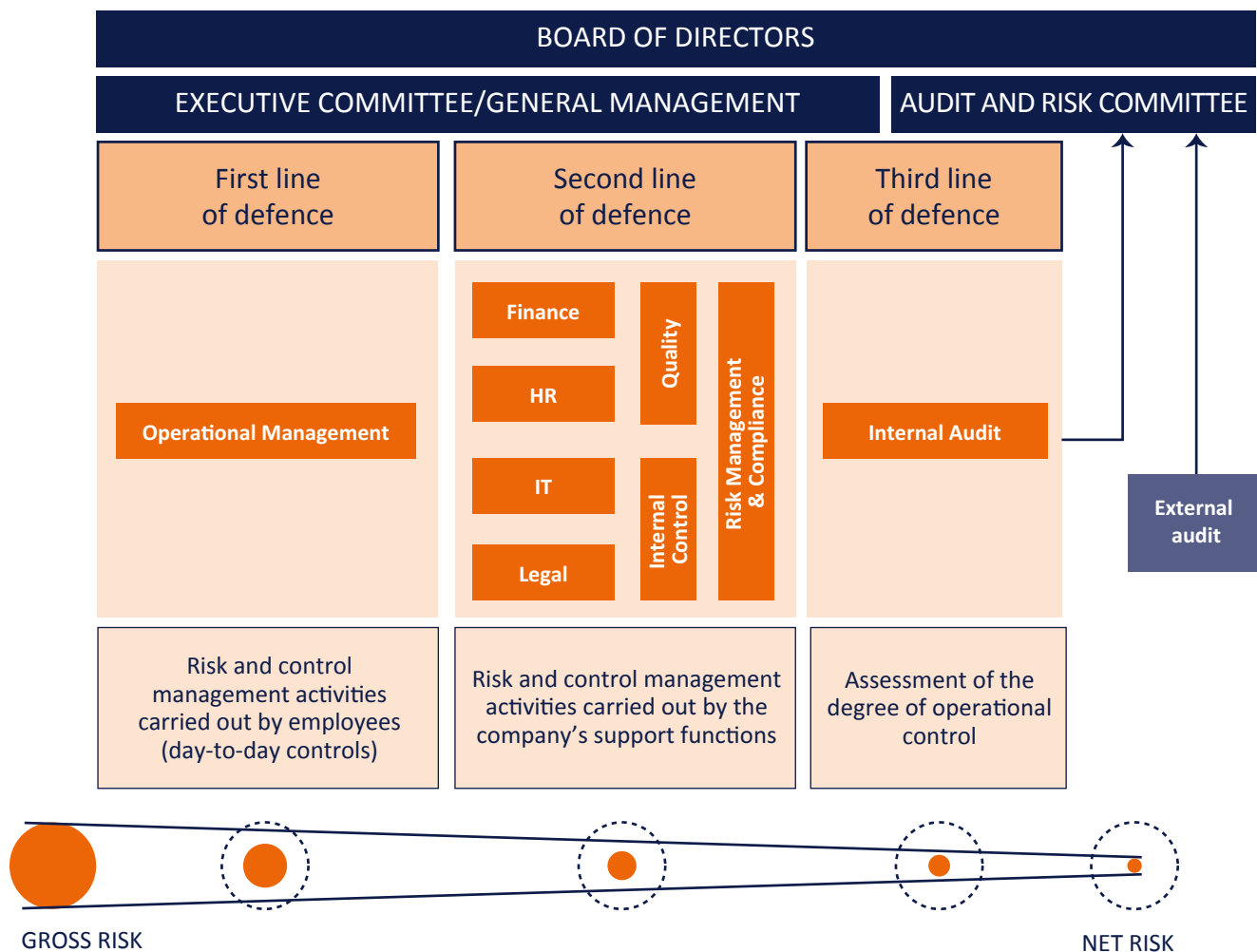
RISK MANAGEMENT AND INTERNAL CONTROL

PRESENTATION OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

GOVERNANCE AND LEADING PLAYERS

The Group’s internal control and risk management system covers all the controlled companies that fall within the Group’s consolidation scope, apart from equity-accounted companies, notably Dooya, which has its own system, in which the Group is involved in particular through the creation of a dedicated Audit Committee, presence on the Dooya Board and support in line with needs.

At Group level, the system has been developed around the three lines of defence model, ensuring the effective division of roles and responsibilities.



The first line of defence, operational units

The Group’s operational units have been made aware of the need for compliance with rules and procedures in order to establish an effective first line of control.

Each Group entity must implement appropriate control activities at operational level in relation to the processes that concern it, by applying the rules and guidelines developed at Group level.

The second line of defence, Functional Departments

Functional Departments represent an essential link in the second line of control. Each of these Departments sets out the procedures to be applied and offers their support to the Group’s entities in relation to the implementation of action plans aimed at reducing the risks identified.

The second line of control also includes the Risk Management & Compliance and Internal Control functions, specifically responsible for leading an overall Group approach in order to ensure all risks are properly identified and addressed.

The third line of defence, Internal Audit Department

The Internal Audit Department oversees the overall monitoring of the quality of risk management, the relevance and effectiveness of the monitoring system as well as compliance with rules and codes of conduct. It is responsible for assessing how well the internal control system works and for proposing recommendations for improvement if needed.

Internal audits of the Group are conducted under the supervision of the Internal Audit Manager who relies on a team made up of two auditors, with an average of 20 assignments per year. Following each assignment, and based on the recommendations issued by the auditors, action plans are prepared by the entities concerned to correct the shortcomings highlighted by the audit reports.

A summary of these recommendations is presented to General Management and the Audit and Risk Committee every quarter.

GRC (Governance, Risk and Compliance) solution

In order to perform their coordination and management role, the Internal Control, Risk and Compliance, and Internal Audit Departments all have a shared GRC solution, which specifically allows them to:

- initiate a self-assessment campaign for subsidiaries each year, based on a framework of key controls;
- monitor all the assignments of Internal Audit, as well as the related recommendations and the corresponding action plans;
- assess the Group's risks at several levels in the organisation, consolidate the results at Group level and link them with action plans.

In 2021, this system was also used to collect from the Group entities concerned, the indicators mentioned in the non-financial statement.

In addition, a digital solution for accounting controls was purchased in 2021, and was tested in a pilot subsidiary. It will be rolled out across other entities in 2022 and subsequent years, in line with a roadmap defined in accordance with the implementation of the Group's new ERP and internal audit plan.

The use of all these resources is closely monitored by the Audit and Risk Committee, which is regularly informed of the progress achieved and the results obtained.

RISK MANAGEMENT

The Group's risk management includes all the resources, processes and initiatives that aim to identify, assess and control the Group's risks in reference to its strategic objectives.

Group Management firmly believes that risk management and control contributes to:

- creating and preserving the value, assets and reputation of the Group;
- securing the Group's decision-making and processes to facilitate the achievement of targets;
- encouraging actions that are consistent with the Group's values;
- raising employee awareness and bringing them together around a shared vision concerning the risks inherent in their activity.

A Group risk framework has been established to be able to formally set out and consolidate the assessments of each scope and function. In 2021, this framework was reviewed in order to further integrate the management's approach *via* processes and risk management, as well as the related controls, as part of an ongoing improvement drive.

The assessment stage involves examining the potential consequences of the main risks identified (consequences that may in particular be financial, human, legal or reputational) and to assess their likelihood of occurring.

The Group has adopted standard methodology for assessing risks enabling the assessment of inherent (gross) risks and residual (net) risks based on a standard and consistent rating allowing the impacts, likelihood of occurrence and level of control to be graded. These assessments mean that the Group's risks can be mapped and updated every year by the Risk and Compliance Department.

This mapping is ratified by the Executive Committee which undertakes to monitor the main risks identified. An owner is appointed for each priority risk and is responsible for proposing action plans for the handling of that risk. Monitoring these risks is incorporated into the monthly review cycles of the Executive Committee.

Mapping also helps with the development of the annual audit plan, as the audit team is responsible for challenging the assessment of certain risks and for proposing recommendations to reduce them.

INTERNAL CONTROL

Definition and objectives

The internal control system is implemented to provide reasonable assurance regarding the achievement of objectives by contributing to the effectiveness and efficiency of operations, to the reliability of the financial reports and to compliance with applicable laws and regulations.

The Group's internal control system draws on the COSO framework.

Controls and assessments

A framework of key controls has been defined for each of the business's major processes and is used during an annual self-assessment process by each entity Manager.

An annual review of this framework is conducted in order to update it, facilitate its understanding by all subsidiaries and tailor it to the level of internal control maturity acquired. Each of these controls addresses one or more risks in the Group's inventory of risks.

Certain controls are related to processes that are also updated if necessary.

Internal control monitoring

The Internal Control Department notably conducts two types of monitoring:

- an analysis of the results of the self-assessment campaign for internal controls for Year N and a comparison with Year N-1;
- a quarterly dashboard monitoring the action plans for each of the Group's major functions, enabling their progress to be measured.

These documents are notably sent to the Business Area Managers and the Heads of Processes for observation of development, deviations and implementation deadlines.

Certain improvements are directly addressed by entities at a local level, while others are looked into centrally by the Internal Control Department and/or in collaboration with other cross-Group functions.

A GRC Committee meets every two months to discuss the risks identified and the audit assignments carried out, analyse incidents, identify deviations and suggest adjustments to the overall system.

INTERNAL CONTROL SYSTEM RELATING TO THE PROCESS FOR PREPARING ACCOUNTING AND FINANCIAL INFORMATION

Control measures relating to the process for preparing accounting and financial information are detailed below in response to the objective of reliability in financial reporting.

Preparation of financial statements

The Group has defined a unique and common framework for the recording of accounting and financial information. It resulted in the definition and implementation within all subsidiaries of a Group chart of accounts, as well as the definition and implementation of the main management procedures (inventories, non-current assets, trade receivables, etc.), which are formalised in the Group Procedure Manual relayed through and updated on the Group's intranet.

The Group's various ERPs thus include standard configuration concerning in particular the accounting plan and analytical monitoring, enabling the application of Group processes.

Furthermore, the proper application of the chart of accounts and the procedures, and the reporting reliability are monitored by visits to subsidiaries, planned within the context of year-end and half-year closing. This control was carried out remotely in 2020 and 2021.

Other controls take place during the budget preparation and monthly reporting processes.

Particular care is taken with risk analysis, through a review of asset provisions and provisions for liabilities and charges, as well as off-balance sheet commitments.

Financial statements control

The Consolidation Department, after verifying the completeness of financial information, the proper application of closing procedures and restatements, performing the intragroup account reconciliations and verifying the net equity justification, performs financial statement consolidation using dedicated software.

The consolidated financial statements are prepared in accordance with IFRS. In addition, accounting options selected are presented to and approved by the Audit and Risk Committee.

Financial communication

Following their approval by the Management Board and their review by the Supervisory Board, the half-year and full-year financial statements are presented to the financial community under the auspices of the SFAF (French financial analyst society) and published in a report posted on the financial issuer's website (www.somfyfinance.com) as well as *via* a primary information provider (www.info-financiere.fr). As of 2 June 2021, approval of the financial statements now falls under the remit of the Board of Directors in virtue of the change in the company's governance structure by adopting the Board of Directors form.

The other regulated information referred to in Article 221-1 of the AMF's general regulations is also available on both these sites. Relevant information relating to the company's business activities is presented to the Audit and Risk Committee.

Treasury management

The Group Treasury Department reports to the Group's Head of Accounting, Consolidation and Treasury.

A Treasury Committee meeting is held each month with the Chief Financial Officer. The role of this Committee is twofold:

- strategic: to define the overall policy in terms of Group Cash Management, financing, and interest rate, exchange rate and investment risk management. They also include the follow-up of Group subsidiaries' equity balance sheet items;
- operational: to guarantee the regular monitoring of Group Cash Management's actions. These are detailed in a monthly dashboard.

A Group Treasury Charter defines best practices and list in a single document the guidelines that ensure the secure, economical and efficient management of financing and deposit operations, and more generally of cash management and bank relations within the Group.
















In 2021, an e-learning module based on the Group Treasury Charter and raising financial community awareness of the risks of fraud has been rolled out and followed by 98% of the financial population. The e-learning module is available in the training catalogue for new employees.

RISK FACTORS

MAIN RISKS

The selection of the main risks presented in this section was made based on a review of the Group's risk mapping, updated in July 2021. Only risks specific to the Group likely to significantly affect its activity, image or financial position are included. These are the risks with a significant net impact or that are specific to Somfy. The net impact takes into account the gross impact and the risk mitigation measures adopted by the Group.

The table below groups these risks by category. A pictogram highlights the risks in relation to which a CSR component has been identified.

Category	Risk	Description	CSR component	Trend
Operational	Offer Strategy for Existing Offer	Non-optimal management of product lines and the portfolio throughout the life cycle would create inefficiency and additional costs.		
	Obsolescence of Components	The components of certain products could become more vulnerable and obsolete due to developments in technology, change in suppliers, environmental restrictions or safety requirements.		
	Quality of Products & Services	Defects related to the quality of products and services would threaten the company's ability to satisfy its customers and increase its market share, and in general terms would have a negative impact on its operations.		
	Social/Political Risk	Social, political and geopolitical action would threaten Somfy's resources by preventing commercial activities and transactions from progressing normally.		
	Catastrophic & Unforeseen Event	The lack of a ready crisis management system including solutions and trained crisis coordinators within the Group would prevent Somfy from reacting appropriately and sufficiently rapidly to limit the impact of the event should it occur.		
	Production & Logistic Non Quality	The lack of any production and logistics process monitoring could cause quality problems or logistics errors leading to failure to deliver.		
	Production Capacity Risk	Insufficient production capacity may lead to an inability to satisfy customer needs and demands; in addition, an underused resource capacity would lead to higher investment costs and lower margins.		
	Supply Availability/Critical Vendor Risk	Limited availability or problems with a critical supplier would threaten Somfy's ability to provide a high-quality service at competitive prices.		
	Global Shortage of Raw Materials/Components	Certain raw materials, components and equipment that Somfy needs in order to manufacture its products can be out of stock due to market pressures (electronic components, plastic, etc.) and low transportation capacity (shipping containers) and could lead to a slowdown or stoppage in production.		
	Cyber Attack Risk & Unavailability of Information Systems	The ineffectiveness of technical and physical IT defences would threaten the ongoing integrity, availability and confidentiality of systems or data. A lack of business recovery plan following downtime of the organisation's critical information systems would lead to a prolonged outage of information services.		

Category	Risk	Description	CSR component	Trend
Operational	So! One Project	The implementation of SAP across all of Somfy's entities is a major project for the Group over several years, structuring new processes and new solutions for day-to-day operations and commercial decisions.		
	Talent and Competencies Risk	Poor management of Somfy's training, knowledge, skills, career opportunities or key staff would threaten the achievement of the company's objectives.		
	Fraud Risk (internal & external)	Internal or external fraud would damage Somfy's reputation and expose it to financial losses.		
Business	Brand Equity	Lack of strength or recognition of the Somfy brand would prevent affirmative discrimination in relation to the competition.		
	New Incomers/New Business Models	Alternative solutions or new business models would threaten the company's competitive position.		
Legal	Non compliance with social laws and regulations including safety and security	Non-compliance with social obligations would expose Somfy to sanctions, fines and penalties.		
	Non compliance with products local standards & regulations	Non-compliance with applicable standards and regulations concerning products and services would expose Somfy to sanctions, fines and penalties and would threaten its reputation, commercial opportunities and expansion potential.		
	Data breach/GDPR non compliance	Flaws in Somfy systems could lead to inappropriate access to data or systems (loss or theft of critical information). This risk also includes potential non-compliance with local regulations concerning the protection of personal data.		
	Non compliance with laws and regulations related to business and market practices	Non-compliance with applicable laws and regulations concerning the way in which business is conducted would expose Somfy to sanctions, fines and penalties and would threaten its reputation, commercial opportunities and expansion potential.		

The Risk and Compliance Department leads the process for updating the Group's risk mapping.

Some of the areas identified in 2021 emerged more strongly as a result of the economic environment – they include the issue of Supply Chain as a whole, due to the component crisis, and the sustained growth that is simultaneously generating very strong demand.

In addition, the Group has begun a phase of overhauling its IT infrastructure, with in particular the roll-out of a new ERP (SAP - So! One project) which has led to an increase in its assessment of risks based on digitalisation and IT systems in general. Lastly, there has been a significant change of course in the management of its product portfolio, as part of the offer strategy defined to achieve the Ambition 2030 targets.

Roadmaps and consolidated monitoring of action plans related to issues identified as priority are implemented and monitored as part of the Executive Committee's management cycles. Group Management firmly believes that the management and control of risks and the ongoing improvement of processes have contributed to the Group's performance and to the fulfilment of its strategy.

In 2022, a new inventory of risks, defined at a more granular level, based on the analysis of the main organisational processes, will be used to update the Group's risk mapping.

OTHER NON-MATERIAL RISKS

These “non-material” risks are found at a controlled level or are not necessarily specific to the Group.

Financial risks

A description of the financial risks (Foreign exchange risk, Interest rate risk, Liquidity risk, Credit risk, Raw material risk, Customer credit risk) and the policies applied to mitigate their occurrence are covered by a detailed presentation in notes 4.5 and 7.3 of the Consolidated financial statements chapter.

Equity risk

The Group is exposed to equity risk on treasury shares. Given the share price, it was not necessary to record a provision for writedown at 31 December 2021.

Legal risks

The Group’s operations are not subject to specific regulations. Its activities do not require specific legal or regulatory authorisation. The Group is involved in a number of disputes in respect of its business. These should not have any significant negative impact on the Group’s financial position. To the Group’s knowledge, there were no exceptional events or litigation likely to have a significant negative impact on the Group’s or its subsidiaries’ operations, assets or results, other than those mentioned in the highlights.

Country risk

The country risk is analysed from two perspectives. The first relates to the distribution activities most of which takes place in safe regions such as Europe and the United States, as opposed to regions that are the most exposed to economic, geopolitical and monetary uncertainties like China, Latin America and the Middle East which represent less than 10% of the Group’s sales. Russia and Ukraine, regions currently exposed to an increased geopolitical risk, represent less than 1% of the Group’s sales. The second perspective relates to the production and procurement activities which are more exposed than the distribution activities, since Somfy has production sites in Tunisia and China, and a large proportion of its suppliers of components have close connections with Asia, and more specifically China. In relation to this second perspective, given the level of risk, business continuity plans have been developed in order to reduce and control this risk.

Non-financial risks

Certain CSR challenges are found in the Group’s main risks (CSR pictogram). However, all the non-financial and financial risks related to climate change are detailed on pages 49 and 50 as part of the non-financial statement. The approach used for the mapping of Group risks provides for the assessment of risks according to their impact and their likelihood of occurrence taking into account the control measures already in place. This is a net risk measurement-based approach.

The approach is different when it concerns Corporate Social Responsibility – the Group has decided to present the main challenges in accordance with an assessment of the gross risks. For that reason, the risks inherent in CSR are not detailed *per se* in this chapter on risk factors.

INSURANCE AND RISK COVERAGE

As part of the risk management process, the Group has put in place a policy based on prevention and the protection of sites and people in order to limit the likelihood of occurrence of potential accidents.

The Group covers the main risks with the following insurance policies:

- **“property damage”**, covering buildings and their contents in all locations (equipment, goods, IT equipment) as well as resulting monetary and operational losses. The events insured are, as a minimum, fire, explosions, lightning, smoke, emissions, steam, impacts from airborne objects, vehicle collisions, electrical risks, storms, hurricanes, cyclones, snow, hail, water damage, frost, machine breakage, computer risks, malicious acts, acts of vandalism, rioting, popular movements, IT equipment theft, and natural disasters, except where local circumstances make this impossible;
- **“general civil liability relating to the monetary consequences of an insured entity’s liability following physical injury, property damage or moral prejudice caused to a third party during or in relation to its operations”**;
- **“corporate officers’ civil liability”**;
- **“transported goods”**.

In addition, **Group credit insurance contracts**, both in France and internationally, mitigate the consequences of customer default. Approximately 90% of sales are covered by such contracts.

NON-FINANCIAL STATEMENT (ARTICLE L. 22-10-36 OF THE COMMERCIAL CODE)

The non-financial statement is presented in chapter 3 of this Annual financial report for ease of reading. It forms an integral part of the management report.

INFORMATION ON RESEARCH AND DEVELOPMENT ACTIVITIES (ARTICLES L. 232-1 AND L. 233-26 OF THE COMMERCIAL CODE)

In 2021, the Research and Development activities were generally carried out in line with the established roadmap. To deal with the component supply crisis, Somfy increased its investments in R&D by strengthening its teams to maintain the development of the range, and by adapting existing products to ensure continuity of sales.

At the end of the 2021 financial year, Somfy had 17 R&D centers and more than 600 engineers (more than 420 in France, 22% of whom were women).

Somfy pursued its R&D globalisation strategy with the aim of improving efficiency and speed of the development of new ranges. In 2021, the Group filed 40 patent applications with the patent office INPI (*Institut National de la Propriété Industrielle*) which had published 27 of them in 2020. At the end of 2021, Somfy had a portfolio of 2,281 registered patents.

Thanks to the continuing roll-out of eco-design, 61.5% of Somfy products sold worldwide in 2021 were Act for Green certified. Act for Green certification is one of the levers of the Group's environmental programme aimed at reducing its carbon footprint.

46 new products and services commercialised by the Group in 2021

Despite an environment disrupted by the health crisis and a shortage of components, Somfy has continued to develop and launch new products. The 2021 financial year saw the following major innovations come to market:

- ten years after the launch of the first TaHoma box, in May 2021 Somfy unveiled a completely redesigned innovative range to increase installer performance and business thanks to Somfy connected devices, the TaHoma suite. This range is made up of a new box, the TaHoma switch, the new TaHoma application as well as two services aimed exclusively at installers: TaHoma pro, for the quick and easy set-up of Somfy connected devices and installations, and Serv-e-Go, which allows for its remote maintenance. With this range, Somfy is seeking to make the advantages of connectivity even more accessible to consumers thanks to three key benefits for the installer: easy to sell, install and maintain;

- after the launch in 2020 of the Sliding air io window motor, the Somfy air programme, aimed at simple and safe daily ventilation, continued its development in France with the IntelliTAG air io. This anti-intrusion sensor integrated into the window was officially presented at the ÉquipBaie trade show in September 2021, by several of Somfy's manufacturer/joiner clients. Thanks to this range and to TaHoma, the window becomes connected upon manufacture, thus allowing users to check whether their windows are open or closed from their smartphone, and to receive an alarm in the event of an attempted intrusion. The entire solution is totally unobtrusive as the sensor is completely invisible when the window is closed;
- on the fast-growing interior design market, Somfy has stepped up its efforts to add to its ranges and improve the benefits for the user (silent operation, data feedback thanks to the Zigbee two-way radio protocol, voice control). Within a highly pressurised global supply environment, Somfy has also made every effort to be able to deliver to its customers and ensure they receive a good quality service. The Group has in particular strengthened its redesign activities for its existing ranges so as to diversify its sources of component procurement;
- in 2021, alongside Apple, Google and Amazon, as well as Schneider Electric and Signify (PhilipsHue), Somfy continued to contribute as a sponsor to the Matter project (previously Connected Home over IP) which aims to standardise the language of connected objects. The first Matter certified products will be commercialised during 2022. Around the world, 250 companies have joined forces to help develop this protocol which has become a new connectivity standard, integrated natively into smartphones and virtual assistants, providing increased compatibility between the various products in the smart home. With Matter, the consumer experience is enhanced and simplified. Matter should lead to the emergence of a new generation of devices that will make up a locally interconnected system with an even greater perceived value for all occupants of the home.

LIST OF EXISTING BRANCHES (ARTICLE L. 232-1 OF THE COMMERCIAL CODE)

Somfy had no such branches at 31 December 2021.

VALUE OF INTERCOMPANY LOANS GRANTED (ARTICLE L. 511-6 3 B/S OF THE MONETARY AND FINANCIAL CODE)

Somfy SA had not granted any intercompany loans at 31 December 2021.

INFORMATION ON PAYMENT TERMS (ARTICLE L. 441-6-1 OF THE COMMERCIAL CODE)

Trade receivables specific to Somfy SA's activity represent payment terms generally less than 45 days from the end of the month.

	Article D. 441 I.-1: Invoices <i>received</i> , unpaid and overdue at year-end						Article D. 441 I.-2: Invoices <i>issued</i> , unpaid and overdue at year-end						
	0 day (for information only)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)	0 day (for information only)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)	
(A) Late payment ranges													
Number of invoices concerned	28	-	-	-	-	-	24					-	3
Total value of invoices concerned exc. VAT	1,413,621	-	-	-	-	-	890,326	25,256	-	-	-	25,256	
Percentage of total value of purchases exc. VAT over the financial year	15.00%	0.00%	0.00%	0.00%	0.00%	0.00%							
Percentage of revenue exc. VAT over the financial year							19.39%	0.55%	0.00%	0.00%	0.00%	0.55%	
(B) Invoices excluded from (A) relating to contested or unrecorded trade payables and receivables													
Number of invoices excluded	-	-	-	-	-	-	-	-	-	-	-	-	
Total value of invoices excluded exc. VAT	-	-	-	-	-	-	-	-	-	-	-	-	
(C) Standard payment terms used (contractual or statutory period - Article L. 441-6 or Article L. 443-1 of the Commercial Code)													
Payment terms used for calculating late payments	Contractual terms <input checked="" type="checkbox"/>						Contractual terms: Within 10 days after the end of the month <input checked="" type="checkbox"/>						
	Statutory terms <input type="checkbox"/>						Statutory terms <input type="checkbox"/>						

INFORMATION ON THE DISTRIBUTION OF SHARE CAPITAL AND HOLDINGS

DISTRIBUTION OF SHARE CAPITAL (ARTICLE L. 233-13 OF THE COMMERCIAL CODE)

To the best of the company's knowledge, the distribution of share capital and voting rights is as follows:

	Number of shares	% share capital	Theoretical voting rights	% theoretical voting rights	Voting rights at General Meetings	% voting rights at General Meetings
Shareholding structure at 31/12/21						
J.P.J.S. SCA*	19,480,340	52.65%	38,960,680	61.28%	38,960,680	63.85%
J.P.J.2 SA**	3,409,030	9.21%	6,669,055	10.49%	6,669,055	10.93%
Compagnie Financière Industrielle***	1,653,875	4.47%	3,307,750	5.20%	3,307,750	5.42%
Despature family and others	1,565,268	4.23%	3,115,298	4.90%	3,115,298	5.11%
Manacor Dev Pte Ltd	510,000	1.38%	510,000	0.80%	510,000	0.84%
TOTAL SHAREHOLDERS' AGREEMENT	26,618,513	71.94%	52,562,783	82.67%	52,562,783	86.14%
Treasury shares	2,560,045	6.92%	2,560,045	4.03%	-	0.00%
Other holders of registered and bearer shares	7,821,442	21.14%	8,456,858	13.30%	8,456,858	13.86%
TOTAL	37,000,000	100.00%	63,579,686	100.00%	61,019,641	100.00%

* Limited partnership with share capital (registered office: 160 boulevard de Fourmies, 59100 Roubaix) controlled by Paul Georges Despature and his children Alexis Despature, Jean Guillaume Despature (Chairman of the Board of Directors of Somfy SA) and Marie Bavarel-Despature (member of the Board of Directors of Somfy SA).

** Limited company (registered office: 29 route de l'aéroport, 1215 Geneva 15, Switzerland) controlled by Paul Georges Despature and his children Alexis Despature, Jean Guillaume Despature (Chairman of the Board of Directors of Somfy SA) and Marie Bavarel-Despature (member of the Board of Directors of Somfy SA).

*** Limited company incorporated in Luxembourg (registered office: 15, boulevard Roosevelt, L-2450 Luxembourg, Grand Duchy of Luxembourg) controlled by Patrick Despature.

In June 2021, Silchester International Investors, acting on behalf of funds under its management, declared that it had fallen below the 5% ownership threshold and that on 15 June 2021 it held 1,844,007 shares representing 4.98% of the share capital of Somfy SA. Due to the absence of any further disclosures regarding threshold crossings, this company is still presumed to hold less than 5% of Somfy SA's share capital.

To the best of the company's knowledge and at the date of preparation of this document, no shareholder other than those mentioned above holds, directly or indirectly, alone or in concert with others, more than 5% of the share capital or voting rights of the company.

Changes to this list during the 2021 financial year, if any, are described below in the paragraph "Disclosure of shareholding threshold crossings pursuant to Article L. 233-7 of the Commercial Code".

RECIPROCAL HOLDINGS (ARTICLES L. 233-29 AND R. 233-19 OF THE COMMERCIAL CODE)

There were no reciprocal holdings as defined by current regulations at the date of preparation of this report.

EMPLOYEE SHAREHOLDING (ARTICLE L. 225-102 OF THE COMMERCIAL CODE)

At 31 December 2021, the shares held by employees via the Somfy FCPE (investment fund) or directly in registered form following a free share allocation under Article L. 225-197-1 of the Commercial Code (authorised subsequent to 6 August 2015) totalled 335,286 Somfy shares, representing 0.91% of the share capital.

ACTION IN CONCERT AND RETENTION AGREEMENTS

ACTION IN CONCERT

On 3 June 2013, the limited partnership with share capital J.P.J.S., the limited companies J.P.J.2 and Manacor and certain members of the Despature family concluded a shareholders' agreement constituting an action in concert between them, in relation to the company Somfy SA.

The main clauses of the agreement provide:

Action in concert: the parties confirm their wish to act in concert within the meaning of Article L. 233-10 of the Commercial Code to implement a common policy with regard to Somfy SA. To that end, the parties undertake to make every effort and to consult one another before every vote in the General Meeting of Somfy SA Shareholders on resolutions relating to the appointment of members of the Supervisory Board (replaced since 2 June 2021 by the Board of Directors) or modification of the mode of administration or management of the company and any transaction in the capital of Somfy SA with a view to establishing a common position.

Maintaining the equity holding: the parties undertake to maintain their overall equity holding in Somfy SA at more than 50% of the share capital and voting rights of this company.

Duration: these undertakings are made for a period of ten years from the signature of the agreement, namely 3 June 2013. Any decision to reduce the term of the agreement will be made by a ¾ majority of the Somfy SA shares held by the parties, it being understood that in the case of separation of the shares, the voting right will belong to the usufructuary.

COLLECTIVE RETENTION AGREEMENTS

The company is aware that a collective retention agreement relating to 64.93% of the share capital of Somfy SA and more than 20% of the voting rights of shares issued was signed on 31 December 2015 by several shareholders, including Jean Guillaume Despature (Chairman of the Management Board until 2 June 2021 and Chairman of the Board of Directors since that date), Pierre Ribeiro (member of the Management Board and Chief Financial Officer until 2 June 2021 and Chief Executive Officer since that date), Victor Despature (member of the Supervisory Board until 2 June 2021), Anthony Stahl (member of the Supervisory Board until 2 June 2021 and member of the Board of Directors since that date) and Michel Rollier (Chairman of the Supervisory Board until 2 June 2021 and member of the Board of Directors since that date). This agreement was concluded in accordance with Article 885 I *bis* of the General Tax Code for a period of two years from 31 December 2015, automatically extended indefinitely after this two-year period.

Furthermore, the company is aware of six collective retention agreements relating to a total of between 49.33% and 54.23% of Somfy SA's share capital, signed by several shareholders in accordance with Article 787 B of the General Tax Code, for an indeterminate period from the date of registration unless one of the signatories gives notice of termination.

PROVISIONS OF THE ARTICLES OF ASSOCIATION RELATING TO DOUBLE VOTING RIGHTS (EXCERPT OF ARTICLE 27 OF THE ARTICLES OF ASSOCIATION)

"The voting right attached to shares is proportional to the capital that they represent. All capital and dividend shares have the same par value and entitle their owner to one vote.

A voting right that is double that conferred on other shares is allocated to all fully paid shares that have been duly registered for at least four years in the name of the same shareholder at the end of the calendar year preceding that of each General Meeting.

In the case of a capital increase by the capitalisation of reserves, profits or issue premiums, registered shares granted free of charge to a shareholder in exchange for existing shares, which already benefit from this right, will be entitled to the same double voting right.

All shares converted into bearer shares or whose ownership has been transferred shall lose their entitlement to a double voting right, except in instances provided for by law.

The merger of the company has no effect on the double voting right which may be exercised within the absorbing company, if provided for by said company's Articles of Association."

DISCLOSURE OF SHAREHOLDING THRESHOLD CROSSINGS DURING THE 2021 FINANCIAL YEAR, PURSUANT TO ARTICLE L. 233-7 OF THE COMMERCIAL CODE

By letter received on 16 June 2021, Silchester International Investors LLP (Time&Life Building, 1 Bruton Street, 5th Floor, London W1J 6TL, United Kingdom), acting on behalf of funds under its management, declared that on 15 June 2021 it had fallen below the 5% ownership threshold of Somfy SA and that it held, on behalf of said funds, 1,844,007 shares in Somfy SA representing an equal number of voting rights, equating to 4.98% of the share capital and 2.90% of voting rights in that company. This threshold crossing resulted from the sale of Somfy SA shares on the market (AMF notice n° 221C1421).

INFORMATION ON THE BUYBACK OF TREASURY SHARES (ARTICLE L. 225-211 OF THE COMMERCIAL CODE)

The company has implemented several successive share buyback programmes.

The last share buyback programme was implemented in 2021 in accordance with the authorisation given by the Combined General Meeting of 2 June 2021 in its tenth resolution, sitting in ordinary session, authorising the Board of Directors, for a period of 18 months and in accordance with Articles L. 22-10-62 and subsequent and L. 225-210 and subsequent of the Commercial Code, to buy back company shares, on one or several occasions as it deems appropriate, up to a maximum of 10% of the number of shares comprising the share capital, restated if necessary to take account of any increase or reduction in share capital that may take place during the timeframe of the programme.

Share purchases could be carried out for the following objectives:

- to stimulate the secondary market or ensure the liquidity of the Somfy share, by way of an investment services provider within a liquidity contract that complies with practices recognised by regulations, it being specified that within this framework the number of shares considered for the calculation of the limit specified above corresponds to the number of shares purchased less the number of shares resold;
- to retain the shares purchased and subsequently exchange them or use them as payment within the framework of potential acquisitions;
- to ensure the coverage of stock option plans and/or free share allocation plans (or similar) granted to employees and/or corporate officers of the Group, as well as all other shares allocated under a company or group savings scheme (or similar), in relation to employee profit-sharing and/or any other form of allocation to employees and/or corporate officers of the Group;

- to cover marketable securities giving right to the allocation of shares in the company, in accordance with current regulations;
- to proceed with the possible cancellation of shares acquired, in accordance with the authorisation granted by the General Meeting of shareholders of 24 June 2020 in its 16th resolution, sitting in extraordinary session.

Such share purchases could be effected by all means, including by means of acquiring blocks of shares and at any times considered appropriate by the Board of Directors.

The company reserved the right to use options or derivative instruments, in accordance with applicable regulations.

The maximum purchase price was set at €200 per share, with the maximum amount of the share buyback programme set at €216,775,000, taking account of the 2,616,125 treasury shares held at 31 December 2020.

During the financial year just ended, on the basis of the authorisation given by the General Meetings of 2020 and 2021, the company bought back 53,332 shares at an average price of €154.23, sold 54,861 shares at an average price of €149.82 and transferred 54,551 shares at an average price of €24.03 for final vesting in June 2021 of performance shares granted free of charge on 20 May 2019 and 15 November 2019.

All of the 53,332 shares acquired were allocated to the liquidity objective and none were reallocated to other objectives.

No trading fees were paid during the financial year.

The company held 2,560,045 of its own shares at 31 December 2021, representing 6.92% of the share capital; the value of the purchase price of one share amounted to €37.91 for a par value of €0.20 each, representing a total nominal value of €512,009 (€1,717 for the liquidity contract, €244,354 to be retained for future acquisition transactions and €266,538 to cover share purchase option plans and/or free share allocation plans).

INFORMATION ON INVESTMENTS AND CONTROLLED COMPANIES

INVESTMENTS IN FRENCH COMPANIES DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (ARTICLE L. 233-6 OF THE COMMERCIAL CODE)

Company name	Direct control		Indirect control	
	Number of shares	% share capital	Number of shares	% share capital
RS FRANCHISE	600	60%	-	-

NAMES OF COMPANIES DIRECTLY OR INDIRECTLY CONTROLLED AND THE PORTION OF SOMFY SA'S SHARE CAPITAL HELD BY THEM (ARTICLE L. 233-13 OF THE COMMERCIAL CODE)

None of the companies controlled by Somfy SA held shares in Somfy SA at the date of preparation of this report.

INFORMATION ON TRANSACTIONS PERFORMED BY DIRECTORS DURING THE FINANCIAL YEAR (ARTICLE 223-26 OF AMF GENERAL REGULATIONS)

The company is aware that the following transactions falling within the scope of Article L. 621-18-2 of the Monetary and Financial Code have been carried out during the past financial year:

€

Vesting of free shares	
Registrant and nature of transaction	Amount
<u>Jean Guillaume Despature, Chairman of the Board of Directors</u>	
Total amount of acquisition	-
Average unit price	0.00
Number of shares	2,790
TOTAL PURCHASES	-

€

Vesting of free shares	
Registrant and nature of transaction	Amount
<u>Pierre Ribeiro, Chief Executive Officer</u>	
Total amount of acquisition	-
Average unit price	0.00
Number of shares	2,790
TOTAL PURCHASES	-

€

Vesting of free shares	
Registrant and nature of transaction	Amount
<u>Valérie Dixmier, Deputy Chief Executive Officer</u>	
Total amount of acquisition	-
Average unit price	0.00
Number of shares	843
TOTAL PURCHASES	-

€

Purchase of shares in FCPE Somfy Group Shareholding Mutual Trust	
Registrant and nature of transaction	Amount
<u>Arthur Watin-Augouard, member of the Supervisory Board</u>	
Total amount of acquisition	1,419
Average unit price	46.40
Number of shares	31
TOTAL PURCHASES	1,419

REPORT OF THE BOARD OF DIRECTORS TO THE COMBINED GENERAL MEETING OF 1 JUNE 2022

To the Shareholders,

We have convened this Combined General Meeting to submit the following resolutions for your approval:

ORDINARY SESSION

1. Approval of the parent company financial statements for the year ended 31 December 2021 and approval of non-tax-deductible expenses and charges.
2. Approval of the consolidated financial statements for the year ended 31 December 2021.
3. Allocation of net profit for the financial year and setting of dividend.
4. Special report of the Statutory Auditors on regulated agreements - Noting the absence of new agreements.
5. Appointment of DELOITTE & ASSOCIÉS to replace ERNST & YOUNG et Autres as Principal Statutory Auditor.
6. Non-reappointment and non-replacement of AUDITEX as Alternate Statutory Auditor.
7. Reappointment of KPMG SA as Principal Statutory Auditor.
8. Non-reappointment and non-replacement of SALUSTRO REYDEL as Alternate Statutory Auditor.
9. Non-reappointment and non-replacement of Michel Rollier as Director.
10. Appointment of Grégoire Ferré as Director.
11. Appointment of Vincent Léonard as Director.
12. Approval of the remuneration policy for the Chairman of the Board of Directors.
13. Approval of the remuneration policy for the Chief Executive Officer.
14. Approval of the remuneration policy for the Deputy Chief Executive Officer.
15. Approval of the remuneration policy for the Directors.
16. Approval of the information referred to in paragraph I of Article L. 22-10-9 of the Commercial Code.
17. Approval of the fixed, variable and exceptional items making up the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to Jean Guillaume Despature, Chairman of the Management Board until 2 June 2021.
18. Approval of the fixed, variable and exceptional items making up the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to Jean Guillaume Despature, Chairman of the Board of Directors since 2 June 2021.
19. Approval of the fixed, variable and exceptional items making up the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to Pierre Ribeiro, member of the Management Board and Chief Financial Officer until 2 June 2021.
20. Approval of the fixed, variable and exceptional items making up the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to Pierre Ribeiro, Chief Executive Officer since 2 June 2021.
21. Approval of the fixed, variable and exceptional items making up the total remuneration and benefits any kind paid during or allocated in respect of the financial year just ended to Michel Rollier, Chairman of the Supervisory Board until 2 June 2021.

22. Approval of the fixed, variable and exceptional items making up the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to Valérie Dixmier, Deputy Chief Executive Officer since 2 June 2021.
23. Authorisation to be granted to the Board of Directors for the buyback by the company of its own shares pursuant to Article L. 22-10-62 of the Commercial Code, duration of the authorisation, objectives, terms and conditions, cap.

EXTRAORDINARY SESSION

24. Authorisation to be granted to the Board of Directors to cancel treasury shares held by the company and bought back within the framework set out by Article L. 22-10-62 of the Commercial Code, duration of the authorisation, cap.
25. Authorisation to be granted to the Board of Directors to allocate existing shares free of charge to employees and/or certain corporate officers of the company or related companies or economic interest groups, duration of the authorisation, cap, duration of the vesting periods - particularly in the case of invalidity, and retention periods if applicable.
26. Powers to complete formalities.

APPROVAL OF THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (resolutions 1 and 2)

We would ask you to approve the parent company financial statements for the year ended 31 December 2021, which show a net profit of €184,474,270.23, and the consolidated financial statements for the year ended 31 December 2021, which show a net profit (Group share) of €258,049,000, as submitted.

We would ask you to approve the total amount of expenses and charges referred to in paragraph 4 of Article 39 of the General Tax Code, equating to the sum of €6,450 and the corresponding amount of tax, equating to €1,832.

ALLOCATION OF NET PROFIT FOR THE FINANCIAL YEAR AND SETTING OF DIVIDEND (resolution 3)

The allocation of our company's profit that we are proposing complies with legislation and our Articles of Association.

We propose allocating the profit for the financial year as follows:

Source

– Net profit for the financial year	€184,474,270.23
– Retained earnings	€4,839,461.25

Allocation

– Dividends	€79,550,000.00
– Optional reserve	€109,763,731.48

As such, the gross overall dividend per share will be €2.15.

When it is paid to individuals who are tax residents in France, the dividend is subject to a single fixed-levy deduction at source on the gross dividend at the flat rate of 12.8% (Article 200 A of the General Tax Code), or at the express, irrevocable and comprehensive wishes of the taxpayer, to income tax calculated according to a sliding scale after notably an allowance of 40%

(Articles 200 A, 13, and 158 of the General Tax Code). The dividend is also subject to social security contributions at the rate of 17.2%. The dividend will be paid on 14 June 2022 and the ex-dividend date is set at 10 June 2022.

It is specified that if the company holds a number of treasury shares at the ex-dividend date, the amounts corresponding to unpaid dividends in respect of these shares will be transferred to retained earnings.

Pursuant to the provisions of Article 243 *bis* of the General Tax Code, you are reminded that the following dividends were paid during the last three financial years:

Financial year	Revenues eligible for tax rebate		Revenue not eligible for tax rebate
	Dividends	Other distributed earnings	
2018	€48,094,109.00* being €1.40 per share	-	-
2019	€42,976,388.75* being €1.25** per share	-	-
2020	€63,610,538.80* being €1.85 per share	-	-

* Does not include unpaid dividends attributable to treasury shares and transferred to retained earnings.

** The 2019 dividend amount was revised downwards at the General Meeting of 24 June 2020.

APPROVAL OF THE SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS - NOTING THE ABSENCE OF NEW AGREEMENTS (resolution 4)

It will be proposed, having considered the special report of the Statutory Auditors mentioning the absence of new agreements of the type referred to in Articles L. 225-38 and subsequent and L. 225-86 and subsequent of the Commercial Code, that you simply acknowledge this fact.

It is specified that no agreements have been concluded or authorised over the course of financial years prior to 2021, the execution of which continued during the previous financial year.

TERMS OF OFFICE OF THE PRINCIPAL AND ALTERNATE STATUTORY AUDITORS (resolutions 5 to 8)

We would remind you that the terms of office of the Principal Statutory Auditors, namely ERNST & YOUNG et Autres and KPMG SA, and of the Alternate Statutory Auditors, namely AUDITEX and SALUSTRO REYDEL, expired at the end of the Combined General Meeting called to approve the financial statements for the financial year ended on 31 December 2021.

A tendering process has been established, under the supervision of the Audit and Risk Committee and four audit firms have been approached.

The selection criteria mainly related to the following elements: technical expertise, audit approach and methodology, quality of proposed teams, international presence, digital innovation in auditing, involvement in developments to accounting and financial standards, relations with co-Statutory Auditors, financial proposal.

Under the terms of the tendering process, the Audit and Risk Committee recommended that the Board reappoint the Principal Statutory Auditors, KPMG SA. For the second Principal Statutory Auditors, the Committee recommended two international audit firms which each submitted tenders fulfilling Somfy's criteria.

Progress on digital solutions, resilience and depth of its organisation, as well as positive feedback on the ability to complete existing co-Statutory Auditor appointments with KPMG led the Audit and Risk Committee to recommend the selection of DELOITTE & ASSOCIÉS to the Board of Directors.

Upon the recommendation of the Audit and Risk Committee, the Board of Directors proposes to appoint DELOITTE & ASSOCIÉS to the role of Principal Statutory Auditor, replacing ERNST & YOUNG et Autres, for a period of six financial years, that is until the end of the Annual Ordinary General Meeting to be held in 2028 and called to approve the financial statements for the financial year ended 31 December 2027.

Upon the recommendation of the Audit and Risk Committee, the Board of Directors proposes not to reappoint AUDITEX to the role of Alternate Statutory Auditor, and does not propose to appoint a replacement, in accordance with the law.

Upon the recommendation of the Audit and Risk Committee, the Board of Directors proposes to reappoint KPMG SA to the role of Principal Statutory Auditor for a period of six financial years, that is until the end of the Annual Ordinary General Meeting to be held in 2028 and called to approve the financial statements for the financial year ended 31 December 2027.

Upon the recommendation of the Audit and Risk Committee, the Board of Directors proposes not to reappoint SALUSTRO REYDEL to the role of Alternate Statutory Auditor, and does not propose to appoint a replacement, in accordance with the law.

TERMS OF OFFICE OF DIRECTORS (resolutions 9 to 11)

We hereby remind you that Michel Rollier's term of office as a member of the Board of Directors expires at the end of the next Annual General Meeting.

Upon recommendation of the Appointment and Remuneration Committee, we propose that you take note of the expiry of the term of office of Michel Rollier at the end of the next General Meeting, such individual not having requested reappointment and the Board of Directors not seeking to propose that you appoint a replacement.

Upon recommendation of the Appointment and Remuneration Committee, we also propose that you appoint Grégoire Ferré and Vincent Léonard for a term of four years, that is to say until the end of the General Meeting to be held in 2026 and called to approve the financial statements for the financial year then ended, in addition to the current members. The Board will thus be increased from eight Directors (taking into account the non-reappointment and non-replacement of Michel Rollier) to ten Directors.

INDEPENDENCE AND GENDER PARITY

It is specified that the Board of Directors, based on the opinion of the Appointment and Remuneration Committee, considers that Grégoire Ferré and Vincent Léonard qualify as independent members in the eyes of the Middlednext Code, used by the company as a framework of reference in relation to corporate governance. In this regard, it is specifically noted that Grégoire Ferré and Vincent Léonard have no business relationship with the Group.

If you approve all these proposals for appointment:

- the independence rate of the Board, with this quality being defined in line with all the Middelnext Code criteria and used by the company, will increase from 62.5% to 66.7% (taking into account the non-reappointment and non-replacement of Michel Rollier and excluding the employee representative). As such, the company will continue to comply with the recommendations of this Code in terms of the proportion of independent members;
- the rate of female representation on the Board will decrease from 50% to 44%, in compliance with the law;
- at the end of the General Meeting, the Board of Directors will have more than eight members, triggering the requirement to appoint a second member representing employees on the Board of Directors pursuant to the company's Articles of Association.

EXPERTISE, EXPERIENCE AND SKILLS

The information concerning the expertise and experience of the proposed members is detailed in the paragraph "Expertise and experience of members of the Board of Directors and Observers" of the report on corporate governance which is included in the 2021 Annual Financial Report.

SAY ON PAY (resolutions 12 to 22)

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APPROVAL OF THE REMUNERATION POLICY FOR THE CHAIRMAN OF THE BOARD OF DIRECTORS (resolution 12)

In application of Article L. 22-10-8 of the Commercial Code, you are asked to approve the remuneration policy for the Chairman of the Board of Directors as presented in the report on corporate governance included in the 2021 Annual Financial Report (paragraph "corporate officers' remuneration policy").

APPROVAL OF THE REMUNERATION POLICY FOR THE CHIEF EXECUTIVE OFFICER (resolution 13)

In application of Article L. 22-10-8 of the Commercial Code, you are asked to approve the remuneration policy for the Chief Executive Officer as presented in the report on corporate governance included in the 2021 Annual Financial Report (paragraph "corporate officers' remuneration policy").

APPROVAL OF THE REMUNERATION POLICY FOR THE DEPUTY CHIEF EXECUTIVE OFFICER (resolution 14)

In application of Article L. 22-10-8 of the Commercial Code, you are asked to approve the remuneration policy for the Deputy Chief Executive Officer as presented in the report on corporate governance included in the 2021 Annual Financial Report (paragraph "corporate officers' remuneration policy").

APPROVAL OF THE REMUNERATION POLICY FOR THE DIRECTORS (resolution 15)

In application of Article L. 22-10-8 of the Commercial Code, you are asked to approve the remuneration policy for the Directors as presented in the report on corporate governance included in the 2021 Annual Financial Report (paragraph "corporate officers' remuneration policy").

APPROVAL OF THE INFORMATION REFERRED TO IN PARAGRAPH I OF ARTICLE L. 22-10-9 OF THE COMMERCIAL CODE (resolution 16)

In accordance with the provisions of Article L. 22-10-34 I of the Commercial Code, it is proposed that you approve the information included in paragraph I of Article L. 22-10-9 of the Commercial Code and presented in the paragraph "Information referred to in paragraph I of Article L. 22-10-9 of the Commercial Code" of the report on corporate governance included in the 2021 Annual Financial Report.

APPROVAL OF THE FIXED, VARIABLE AND EXCEPTIONAL ITEMS MAKING UP THE TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID DURING OR ALLOCATED IN RESPECT OF THE FINANCIAL YEAR JUST ENDED TO JEAN GUILLAUME DESPATURE, CHAIRMAN OF THE MANAGEMENT BOARD UNTIL 2 JUNE 2021 (resolution 17)

In accordance with Article L. 22-10-34 II of the Commercial Code, it is proposed that shareholders approve the fixed, variable and exceptional items comprising the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to Jean Guillaume Despature, Chairman of the Management Board until 2 June 2021, as presented in the report on corporate governance included in the 2021 Annual Financial Report, paragraph "Fixed, variable and exceptional items making up the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to the Chairman of the Management Board until 2 June 2021".

APPROVAL OF THE FIXED, VARIABLE AND EXCEPTIONAL ITEMS MAKING UP THE TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID DURING OR ALLOCATED IN RESPECT OF THE FINANCIAL YEAR JUST ENDED TO JEAN GUILLAUME DESPATURE, CHAIRMAN OF THE BOARD OF DIRECTORS SINCE 2 JUNE 2021 (resolution 18)

In accordance with Article L. 22-10-34 II of the Commercial Code, it is proposed that shareholders approve the fixed, variable and exceptional items comprising the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to Jean Guillaume Despature, Chairman of the Board of Directors since 2 June 2021, as presented in the report on corporate governance included in the 2021 Annual Financial Report, paragraph "Fixed, variable and exceptional items making up the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to the Chairman of the Board of Directors since 2 June 2021".

APPROVAL OF THE FIXED, VARIABLE AND EXCEPTIONAL ITEMS MAKING UP THE TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID DURING OR ALLOCATED IN RESPECT OF THE FINANCIAL YEAR JUST ENDED TO PIERRE RIBEIRO, MEMBER OF THE MANAGEMENT BOARD AND CHIEF FINANCIAL OFFICER UNTIL 2 JUNE 2021 (resolution 19)

In accordance with Article L. 22-10-34 II of the Commercial Code, it is proposed that shareholders approve the fixed, variable and exceptional items comprising the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to Pierre Ribeiro, member of the Management Board and Chief Financial Officer until 2 June 2021, as presented in the report on corporate governance included in the 2021 Annual Financial Report, paragraph "Fixed, variable and exceptional items making up the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to the member

of the Board of Directors and Chief Financial Officer until 2 June 2021”.

APPROVAL OF THE FIXED, VARIABLE AND EXCEPTIONAL ITEMS MAKING UP THE TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID DURING OR ALLOCATED IN RESPECT OF THE FINANCIAL YEAR JUST ENDED TO PIERRE RIBEIRO, CHIEF EXECUTIVE OFFICER SINCE 2 JUNE 2021 (resolution 20)

In accordance with Article L. 22-10-34 II of the Commercial Code, it is proposed that shareholders approve the fixed, variable and exceptional items comprising the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to Pierre Ribeiro, Chief Executive Officer since 2 June 2021, as presented in the report on corporate governance included in the 2021 Annual Financial Report, paragraph “Fixed, variable and exceptional items making up the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to the Chief Executive Officer since 2 June 2021”.

APPROVAL OF THE FIXED, VARIABLE AND EXCEPTIONAL ITEMS MAKING UP THE TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID DURING OR ALLOCATED IN RESPECT OF THE FINANCIAL YEAR JUST ENDED TO MICHEL ROLLIER, CHAIRMAN OF THE SUPERVISORY BOARD UNTIL 2 JUNE 2021 (resolution 21)

In accordance with Article L. 22-10-34 II of the Commercial Code, it is proposed that shareholders approve the fixed, variable and exceptional items comprising the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to Michel Rollier, Chairman of the Supervisory Board until 2 June 2021, as presented in the report on corporate governance included in the 2021 Annual Financial Report, paragraph “Fixed, variable and exceptional items making up the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to the Chairman of the Supervisory Board until 2 June 2021”.

APPROVAL OF THE FIXED, VARIABLE AND EXCEPTIONAL ITEMS MAKING UP THE TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID DURING OR ALLOCATED IN RESPECT OF THE FINANCIAL YEAR JUST ENDED TO VALÉRIE DIXMIER, DEPUTY CHIEF EXECUTIVE OFFICER SINCE 2 JUNE 2021 (resolution 22)

In accordance with Article L. 22-10-34 II of the Commercial Code, it is proposed that shareholders approve the fixed, variable and exceptional items comprising the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to Valérie Dixmier, Deputy Chief Executive Officer since 2 June 2021, as presented in the report on corporate governance included in the 2021 Annual Financial Report, paragraph “Fixed, variable and exceptional items making up the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to the Deputy Chief Executive Officer since 2 June 2021”.

PROPOSAL TO RENEW THE AUTHORISATION CONCERNING THE IMPLEMENTATION OF THE SHARE BUYBACK PROGRAMME (resolution 23) AND THE AUTHORISATION CONCERNING THE REDUCTION IN SHARE CAPITAL VIA THE CANCELLATION OF TREASURY SHARES HELD BY THE COMPANY (resolution 24)

You are asked, under the terms of the 23rd resolution, to grant the Board of Directors, for a period of 18 months and in accordance with Articles L. 22-10-62 and subsequent and L. 225-210 and subsequent of the Commercial Code, the necessary powers to buy back company shares, on one or several occasions as it deems appropriate, up to a maximum of 10% of the number of shares comprising the share capital on the date of the Meeting, restated if necessary to take account of any increase or reduction in share capital that may take place during the timeframe of the programme.

This authorisation would supersede the authorisation granted to the Board of Directors by the tenth resolution to the General Meeting of 2 June 2021, sitting in ordinary session.

Acquisitions may be carried out for the following objectives:

- to stimulate the secondary market or ensure the liquidity of the Somfy share, by way of an investment services provider within a liquidity contract that complies with practices recognised by regulations, it being specified that within this framework the number of shares considered for the calculation of the limit specified above corresponds to the number of shares purchased less the number of shares resold;
- to retain the shares purchased and subsequently exchange them or use them as payment within the framework of potential merger, demerger, contribution or acquisition transactions;
- to ensure the coverage of stock option plans and/or free share allocation plans (or similar) granted to employees and/or corporate officers of the Group, including related economic interest groups and companies, as well as all other shares allocated under a company or group savings scheme (or similar), in relation to employee profit-sharing and/or any other form of allocation to employees and/or corporate officers of the Group, including related economic interest groups and companies;
- to cover marketable securities giving right to the allocation of shares in the company, in accordance with current regulations;
- to cancel purchased shares, in accordance with the authorisation granted or to be granted by the Extraordinary General Meeting.

Such share purchases could be effected by all means, including by means of acquiring blocks of shares and at any times considered appropriate by the Board of Directors.

The company would reserve the right to use options or derivative instruments, in accordance with applicable regulations.

The maximum purchase price would be set at €240 per share. In case of a share capital transaction, in particular a share split, reverse share split or allocation of free shares to shareholders, the above-mentioned price would be restated in the same proportions (a multiplier coefficient equal to the number of shares comprising the share capital before the transaction divided by the number of shares following the transaction).

The maximum value of the transaction would therefore be set at €273,589,200.

The General Meeting would confer all powers to the Board of Directors to proceed with these transactions, set their terms and conditions, conclude all agreements and fulfil all of the required formalities.

Under the cancellation objective, we would ask you, under resolution 24, to grant authority to the Board of Directors, for a period of 24 months, to cancel, at its own discretion, on one or more occasions, within a limit of 10% of capital, calculated on the day on which the cancellation decision is made, reduced by the number of shares potentially cancelled during the previous 24 months, the shares which the company holds or could hold, notably following share buybacks exercised within the framework of Article L. 22-10-62 of the Commercial Code, as well as to reduce share capital by the corresponding amount pursuant to the legal and regulatory provisions in force.

The Board of Directors would have full authority to carry out all necessary transactions for such cancellations and corresponding reductions in share capital, to modify the company's Articles of Association as a result and fulfil all of the required formalities.

AUTHORISATION TO BE GRANTED TO THE BOARD OF DIRECTORS TO ALLOCATE EXISTING SHARES FREE OF CHARGE TO EMPLOYEES AND/OR CERTAIN CORPORATE OFFICERS (resolution 25)

—
To enable us to pursue a policy of incentive-based employee shareholding that promotes the development of the business, we propose that you renew the authorisation to grant existing shares free of charge to salaried employees of the company and companies or economic interest groups related to it and/or certain corporate officers.

As such, we propose that you authorise the Board of Directors, for a period of 38 months, to allocate, on one or more occasions, pursuant to Articles L. 225-197-1, L. 225-197-2, L. 22-10-59 and L. 22-10-60 of the Commercial Code, existing shares free of charge. The beneficiaries of these allocations may be:

- employees of the company or companies or economic interest groups directly or indirectly related to it within the meaning of Article L. 225-197-2 of the Commercial Code;
- and/or corporate officers meeting the requirements of Article L. 225-197-1 of the Commercial Code.

The total number of shares thus allocated free of charge may not exceed 1.5% of the share capital on the date of this General Meeting, without being able to exceed the maximum percentage of the share capital provided for by regulations on the date on which the allocation decision is made, it being specified that this limit would count towards the total number of shares that could confer the right to share purchase options able to be granted by

the Board of Directors in respect of the authorisation granted by the General Meeting of 2 June 2021 in its 12th resolution and any other subsequent similar authorisation granted by the General Meeting.

Where applicable, added to this limit would be the nominal amount of the increase in share capital required to safeguard the rights of the beneficiaries of free allocations of shares in the event of transactions on the company's share capital during the vesting period.

The allocation of shares to beneficiaries would be definitive at the end of a vesting period whose duration, which may not be less than one year, will be set by the Board of Directors.

Beneficiaries should, where applicable, retain these shares for a minimum period, set by the Board of Directors, at least equal to that required to ensure that the cumulative duration of the vesting, and where necessary the retention, periods may not be less than two years.

As an exception, the final allocation would take place before the end of the vesting period in the event of the beneficiary's infirmity corresponding to the second or third category referred to in Article L. 341-4 of the Social Security Code.

As such, the Board of Directors would have all necessary powers to set the conditions and, where required, the criteria for the definitive allocation of the shares; to determine the identity of the beneficiaries as well as the number of shares allocated to each of them; where necessary, to acquire the shares required as part of the share buyback programme and to allot them to the allocation plan; to determine the impacts on the rights of beneficiaries of transactions modifying the share capital or likely to impact the value of the shares allocated and completed during the vesting period and, as a result, to amend or adjust, if necessary, the number of shares allocated to preserve the rights of beneficiaries; to decide whether or not to set a retention obligation at the end of the vesting period and, where necessary, to determine its duration and take all appropriate measures to ensure compliance with it by the beneficiaries; and generally, do anything within the framework of current regulations that may be required by the implementation of this authorisation.

This authorisation would, where applicable, cause any unused portion of any prior authorisation to the same effect to lapse on the date of the General Meeting.

The Board of Directors asks you to approve the above resolutions submitted to your vote.

The Board of Directors

APPENDIX: SOMFY SA FINANCIAL RESULTS FOR THE LAST FIVE YEARS

€ thousands	2017	2018	2019	2020	2021
1. Financial position at the balance sheet date					
a) Share capital	7,400	7,400	7,400	7,400	7,400
b) Number of shares issued	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000
c) Number of bonds convertible into shares	-	-	-	-	-
2. Overall result of current operations					
a) Net sales	3,234	3,412	3,705	3,862	4,591
b) Profit before tax, amortisation, depreciation and provision charges	86,979	94,252	116,910	97,790	170,455
c) Income tax	25,516	4,457	2,913	2,345	2,223
d) Profit after tax, amortisation, depreciation and provision charges	107,111	98,241	114,988	100,960	184,474
e) Distributed profit*	48,100	51,800	46,250**	68,450	79,550
3. Earnings per share					
a) Earnings per share after tax, but before amortisation, depreciation and provision charges	3.04	2.67	3.24	2.71	4.67
b) Earnings per share after tax, amortisation, depreciation and provision charges	2.89	2.66	3.11	2.73	4.99
c) Dividend distributed per share	1.30	1.40	1.25**	1.85	2.15
4. Workforce					
a) Number of employees at end of year	4	10	11	11	11
b) Total payroll paid	959	1,146	1,586	1,694	2,635
c) Amount paid in relation to employee benefits to employee benefits (Social Security, charities, etc.)	326	222	395	371	943

* This amount corresponds to the proposed dividend for the last financial year ended before its approval by the General Meeting (which is held in N+1). Consequently, it includes the amount of the dividend relating to treasury shares that will not be paid.

** The dividend amount was revised downwards at the General Meeting of 24 June 2020.

03

NON-FINANCIAL STATEMENT

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03

NON-FINANCIAL STATEMENT

The non-financial statement forms an integral part of the management report. It is presented separately for ease of reading. Throughout the non-financial statement, a pictogram showing a bulb indicates that the information exclusively concerns Somfy Activités SA, the Group's main subsidiary.



PRESENTATION OF THE BUSINESS MODEL

A. PRESENTATION OF SOMFY

A VISION FOR SUSTAINABLE GROWTH

Somfy has spent more than 50 years making everyday life easier for millions of users around the world by developing smart home and building management solutions. The Group innovates to automate and connect all types of equipment to open, close and shade windows, terraces, doors and gates using connected motors and control solutions that operate them together using intelligence and make them interoperable with other household equipment.

The Group's growth model is guided by its vision, "Inspiring a better living environment, accessible to all".

Somfy's development model is based on the conviction that everyone, around the world, aspires to a safe, healthy, and sustainable living environment for themselves as well as for their loved ones. To meet these essential needs for improving living environments, Somfy creates innovative solutions for homes and buildings in three areas:

- comfort and well-being for all and at all ages;
- safety of people and property;
- preservation of the environment.

A SUSTAINABLE BUSINESS MODEL, ADAPTED TO THE LOCAL MARKET, WHICH BRINGS TOGETHER THE ENTIRE VALUE CHAIN

At the forefront of the digitalisation of buildings, Somfy designs new functions for new and existing buildings that meet the aspirations of everyone. Providing useful, safe, simple and accessible solutions is the value creation model that Somfy develops with the help and for the benefit of all its stakeholders. The attractiveness of the Group's ranges, their interoperability with other household devices, and their ease of use, all influence

the adoption of new technologies by the user and by the construction industry and unleash the growth potential of the connected home.

Somfy is a local stakeholder, with a presence on five continents, and adapts its product lines to the specific features of each of its markets. Somfy aims to become the preferred partner for window and door automation for homes and buildings. In this way, Somfy contributes to the development of both its customers and its partners, by making the excellence of its products and services a constant priority.

BASIC ORGANISATIONAL PRINCIPLES OF SOMFY

On 1 January 2020, the Group implemented a new organisation, guided by three major principles:

- a function-based architecture, around global business lines in order to support the Group's development;
- a customer-centric organisation, with reduced interfaces to facilitate decision-making and optimise resource allocation;
- an organisational model that facilitates the digitalisation of products, customer relations and operations.

DESCRIPTION OF GROUP ACTIVITIES

Somfy designs, assembles and distributes motors and automated devices (remote controls and sensors) as well as intelligent systems which control their operation. Somfy's main manufacturing activity is the assembly of subunits and parts designed by it but produced by subcontractor partners.

The R&D activity anticipates peoples' new habits and needs in relation to homes and buildings, designs the corresponding solutions, guarantees the performance and compatibility of products from the same brand and ensures their interoperability with other brands in the field of connected homes and buildings.

Control of its distribution (international supply chain, local sales and marketing presence) means Somfy products can be delivered worldwide. Customers are manufacturers and installers, who integrate Somfy solutions into carrier products: blinds, shutters, doors and gates, or by replacing existing equipment in buildings, by leveraging the strength of the Group's brands. Somfy also distributes finished products (a selection of motors and control panels, connected objects, digital applications) that are sold by prescribers, networks, retailer installers or resellers, *via* large specialist and DIY stores, and online, either directly or indirectly. Somfy products are installed indiscriminately in individual homes, small businesses, apartment blocks, office blocks, hotels and collective residences.

B. RESILIENCE OF THE BUSINESS MODEL

As a result of the successive lockdowns, the health crisis has made people aspire to even better living environments, highlighting to customers the benefits offered by Somfy solutions, and consolidating its vision and ambition. The new Group organisation has proved its relevance in dealing with the operational challenges caused by the pandemic without calling into question organisational choices or the business model.

This health crisis has caused a global shortage in components and materials which has impacted Somfy in terms of electronic components. All the development, procurement and sales teams

have been mobilised to limit its effects. A crisis team was specifically created and has implemented measures to re-design circuit boards using available components, daily dialogue with suppliers to secure adequate allocations and, in particular, ongoing communication with customers to limit the impact on them.

C. BUSINESS MODEL

Somfy has made Sustainable Development an essential element of its strategy and its Ambition 2030 programme. By inspiring better living environments accessible to all, Somfy is bringing well-being, safety and energy savings to its customers. Through connected products and services which go together, users benefit from features that simplify their everyday lives, ensure the active monitoring of goods and people, while optimising the thermal and light contribution of solar energy.

Employees are aligned with the purpose of Somfy products and services being of benefit to consumers, which is reflected in their strong commitment. It is also reflected in their involvement in the Somfy Foundation's initiatives and the projects run by Les Petites Pierres, a crowdfunding platform devoted to community housing and associations.

The investments undertaken by the company allow it to innovate every year to launch new products in line with customer expectations and which help to reduce the carbon footprint of buildings.

CAPITAL

PEOPLE

- > **6,131** employees⁽¹⁾
- > Somfy present in **59 countries**
- > Funds contributed to Les Petites Pierres = **€265K**
- > Foundation budget = **€525K**

PLANET

- > Ecodesign-certified since 2015⁽²⁾
- > Energy-efficiency solutions
- > Dedicated team

PROSPERITY

Industrial and commercial capital

- > **€120M** R&D expenses
- > Network of experts
- > **8** industrial sites

Long-term development model

- > Cash flow = **€313M**
- > CAPEX = **€54M**
- > Stable shareholding = **71.9%**

SUSTAINABLE GROWTH MODEL

VISION

Inspiring a better living environment, accessible to all

Everyone, around the world, aspires to a safe, healthy, and sustainable living environment for themselves as well as for their loved ones. To meet these essential needs for improving living environments, Somfy creates innovative solutions for homes and buildings in three areas:

- > comfort and well-being for all and at all ages;
- > safety of people and property;
- > preservation of the environment.

AMBITION

Be the preferred partner for window and door automation for homes and buildings.

Four strategic pillars serving our 2030 ambition:



Forward-looking in Smart Living



Raising value for customers



Delivering performance



Inspiring & Engaging

KEY ACTIVITIES

Research & Development // Marketing // Prescription // Assembly // Distribution // Sales

VALUE CREATED

PEOPLE

- > Engagement = **7.6**⁽³⁾
- > **25,7%** of women in management
- > **66** solidarity missions for the Foundation
- > **65** Les Petites Pierres projects funded

PLANET

- > **61.5%** of Act for Green products⁽²⁾
- > **210 kT CO₂e** avoided⁽⁴⁾
- > **40%** electricity from renewable sources

PROSPERITY

- > **40** patent applications
- > **46** new products and services
- > Customer Net Promoter Score⁽⁵⁾ = **45.4**
- > **44%** local purchases (<500 km)
- > Sales = **€1,478M**
- > ROCE = **31.4%**

(1) Excluding temporary workers. (2) As per life cycle analyses certified according to the PEP ecopassport® standard. (3) "Intrinsic engagement rate" up 0.5 points.

(4) Volume of emissions avoided by customers using automated roller shutter solutions in France and Germany (methodology validated by Carbone 4).

(5) Customer Net Promoter Score (customer satisfaction indicator) = % promoters - % detractors.

EUROPEAN GREEN TAXONOMY

In accordance with its objectives to reduce greenhouse gas emissions by 55% by 2030, which were reaffirmed in July 2021, the European Union is introducing a classification system for economic activities according to their environmental impact: the European Green Taxonomy (Green Taxonomy).

With respect to the 2021 financial year, in 2022 companies must declare the eligible portion of their sales, investments and operating expenditure according to this classification.

Somfy, based on its business related to solar protection, motorisation and automation, makes the case that a significant portion – 75% – of its sales are generated through activities that contribute to climate change mitigation. The portion of investments stood at 68% (including IFRS 16) and the portion of operating expenditure at 65%.

Studies conducted alongside the firm Carbone 4 as well as analyses carried out by ES-SO, a European association connected with the solar protection industry, show that the motorisation and automation of solar protection leads to lower energy consumption related to the heating and air conditioning of buildings. The latest thermal regulation for buildings in France, RE2020, also confirms the positive impact of Somfy's activities, by integrating this impact for BBIO (coefficient for measuring heating, air conditioning and lighting needs) certification for new buildings.

Given that a number of implementing decrees for the Green Taxonomy are still under discussion at EU level, the figures announced will be revised during each financial year to ensure compliance with these new texts.

PRESENTATION OF THE GROUP'S SUSTAINABLE DEVELOPMENT STRATEGY

A. AMBITION 2030 OF THE SUSTAINABLE DEVELOPMENT

With the strategic framework Ambition 2030, Somfy is incorporating Corporate Social Responsibility (CSR) ahead of its strategy to make it the foundation for the Group's sustainable growth. Somfy's Sustainable Development policy – "We Act For a Better Way", is based on three axes: Planet, People and Prosperity:

- a Better Way to Care, Planet: limit and reduce the negative effects of operational processes on the environment, measure and highlight the positive environmental impacts of automating solar protection for Somfy customers;
- a Better Way to Be, People: ensure that the Group's activity benefits employees and other communities;
- a Better Way to Grow, Prosperity: encourage business practices that promote sustainable growth, create value for stakeholders and are in line with ethical guidelines.

The priority challenges of this policy have been ratified by the Sustainable Development Committee of Somfy's Board of Directors.

The Planet axis involves rolling out the low carbon strategy, maximising user customers' CO₂ avoided emissions thanks to Somfy products and integrating the circular economy approach.

The People axis involves offering a fulfilling and inspiring "employee experience", based on the development of skills to promote long-term employability, and on facilitating rich and diverse interpersonal relationships, both internally and within the framework of activities supporting the Foundation's associations.

The Prosperity axis involves rolling out, alongside financial performance indicators, clear reporting and non-financial indicators to guide the strategy and measure progress. Respect for customers is also a key issue, achieved through continued focus on compliance with product standards and GDPR. Lastly, it involves including suppliers in a process of responsible purchasing.



A BETTER WAY TO CARE – PLANET

- Reducing our environmental impact and doing our part in the fight against global warming.
- Improving building energy performance and contributing to the well-being of their inhabitants thanks to our solutions.

A BETTER WAY TO BE – PEOPLE

- Providing a fulfilling, fair and inclusive work environment for our employees.
- Developing their long-term employability.

A BETTER WAY TO GROW – PROSPERITY

- Implementing respectful and ethical commercial practices that create value for all our stakeholders worldwide.

To illustrate its Sustainable Development ambition, Somfy has established a 2030 roadmap which focuses on key objectives. This roadmap will be expanded in line with the progress made in each of the axes.

Pillars	Challenges	Indicators	Unit	2021	2030 target
Planet	Environmental impact of operations	Carbon footprint scopes 1 and 2 (SBTi)	kT CO ₂ e	15*	-50% vs. 2019
		Rate of electricity from renewable sources	%	40%**	100%
	Environmental impact of products	Carbon intensity scope 3 (SBTi)	kg CO ₂ e/motor	108*	-50% vs. 2019
		Rate of Act For Green products sold	%	61.5%	100%
People	Diversity and inclusion	Percentage of female managers	%	25.66%	40%
	Health and safety at work	Frequency rate of accidents at work**	%	3.06	-50% vs. 2021
	Commitment to local stakeholders and local impact of our sites	Number of solidarity missions completed during the year	Number	66	100
Prosperity	Responsible Purchasing and Supply Chain Transparency	Rate of signature of the Responsible Purchasing Charter***	%	100% of new suppliers	100%
	Business ethics and fair practices	Number of people trained in ethics and compliance	Number	657****	3,000

* 2019.

These targets relate to scopes in which they have the most impact:

** Industrial scope.

*** Direct purchasing.

**** GDPR + anti-corruption modules in 2021.

B. SUSTAINABLE DEVELOPMENT GOVERNANCE

The Group’s Sustainable Development policy is overseen at Board of Directors level through a Sustainable Development Committee made up of the Chairman of the Board of Directors and two of its members. This Committee meets at least twice a year.

The Executive Committee leads the implementation of the Sustainable Development policy, which has been fully integrated into the Group’s strategy, Ambition 2030. The heads of each strategic priority regularly report to him on their progress.

Environmental Performance is driven by the Engineering & Customer Satisfaction function; the People, Culture & Organization function is responsible for corporate social responsibility. *Ad hoc* coordination meetings are held to ensure overall consistency. The various policies are communicated to employees at the Group’s head office and the subsidiaries *via* coordinators or the local manager.

C. SOMFY’S CONTRIBUTION TO SDGS



Somfy is a committed Group that contributes at an economic, environmental, social and societal level. By signing the Global Compact, Somfy has undertaken to help achieve the United Nations’ Sustainable Development Goals (SDGs). The SDGs provide a shared framework to help achieve a better and more sustainable future for all. Somfy contributes to them *via* the three axes of its Sustainable Development policy: Planet, People, Prosperity.

Planet	People	Prosperity

D. PROOF OF COMMITMENT

External assessments have validated the progress made within the Group in terms of Sustainable Development.



In 2021, Somfy achieved a Gaïa Research score of 84/100. The non-financial rating of Gaïa Research is primarily intended for investors. It assesses companies based on their level of transparency and performance according to Environmental, Social and Governance (ESG) criteria. The 2021 score was slightly higher than 2020’s and reflects the ongoing efforts being made on all ESG fronts.



Somfy’s EcoVadis score increased significantly, rising 10 points in relation to 2020, to 65/100, which earned it silver medal status. This impressive performance is reflected in each of the four areas assessed: Environment, Social & Human Rights, Ethics, and Responsible Purchasing.

PRESENTATION OF NON-FINANCIAL RISKS

A. METHODOLOGY

The Group's main CSR risks and challenges presented below and identified last year were confirmed this year.

In 2021, broader discussions were held on the Group's catalogue of risks, going through each process. For each of the company's major processes, specific attention was paid to identifying the risks related to the Group's CSR challenges. These risks will be incorporated into the assessment of the overall risk mapping in 2022.

I. MAPPING OF RISKS

















The major risks for Somfy or risks that are significant as a result of the Group's activity are presented in chapter 2 (Management report) of this Annual Financial Report. A pictogram highlights the risks for which a CSR component has been identified.










Nevertheless, the CSR risks detailed below are not included *per se* in the major risks in the Risk factors section of chapter 2, as the Group has decided to present its main CSR risks according to an assessment of gross risks, whilst the Group's overall risk mapping takes into account control measures that have already been implemented (net risk measurement approach).

II. MATERIALITY MATRIX

In addition to the review of the Group's overall risks (chapter 2), the preparation of a materiality matrix makes it possible to compare the Group's internal CSR challenges with the challenges identified by Somfy's stakeholders. These challenges are grouped into three major categories, which make up the three pillars of the Sustainable Development policy – Planet, People, Prosperity. This materiality matrix will be reviewed in 2022.

B. PRESENTATION TABLE OF CHALLENGES AND RISKS

Pillars	Challenges	Risks	KPIs	SDGs	Pages
Planet	Environmental impact of operations	Impact of operations: <ul style="list-style-type: none"> – on global warming – on the depletion of natural resources and damage to biodiversity – on pollution of the environment by the sites 	<ul style="list-style-type: none"> – Water consumption in m³/employee – Energy consumption in kWh per m² and CO₂e – Volume of hazardous and non-hazardous waste in kg/motor produced – Recycling rate of waste – Rate of electricity from renewable sources across the industrial scope 	   	51-54
	Environmental impact of products	Impact of products: <ul style="list-style-type: none"> – on global warming – on the depletion of natural resources (circular economy) 	<ul style="list-style-type: none"> – Average annual electricity consumption per motor sold in kWh – Rate of Act For Green products sold under the Somfy brand 	   	54-55
	Impact of the environment on Somfy activities	<ul style="list-style-type: none"> – Risks of adaptation to global warming 	N/A		55
People	Attracting new talents, developing skills & employee engagement	<ul style="list-style-type: none"> – Inadequacy of resources in terms of talents and skills – Risk of exodus of talents and fall in engagement levels 	<ul style="list-style-type: none"> – Percentage of employees who received training during the year – Engagement rate of the Somfyscope survey – Percentage of employees who were promoted or who benefited from a mobility 		56-57
	Diversity and inclusion	<ul style="list-style-type: none"> – Missing the opportunity to grow as a result of our differences – Discrimination 	<ul style="list-style-type: none"> – Change in the breakdown of men/women – Percentage of female managers 	 	57-58
	Health and safety at work	<ul style="list-style-type: none"> – Impact on the health and physical and psychological well-being of employees 	<ul style="list-style-type: none"> – Frequency rate of accidents at work resulting in absence – Severity rate 	 	58-59
	Commitment to local stakeholders and local impact of our sites	<ul style="list-style-type: none"> – How our activities and operations are perceived by their local ecosystem 	<ul style="list-style-type: none"> – Number of solidarity missions during the year 	  	59-60

Pillars	Challenges	Risks	KPIs	SDGs	Pages
Prosperity	Business ethics and fair practices	– Risk of unethical behaviour	– Number of ethics alerts – Percentage of newcomers who have completed the anti-corruption e-learning training		60-62
	Privacy and personal data	– Non-compliance with protection of privacy and personal data – Data breach	– Percentage of newcomers who have completed the GDPR e-learning training		62-64
	Responsible Purchasing and Supply Chain Transparency	– Social and environmental impacts of the supply chain – Violation of human rights	– Percentage of purchases made locally – Number of suppliers covered by a supplier risk analysis	   	64
	Regulatory safety and compliance of products	– Regulatory developments limiting our ability to market our products	N/A		64
	Customer satisfaction	– Changes in consumption habits and customer expectations – Consumer satisfaction	– Customer Net Promoter Score	  	65

SOMFY’S RESPONSES TO NON-FINANCIAL RISKS

Somfy responds to these risks in a structured and organised way based on the three pillars of its Sustainable Development strategy.

A. PLANET

I. ENVIRONMENTAL PERFORMANCE GOVERNANCE

Environmental Performance is a strategic axis for Somfy, fully integrated into Ambition 2030.

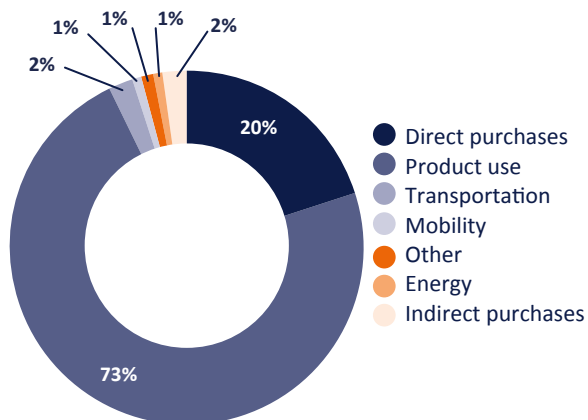
The Environmental Performance Department is integrated into the Engineering & Customer Satisfaction function, and reports on its activities to the Executive Committee and to the Board of Directors through its Sustainable Development Committee.

A Carbon Assessment® led to the creation of a mapping of the Group’s environmental impacts and found that the leading driver of action was global warming. Somfy decided to set itself targets to reduce its carbon footprint by 2030 and to help limit the greenhouse gas emissions of buildings through the promotion of solutions that maximise the use of solar gains for thermal regulation.

This Carbon Assessment® was carried out in 2020 using data from 2019, across scopes 1, 2 and 3 for the entire Group.

It found that 93% of GHG emissions were related to the manufacture and use of Somfy products (indirect scope 3 emissions) and 7% to the operations of the Group’s sites (scopes 1, 2 and 3 emissions).

Below is the breakdown, by main sources of emission, on which the implemented action plans are based:



The targets for reducing greenhouse gas emissions by 2030 are as follows:

- 50% reduction in greenhouse gas emissions across scopes 1 and 2 in terms of absolute value in relation to 2019 levels (using market-based calculations);
- 50% reduction in greenhouse gas emissions across scope 3 in terms of intensity (per number of actuators sold).

These targets have been submitted to and approved by the Science Based Target initiative (<https://sciencebasedtargets.org/>). For scopes 1 and 2, they are in line with the global warming trajectory of 1.5°C by 2100 according to the commitments made during the 2015 Paris Agreement.

In order to achieve these targets and promote low carbon solutions, a roadmap of actions has been defined and represents a strategic priority followed by the Executive Committee and led by the Environmental Performance Department.

This roadmap sets out the action to be taken to reduce the carbon footprint along three axes:

- products: addressing this overriding element of the company's Carbon Assessment® involves undertaking to reduce the electricity consumption of actuators, particularly in standby mode, promoting eco-design (100% of products sold in 2030 will have Act for Green certification) and reviewing product packaging;
- activities: all the company's internal activities will reduce their carbon footprint notably through improving the energy performance of buildings, using electricity from renewable sources, defining a low carbon travel policy and optimised logistics operations;
- eco-practices: through a network of employees, eco-friendly practices are promoted to help minimise the impact of each individual and raise awareness amongst company players.

In addition, solutions developed by Somfy contribute to improving the energy efficiency of customer buildings. Work carried out in collaboration with Carbone 4 helped to identify the carbon emissions avoided by residential buildings thanks to the motorisation and automation of roller blinds sold by Somfy. Results for France and Germany are included in the table below:

	Emissions generated by the products (CO ₂ e)	Emission reduction in user customer buildings (CO ₂ e)	Avoided emissions (CO ₂ e)
France	40 kT	160 kT	120 kT
Germany	90 kT	180 kT	90 kT

Somfy worked alongside Carbone 4 in the Net Zero Initiative which aims to promote standardised methods for estimating avoided emissions.

Another priority is the integration of the circular economy:

- through eco-design – which aims to make the products more energy efficient while using fewer raw materials – by promoting the use of recycled materials and by improving their sustainability. These aspects make up the criteria for awarding eco-design certification to the Group's products – Act for Green;
- in the factories, through initiatives aimed at reducing rejects and at collecting and recycling waste;
- in Europe, end-of-life products are collected and processed under the WEEE (Waste Electrical and Electronic Equipment) Directive. These collection and processing initiatives are organised by environmental organisations with which Somfy has contracts in different countries of the European Union.

In general, Somfy contributes to the implementation of the circular economy through its involvement in professional organisations such as the FIEEC⁽¹⁾, IGENES⁽²⁾ and the Technical Committee 111⁽³⁾.



Somfy Activités SA's environmental policy and governance are derived from the Group's policy. The impacts and risks are identical to the Group's.

II. ENVIRONMENTAL IMPACT OF OPERATIONS

1. Description of the risk

The operations at the Group's industrial sites involve assembling metal and plastic parts to create finished products. These assembled products use processes such as embedding, screwing and clipping. These operations do not use water or effluents, or products likely to cause discharges into the air, soil or collection network.

Similarly, these assembly operations are unlikely to generate noise in the vicinity or use water. The volumes of water reported are therefore exclusively related to the daily non-industrial consumption of the sites. This explains the relatively low volumes used and re-treated.

As a result, the impacts of Somfy's industrial operations identified are as follows:





- global warming;
- depletion of natural resources and the impact on biodiversity;
- environmental pollution by the sites (water, air, soil, waste, noise).

On this last point, given the nature of the Group's industrial assembly activities and the associated risks, the issue is marginal and does not require any specific measures.

(1) FIEEC: French Federation of Electric, Electronic and Communication Industries.

(2) IGENES: French Association of Digital Power and Security Engineering Industries.

(3) INTERNATIONAL ELECTROTECHNICAL COMMISSION Technical Committee 111: Environmental standard for electrical and electronic products and systems.


2. Policy	3. Initiatives
<p>Global warming Evaluation through measurement, notably <i>via</i> a Carbon Assessment®, helps find appropriate solutions for the main challenges, which are:</p> <ul style="list-style-type: none"> – transportation of products; – energy used on the sites and the vehicle fleet; – indirect purchases; – mobility. <p>Optimum balance is sought between feasibility and reducing GHG emissions. Somfy has committed to reducing its greenhouse gas emissions by 2030. These targets involve a reduction of 50% for scopes 1 and 2 in terms of absolute value and of 50% for scope 3 in terms of intensity. These targets have been approved by the Science Based Target initiative. The targets for scopes 1 and 2 are compatible with global warming of 1.5°C as set out in 2015 Paris Agreement.</p>	<p>During 2021, roadmaps were developed as part of a three-year strategic plan. The main initiatives are:</p> <ul style="list-style-type: none"> – products: the development of technology ensuring reduced consumption in standby mode; – sites: signing of supply contracts for electricity from renewable sources for five of Somfy's eight industrial sites, introduction of a system for recycling grey water, for managing energy, and for measuring electricity consumption of industrial machinery at the SOPEM site in Poland; – a guide to eco-behaviour and eco-practices was distributed to all company employees. <p></p> <p>Certain measures have been taken in relation to Somfy Activités SA:</p> <ul style="list-style-type: none"> – to promote eco-friendly commuting by employees: <ul style="list-style-type: none"> • numerous awareness-raising initiatives (sixth Mobility Challenge, cycling events, eco-driving training, distribution of practical information sheets, use of electric vehicle charging points, etc.), • conversion of the Cycling Mileage Allowance into the Sustainable Transport Flat Rate in accordance with the LOM Act (law on Mobility Strategy); – to improve the energy performance of the buildings: <ul style="list-style-type: none"> • improved insulation, including a new insulated double security door at the international logistics site, • system for managing energy consumption.
<p>Depletion of natural resources The Group is determined to limit waste and rejects in its industrial assembly activities and to reduce the use of cardboard for packaging finished products.</p>	<ul style="list-style-type: none"> – continued implementation of quality policies in factories, aimed at reducing the number of assembly defects and thus related rejects. The defects are analysed, grouped by type, and type 8D methodologies are structured <i>via</i> a system of Short Interval Meetings (SIM). This operating standard is applied in all factories; – at the end of the assembly lines, products identified as non-compliant are repaired or rejected. The subunits of these rejected products are sorted according to type of material and sent to waste collection and processing operators; <p></p> <ul style="list-style-type: none"> – a machine for cutting customised boxes was installed at the international logistics site (Somfy Activités SA) with the aim of reducing cardboard use by 7,000m² per year.
<p>Impact on biodiversity Somfy is keen to protect biodiversity and has several sites in regions where protecting biodiversity is a major issue:</p> <p></p> <ul style="list-style-type: none"> – Somfy Activités SA, located in the heart of the French Alps, close to Mont Blanc, wants to act to protect the mountain ecosystem and is involved in local initiatives; – the SOPEM factory in Poland is located on the edge of two protected sites belonging to the Natura 2000 network: <ul style="list-style-type: none"> • Puszca Niepolomicka PLB 120002, • Torfowisko Wielkie PLH120080. 	<p></p> <ul style="list-style-type: none"> – Somfy Activités SA is a member of the <i>Club d'Entreprises pour la Montagne et son Développement Durable</i> (CEM2D); – four apiaries, made up of 12 beehives in total, have been introduced at the different Somfy Activités SA sites in the Arve Valley, with the first honey collected in 2021; – eco grass cutting has been introduced: by mowing green spaces less often, biodiversity growth is encouraged; – the SOPEM factory complies with strict requirements regarding the protection of its local environment. Compliance with environmental standards was also a precondition for setting up any plant.

The eco ambassadors convey a spirit of environmental responsibility within Somfy and are key players in the roll-out of these policies.

4. Results and KPIs


For all the indicators presented, the 2020 baseline is that published. In 2021, BFT's Italian site incorporated two more factories (Pujol and O&O).

Water consumption of the Group's industrial sites

	Environmental reporting scope			Somfy Activités SA 		
	31/12/20	31/12/21	▲	31/12/20	31/12/21	▲
Water consumption in m ³	39,691	40,328	2%	8,670	10,880	25%
Ratio m ³ /employee	9.1	8.4	-8%	5.0	6.2	25%


Water consumption is exclusively related to "non-industrial" use (toilets, showers, fountains). The 8% reduction is therefore attributable to the lower attendance of employees at the sites as a result of the Covid-19 measures taken. In contrast, at Somfy Activités SA's French site, the return of employees led to a gradual resurgence in water consumption, comparable to that seen in the years preceding 2020.

Waste from the Group's industrial sites

	Environmental reporting scope			Somfy Activités SA 		
	31/12/20	31/12/21	▲	31/12/20	31/12/21	▲
Non-hazardous waste in kg/motor	0.28	0.24	-12%	0.93	1.25	34%
Hazardous waste in kg/motor	0.00	0.00	-36%	0.02	0.01	-44%
TOTAL WASTE IN KG/MOTOR	0.28	0.24	-14%	0.96	1.27	32%
Recycling rate of hazardous and non-hazardous waste	89%	89%	0%	84%	83%	-1%

The overall reduction in the tonnage of waste reflects the effectiveness of the measures introduced to raise environmental awareness and the effectiveness of quality policies in relation to reducing rejects.

Greenhouse gas, combatting global warming and energy efficiency

	Environmental reporting scope			Somfy Activités SA 		
	31/12/20 Restated*	31/12/21	▲	31/12/20	31/12/21	▲
Gas (kWh/m ²)	59	65	11%	90	97	7%
Electricity (kWh/m ²)	63	66	4%	63	65	3%
Mineral fuel (kWh/m ²)	1	1	-34%	1	1	-7%
ENERGY CONSUMPTION PER M² (KWH/M²)	123	131	7%	154	162	5%
Total GHG emissions in Co ₂ e (Tonnes)	6,852	7,303	7%	1,592	1,770	11%


* 2020 data have been restated to consider the Tunisian building areas correction.

The greenhouse gas emissions of the industrial sites are monitored and calculated using actual energy usage readings. Energy consumption per m² increased by an average of 7%, primarily related to gas consumption for heating. Coupled with cold winter temperatures, the ventilation measures imposed by the public health rules related to Covid-19 led to a 11% increase in gas consumption.

Electricity from renewable sources

In line with the carbon footprint reduction target, supply contracts for electricity from renewable sources were signed in 2021. They account for 40% of the electricity consumption of the industrial sites (against zero in 2020).

The 2030 target is to reach 100% across all the Group's entities.

	Environmental reporting scope			Somfy Activités SA 		
	31/12/20	31/12/21	▲	31/12/20	31/12/21	▲
Rate of electricity from renewable sources	0%	40%		0%	42%	

Lastly, the Group was not the subject of any appeal or proceedings relating to any potential violation of national environmental regulations in the countries in which it operates. However, these positive results cannot be deemed to be an end in themselves and the company continues to implement proactive policies to ensure that the number of legal actions remains at zero.

III. ENVIRONMENTAL IMPACT OF PRODUCTS

1. Description of the risk

The Carbon Assessment[®] conducted in 2020 using 2019 data confirmed the findings of the assessment completed on 2011 data: 93% of the Group's GHG emissions are connected with the manufacture and use of the products, of which 78% was related to electricity consumption when in use and 22% to the use of the raw materials required for their manufacture. The main risk is therefore global warming, through the increase in Greenhouse Gas emissions (GHG).

2. Policy

Global warming

A policy of eco-design has been implemented with the reduction of greenhouse gas emissions as a priority.

Products are awarded an Act for Green label when they meet stringent eco-design requirements.

Act for Green is based on a framework taken into account by Research & Development teams. It incorporates requirements that are broken down according to several subject areas:

- controlling greenhouse gas emissions through moderate electricity use and the choice of appropriate raw materials;
- seeking to use recycled and recyclable raw materials in the composition of products;
- materials selected for their low impact on health and the environment;
- product durability;
- a statement of the environmental impacts in line with the PEP ecopassport[®] programme in which Somfy participates. This programme, developed by the electricity industry, defines a standardised method for making environmental declarations in accordance with international regulations (ISO 14025 & ISO 14040s). The information contained in this PEP ecopassport[®] has been independently verified by Bureau Veritas CODDE.

3. Initiatives



Somfy Activités SA's R&D teams are piloting these eco-design initiatives for products for the entire Group:

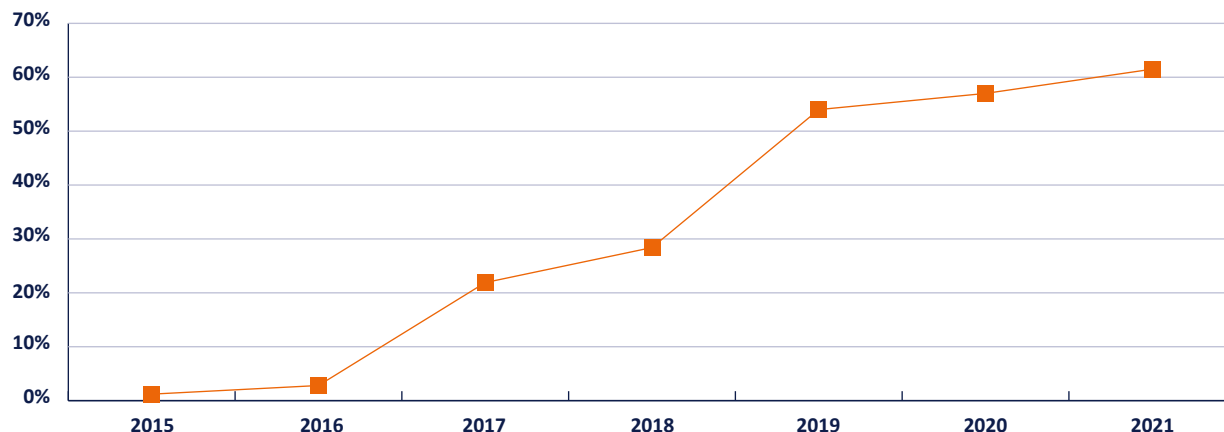
- in 2021, Act for Green certification of products continued in accordance with a roadmap developed with the functions concerned;
- in order to integrate new technologies and the expanded product range, the technical certification framework has been improved;
- an assessment of the technologies for reducing consumption has been completed and incorporated into a three-year plan.

4. Results and KPIs

Continued eco-design efforts have led to an increase in the proportion of products in the Somfy portfolio with Act for Green certification:

- in 2021, nine new ranges of products were certified Act for Green;
- the proportion of products sold under the Somfy brand that bear the Act for Green label rose from 57% in 2020 to 61.5% in 2021.

Rate of Act for Green products sold



Certification of products is carried out internally based on criteria validated in a Life Cycle Analysis (LCA) verified by an external third party. It specifically meets criteria regarding the consumption of products on standby, the type of electronic components used and packaging.

So as to track the impact of its products on global warming, every year Somfy monitors the average annual electricity consumption per motor sold, for all brands (apart from Dooya). This indicator simultaneously includes consumption in use and on standby in order to take into account all the measures aimed at reducing environmental impact.

	2020	2021	▲
Annual electricity consumption per motor (KWh)	10.7	9.4	-13%

The calculation methodology was refined in 2021. Consumption in operation was analysed at a more granular level (product line by product line) in order to reflect the reality as closely as possible and to maximise the impact of the reduction action plans. Similarly, the consumption in standby mode of the largest contributors was analysed in greater detail.

The 13% reduction was due to the following:

- the application of this new methodology accounts for 19% of the reduction;
- measures to reduce consumption in standby mode in 2021 account for 2% of the reduction;
- lastly, the 2021 product mix had a negative impact, meaning that the percentage of high electricity consumption products increased in terms of total sales, which explains the remainder of the discrepancy.

Expressed in CO₂ emissions, the average annual electricity consumption of motors fell from 67 to 59 kg CO₂e.

The data used in the calculation was provided by the Group and has a low level of uncertainty. However, the emission factor used is based on average European data, ultimately resulting in a level of uncertainty classed as medium.

IV. IMPACT OF THE ENVIRONMENT ON SOMFY ACTIVITIES

This involves analysing and reducing the financial risks related to the impact of climate change.

Somfy's activity is partly focused on exterior (motorisation of shutters and patio awnings) and interior (motorisation of curtains

and blinds) solar protection. Weather conditions have an impact on both the volume of products sold and their installation, in particular over the first half of the financial year, during which sales of motorisations for blinds are concentrated.

As part of its industrial activities, the Group is exposed to a certain number of risks attributable to climate conditions (storms, earthquakes, floods, etc.) and therefore, more generally, to climate change. The Group has introduced a risk assessment for this and has the insurance it needs to protect it from any financial consequences.

The fight against climate change has been taken into account in the design of its products through its Act for Green programme. The Group is also working on optimising the use of raw materials, energy efficiency and ability to be recycled to reduce the carbon footprint of its products.

B. PEOPLE

Somfy has always put women and men at the heart of its corporate project since the Group firmly believes that it is through them that it will make the difference in all that it does. Somfy thus seeks to offer every employee a plan that enables them to develop their internal and external employability. The company is a place of life in which every person can grow, both professionally and personally. Conditions in the workplace and under which they perform their role, and maintaining the health and safety of everyone are priorities of the Group's social strategy.

The project Ambition 2030 sets out the Group's social strategy, through the "Inspiring & Engaging" pillar, in the following way:

The Group wants to create the right conditions to ensure a positive and inspiring professional experience in order to enable employees to grow. The primary mission of the leaders and managers is to help their teams achieve success. They must share the Group's strategy and give meaning to all the activities in which their teams are engaged. This is to enable every person to develop autonomy and to take decisions at their level: empowerment drives the performance, agility and strong commitment of employees.

Excellence is promoted across all global functions and the coordination of professional communities is another driver for developing teams.

Diversity and inclusion are at the heart of Somfy's people-focused project. Somfy actively works to identify talents across the entire Group, and to place them in roles irrespective of their geographic location. The Group's Smart Working policy, which aims to improve the employee experience and which offers greater flexibility in terms of job location, has accelerated this trend.

On this basis, the implementation of Somfy’s social strategy is broken down into four axes:

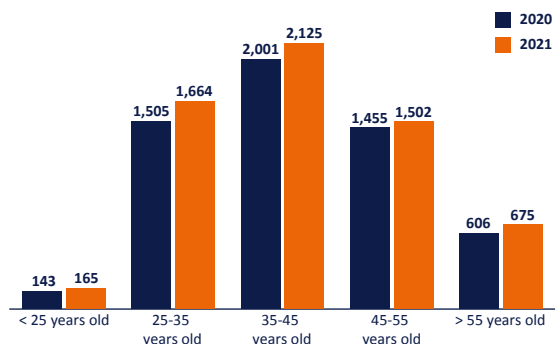
- **the “One Somfy, One Team” mindset** is Somfy’s mantra. The results targets are achieved thanks to the strength that being a group confers. A remuneration system based on shared targets, for the Group’s senior executives, supports this ambition;
- **inclusive diversity** is a significant component of Somfy’s corporate responsibility. It also helps to achieve a better performance from teams. The Group is evolving from a French to an international culture. Diversity is a key factor in success, inclusion is the true challenge;
- **talents and new skills**: “Somfy is a special place in which to grow”. The Group’s aim is to succeed in developing its employees to give them priority over the appointment of external talents, and to work towards achieving the right balance between internal promotions and external recruitment. Its wish is to boost careers and give each person a stake in their development;
- **a vision from leadership** that creates the conditions for its teams to succeed. This success involves the definition by the manager of an empowering framework and by a mentoring approach that makes it possible to increase the standard required thanks to the support and development of employees. In 2022, the Group is launching a leadership development programme for all its senior executives.



The policies and actions related to these four axes are, for the most part, already in place at Somfy Activités SA, the largest entity. Their gradual roll-out at Group level is ongoing.

Ahead of these strategic developments, Somfy is ensuring compliance with the main principles of the Universal Declaration of Human Rights in the countries in which the Group operates.

The Group’s overall workforce at 31 December 2021 (including permanent and fixed-term contracts but excluding interns, work/study employees and temporary staff) was 6,131 people compared with 5,710 in 2020, with breakdown by age as follows:



I. ATTRACTING NEW TALENTS, DEVELOPING SKILLS & EMPLOYEE ENGAGEMENT

1. Description of the risk

Attracting talent and developing the skills of its employees are central to Somfy’s challenges. The Group’s growth and performance is also dependent on its ability to secure the right

talents, in the right place, at the right time. The resources invested in employee development are necessary in order to safeguard the Group’s growth and performance and to achieve Ambition 2030. In addition to the risk of not having the human resources necessary for the achievement of its ambitions, neglecting the development of employee skills could result in talents leaving or a fall in their commitment levels. Supporting employees in their development helps to improve their employability and their sense of security in relation to the next steps in their career, which is a commitment factor.

2. Policy

The Group’s skills development policy is based on the 70/20/10 approach: 70% takes place *via* practical application, 20% from interaction with others and 10% from training. In April 2021, the Group launched Somfy Campus, its corporate university which offers development paths for all employees. These programmes facilitate the skills training of teams and help to develop leadership skills.

3. Initiatives

Several types of measures have been introduced to ensure the Group attracts and retains talents, and develops skills:

- completion of Talent Reviews: collective meetings between managers aimed at anticipating organisational changes, defining development plans, identifying talent pools in order to offer them attractive career paths, developing succession planning for key roles in the organisation, and analysing changes to the organisation and to jobs. In 2021, they covered the development and careers of more than 3,700 employees;
- introduction of individual performance interviews, of targets setting interviews and development interviews, for all connected employees of the Group, with a 93% implementation rate. Somfy decided to separate the performance and development interviews in order to ensure strong focus on development. The purpose of the development interview between the employee and manager is to discuss the employee’s experiences, the skills acquired and those to be developed, and to link them to their career aspirations;
- introduction of a careers watchdog: mapping of existing professions and associated skills, forward planning regarding expected developments within these professions (16 functions, 91 occupational fields with framework of associated skills, 188 generic positions with associated descriptions), these documents being available to all Group employees;
- employee indicators *via* the biannual Somfyscope engagement survey and a self-assessment of quality of working life conducted annually during the performance interview (supplemented by a systematic interview with the HR team in the event of an employee reporting problems).

4. Results and KPIs

The results of the last Somfyscope engagement survey, completed in 2020, are very satisfactory. The intrinsic engagement rate was 7.6, an increase of 0.5 points in relation to 2018. These good results were driven by two major themes: pride in belonging to the Group and confidence in its future.

The survey is open to all employees. The response rate was 78% in 2020. The engagement rate represents the average score out of 10 for the 10 key questions asked in the survey. The next Somfyscope will be conducted in 2022.

The indicators related to training and mobility are:

Collection panel for social data	2020	2021
Percentage of employees who received training during the year*	49.90%	64.15%
Percentage of employees who were promoted or who benefited from a mobility**	7.85%	5.88%

* Inclusion of training has decreased to 1 hour from 2 hours in previous years, to be compatible with remote training time, which is shorter but more regular.

** Number of promotions in the year divided by the total number of employees on the payroll at 31 December.

Given that the Covid crisis affected on-site working in 2020, a significant amount of training had to be cancelled. The 13-point increase in 2021 was due to Somfy adapting to the new restrictions by organising more remote training and by catching up on the cancelled training.

Since the Group underwent a major restructuring in 2020, the number of people who were promoted or who benefited from a mobility in 2021 was more moderate.



Somfy Activités SA	2020	2021
Percentage of employees who received training during the year	68.78%	81.39%
Percentage of employees who were promoted or who benefited from a mobility	18.30%	10.43%

II. DIVERSITY AND INCLUSION

1. Description of the risk

Diversity and inclusion are at the heart of Somfy's people-focused project. Somfy considers diversity to be a value in itself, to discharge its societal responsibility in an authentic way, but also as a lever enabling the Group to enhance experiences and perspectives, to innovate and to transform. Active failure to take diversity and inclusion into consideration could lead the Group to lose opportunities to grow as a result of our differences.

2. Policy

The overall aim in relation to this issue is detailed in the introduction to the People chapter. The Group considers this axis to be a key factor in its success.



In France, Somfy is focusing its efforts on gender equality and disability. Somfy Activités SA has signed an agreement endorsed by DIRECCTE, which sets out a three-year investment plan, allowing for the recruitment of more employees with disabilities and ensuring it complies with regulations.

Somfy does not want to differentiate between its talents. This principle was acknowledged in 2018 with the signature, with the trade unions, of a Company Agreement promoting gender equality in the workplace. This agreement covers five topics: recruitment, remuneration, career development, the work/life balance, and health and safety at work. The agreement was signed for an initial period of three years. A new agreement was signed in December 2021.

3. Initiatives



Several key actions have been completed in relation to gender equality in the workplace. including:

- Somfy wishes to promote the recruitment of women into the Engineer and Managerial Staff categories, in which they are less represented. After a three-year agreement that came to an end in 2021 and which achieved a rate of 30% women in this category, Somfy Activités SA has set itself the following target: to achieve a percentage of at least 33% by the end of 2024 (Agreement of 14 December 2021 to promote gender equality in the workplace);
- Somfy ensures equal access to development initiatives and career progression. Specific resources have been mobilised to support the proportion of women in the Engineers and Managerial Staff category, and each year funding of €25,000 is allocated to measures aimed at female employee development towards these careers;
- seeking the balance between professional development and family responsibilities is at the heart of our concerns. Measures have been taken to promote fair distribution of family obligations: employer's share of pension contributions maintained in the event of parental leave; full salary guaranteed in the event of statutory paternity leave; length of service maintained for the employee during parental leave (against 50% according to the Labour Code currently); solidarity based savings account scheme for employees required to support a severely ill spouse or parent. Lastly, in order to respect the work/life balance and family responsibilities, flexible working time is facilitated. For example, employees in a team on rotating shifts can move to a team on fixed shifts until their child/children reaches/reach the age of three. Particular attention is also paid to the balance of professional training investments between the genders within the same comparison category;
- while health and safety in the workplace are a priority shared by all, specific attention is paid to the health of female employees. Measures are specifically financed to combat musculoskeletal disorders (MSD). An annual budget of €60,000 was dedicated over three years to the "Pro MSD" project to improve the ergonomics of production workstations, which was successful. As part of the new three-year agreement, a new investment of €100,000 over the period will be dedicated to logistics roles. Other measures have been taken to offer relief in relation to the stresses experienced during pregnancy: every pregnant employee can benefit from an area for lying down rest in the event of tiredness.

In relation to disability:



Through its disability agreement endorsed by DIRECCTE in late 2019, Somfy has committed to improving its rate of employing disabled workers. By the end of 2022, Somfy aims to achieve a rate of 4.5% disabled workers. Somfy is benefiting from the momentum created by its disability policy to continue its actions supporting the integration of beneficiaries of the employment obligation:

- Somfy is running campaigns to raise employee awareness and is working with a communications agency on the status of disability friendly employer, which specialises in the field of disability;
- Somfy relies on the support of Agefiph, through the *Réseau des Référents Handicap* (network of disability representatives) and awareness raising tools available to national Representatives;

- in 2021, European Disability Employment Week was held for the second time. Somfy took part in the DuoDay event for the first time, creating 14 duos;
 - Somfy Activités SA recruitment teams remain actively engaged, twice taking part in the 100% digital national recruitment forum Hello Handicap, which is aimed at disabled jobseekers;
 - a disability friendly company, which specialises in recruitment, came to support Somfy teams' actions, notably in relation to the recruitment of candidates with recognition of their disabled worker status;
 - training, provided by a firm specialised in disability, was given to the HR France community and to all Somfy Activités SA managers to give them a better understanding of actions related to recruitment, professional integration and retaining workers in employment;
 - several practical measures have been introduced to encourage retaining workers in employment: four-days of paid leave of absence per year every three years, flexible working hours, flexibility in terms of role, etc.;
- In addition, a consultancy service was initiated by a firm specialised in disability to support Somfy and help it improve in relation to worker retention and professional integration activities;
- Somfy is committed to the Disability ecosystem through its use of subcontracting services from companies within the protected worker sector.

4. Results and KPIs

The engagement rate of women in the 2020 Somfyscope survey stood at 7.5, a significant increase of 0.6 points in relation to 2019. This positive result was driven in particular by the following elements: respect for the employee by their manager, safety in the workplace and confidence in the Group's future.

	2020	2021
Percentage of women in total workforce		
Collection panel for social data	45.94%	46.32%
 Somfy Activités SA	40.76%	39.46%

	2020	2021
Percentage of women in management		
Group	24.26%	25.66%
 Somfy Activités SA	31.54%	31.23%

Somfy affirms its ongoing commitment to promote gender equality in the workplace with the 2030 target of 40% of the Group's management being women.

III. HEALTH AND SAFETY AT WORK

1. Description of the risk

The Health & Safety risk is inherent in any professional activity and Somfy places the protection and safety, and physical and mental health of all its employees at the very forefront of its concerns.

Depending on the type of activity carried out, this covers the risk of accident at work and the risk of occupational disease, including psychosocial risks.

2. Policy

In 2021, the Group's Health & Safety policy was updated and restructured in order to better respond to the Group's Health & Safety challenges and give it fresh impetus.

It gives employees a major role and pays particular attention to the individual and collective state of mind defined as essential in targeting the reduction of risks and the elimination of work-related incidents and accidents.

This policy relies on standards and tools that are designed to be rolled out across the entire Group while simultaneously taking into account the context and specific features of each site.

Its stated objectives are to:

- develop the Health & Safety culture by targeting performance excellence;
 - ensure a safe and healthy working environment and a better quality of life at work;
 - prevent accidents at work and occupational diseases;
 - comply with laws and regulations relating to health and safety.
- Management's approach to health & safety at work enables these objectives to be addressed and is based on four fundamental principles:
- leadership and individual responsibility;
 - preventive approach;
 - risk awareness;
 - continued improvement.

The launch of this new policy was accompanied by the creation of a slogan/logo underlining the importance of personal commitment:



3. Initiatives

Major initiatives were implemented in 2021:

- effective establishment of a new Health & Safety organisation at Group level including the formation and animation of French and International Networks;
- launch of the Group's new Health & Safety policy, realisation of webinars;
- start of the construction of a Group Health & Safety management system;
- drafting and roll-out of the standard Health & Safety Golden Rules, which gather the common and basic safety rules to be applied by all Group employees;
- implementation of the Sherpa solution for collecting and consolidating Health & Safety performance indicators;
- launch of the Safety in Sites Compliance Committee, whose purpose is to manage, in a cross-company way, regulatory compliance by the Group and implement the necessary measures to ensure the risks are managed;



- introduction of regulatory monitoring of Health & Safety and Transportation of Hazardous Materials *via* the RedOnLine solution for the Vallée de l'Arve sites. Roll-out across all French and then international sites is under consideration;
- introduction of a pilot to conduct Safety Meetings for the Garette factory;
- management of the Covid-19 pandemic from a health standpoint: updating of internal protocols, weekly multi-site coordination meetings, management of contact matrices, etc.

Collection panel for Health & Safety data	2020	2021
Frequency rate with absence Industrial and logistics sites	3.94	3.06
Frequency rate with absence Health & Safety policy scope (social scope for 2020)	4.91	2.41
 Frequency rate with absence Somfy Activités SA	6.99	2.63
Severity rate Industrial and logistics sites	0.13	0.18
Severity rate Health & Safety policy scope (social scope for 2020)	0.15	0.08
 Severity rate Somfy Activités SA	0.33	0.19

IV. COMMITMENT TO LOCAL STAKEHOLDERS AND LOCAL IMPACT OF OUR SITES

1. Description of the risk

Somfy is aware of local social, societal and environmental challenges in relation to its economic development and is mindful of the positive and negative externalities of its growth in the territories where it conducts its business activity.

Failure to take into account this interdependency can lead to a loss of business opportunity and loss of employer brand appeal in connection with the attractiveness of the territories and employment areas of Somfy sites as well as a loss of opportunity and a risk to reputation in the interactions with local stakeholders.

2. Policy

The societal commitment policy is based on three axes:

- a civic commitment in combatting poor housing, literal translation of the ambition to improve living environments accessible to all, *via* the intermediary of its corporate Foundation and the endowment fund Les Petites Pierres, the first crowdfunding platform devoted to solidarity housing and associations;
- a local economic commitment, *via* financial support or the provision of expertise to initiatives to promote the appeal of the territories and sectors in which the Group conducts its business;
- a commitment to equal opportunities and employability within the employment areas and local communities, through the promotion of careers and provision of support to sporting and cultural associations.

4. Results and KPIs

Within the framework of the 2030 roadmap, it has been decided to focus on the frequency rate of accidents at work resulting in at least 1 day's absence at the industrial and logistics sites, and for Somfy employees exclusively.

These are the activities most likely to cause accidents, and as a result, requiring the most attention.

Nevertheless, for the roll-out of the Group's Health & Safety policy, the scope takes into consideration all the Somfy sites irrespective of activity or country. Other management and performance indicators, such as the severity rate, are monitored.

3. Initiatives

Civic commitment and combatting poor housing:

- the Somfy Foundation helps to combat poor housing by supporting associative projects in France and internationally. In 2021, it had a budget of €525,000. In France, employees can benefit from three days of solidarity leave to take part in the Foundation's activities in the form of human sponsorship (provision of resources) or skills-based sponsorship (provision of expertise). Within approximately ten subsidiaries, these initiatives have been extended *via* local branches of associations supported in France by the Somfy Foundation;
- Somfy, in partnership with the BTP+ Foundation and Valfidus Group, supports the Les Petites Pierres endowment fund. This fund had a budget of €650,000 in 2021 to finance projects to combat poor housing.

Commitment to promote the lasting appeal of the territories and employment areas of Somfy's sites:



- Somfy collaborates with business development players in the territories in which its main sites are located, such as the CIMES Competitiveness Division, and the association Thésame. It is a higher education partner of open innovation: Innovation Chair of Edhec and Open Chair of the *Fondation Université Savoie Mont-Blanc*, a foundation that takes action to support Sustainable Development of the two Savoies. Somfy is also a partner of Eco-Tremplin Radio Mont-Blanc for the MB race;
- Somfy is a sponsor of the French Skiing Federation and of the French biathlon team. Somfy supports champion biathletes in France and Germany, including Paralympic gold medallist Benjamin Daviet;

- Somfy is a member of the GREEN network, which brings together around 100 organisations that take action to support Sustainable Development in the territory.

Commitment to equal opportunities and employability within local communities:



- Somfy acts to promote work-based learning and vocational training, and is involved in developing future training within the Université Savoie Mont-Blanc Business Club and the *Campus des Métiers* in Cluses;
- Somfy leads the Vallée de l'Arve club as part of the national initiative "*Les entreprises s'engagent*" (Businesses are committed) to promote inclusion through employment and, in this regard, supports FORMA (careers fair in the Annecy region). Somfy is a sponsor of various local initiatives in Cluses and Bonneville, in particular supporting sport and culture in the priority neighbourhoods within the town's policy (participation in the operation "An Orchestra at School");
- Somfy is certified an "inclusive company" in the Arve Valley, working towards inclusive employment.

C. PROSPERITY

I. BUSINESS ETHICS AND FAIR PRACTICES

1. Description of the risk

Through the Ambition 2030 strategic framework and its Sustainable Development policy, Somfy is determined to strengthen its stakeholders' confidence in its ability to conduct its business ethically. That is why the Group has made ethics a cross-company axis of this policy. Risks related to non-ethical behaviour and corruption within the company, and their repercussions in terms of image and reputation as well as the financial impacts, are taken all the more seriously by Somfy given that the Group aims to be the preferred partner for window and door automation for homes and buildings.

Somfy employees and its partners must comply with the laws and regulations in force within the jurisdictions in which Somfy pursues its activities, as well as with Somfy's values and policies in terms of ethical principles. To promote this culture at every level of the organisation, Somfy relies on several policies the main principles of which are mentioned below.

4. Results and KPIs

One of the Group's major commitments, recognised both internally and externally, is action to combat poor housing, and an element of the employer brand valued by applicants.

In 2021:

- 233 Group employees took part in a solidarity day and 234 days (full-time equivalent) were assigned to human sponsorship and skills-based sponsorship;
- the endowment fund Les Petites Pierres helped to fund 65 projects and donate €1,032,000 to combat poor housing in 2021;
- 106.2 hours were devoted to local mandates representing the same number of hours work for the community.

Somfy's commitment to promoting the appeal of the territory is recognised by stakeholders in Haute-Savoie, who welcome its commitment to the local ecosystem.

Aware of the role it plays within the public interest, the Somfy Foundation is committed to working as closely as possible to address local needs.

With this in mind, Somfy undertakes to increase the 2030 target for solidarity missions to 100. In 2021, 66 missions were completed, of which 53 in France (*i.e.* 13 more than in 2020 on the French scope).

2. Policy	3. Initiatives
<p>Ethics Since 2015, Somfy has had a Code of Ethics which is a point of reference for employees in relation to individual and collective behaviour, and a framework for everyday actions, enabling them to embody the Group's values. This Code is a document that guides every employee in their decision-making and helps to promote dialogue between employees so that ethics is an open matter understood by all. It is systematically provided to every employee joining the Group and is available on the Group's website and intranet in 23 languages. The Audit and Risk Committee and General Management provide strong support to the Ethics Committee and oversee the ethics function. The Ethics Committee helps to ensure there is a collective approach to ethics and that the principles described are applied. It is made up of four members appointed by General Management. In addition to the animation provided by the Risk, Ethics and Compliance Department, managers are responsible for the roll-out and application of the Code of Ethics within their scope, including for newcomers. Every employee must understand and apply the principles set out in the Group's Code of Ethics. Employees are also encouraged to report any concerns relating to ethical principles or behaviour to their manager, the Head of Risk, Ethics and Compliance, or the Ethics Committee.</p>	<p>In 2021, the Code of Ethics was updated to take into account the Group's new governance structure and following the introduction of a new whistleblowing system. A new reporting platform was acquired in late 2021, to replace the whistleblowing mechanism in place since 2015. This platform, easily accessible to all via a QR Code, enables the confidential and secure reporting of any behaviour that contravenes the Code of Ethics, so that it can be considered and handled in compliance with the applicable legal and regulatory provisions. Included in the anti-corruption compliance programme, this whistleblowing mechanism also allows Somfy to meet the requirements of law n°2016-1691 of 9 December 2016 on transparency, the fight against corruption and the modernisation of the economy, known as the "Sapin 2" law. A specific procedure, formally set out in 23 languages, presents this system and the conditions of its use. Lastly, Somfy is also a member of the Business Ethics Group, an organisation that has set itself the task of promoting ethics and compliance in the management and governance of French companies.</p>
<p>Fight against corruption In addition to the Group's Code of Ethics and following the enactment of the law on transparency, the fight against corruption and the modernisation of the economy, Somfy has set out its anti-corruption policy, available on the Group's website, and implemented an anti-corruption programme.</p>	<p>The Group has formally set out mapping dedicated to the analysis of corruption related risks in each of its geographic regions, in accordance with its activities. This mapping was updated in 2021. Somfy decided to adopt the Middelnext Anti-Corruption Code of Conduct, designed to provide guidance on business conduct, and supplemented this Code by several appendices in order to provide practical advice, examples and links to other processes. E-learning was rolled out to all the Group's employees (excluding manual workers and equity-accounted entities) in 22 languages and is compulsory for all newcomers. Face-to-face training was introduced for employees considered to be the most exposed. The roll-out of local training proved difficult in 2021 as a result of the health situation. It will be continued in 2022. Accounting controls were implemented to detect potential fraudulent acts. A digitalised solution to ensure atypical transactions are monitored on an ongoing basis is currently being installed with a pilot rolled out in 2021. Assessment of third parties with whom the Group already works and prior to any new relationship is ongoing based on the defined strategy, with the help of a dedicated platform.</p>
<p>Fight against money laundering The Group's Treasury Charter expressly states that payments and receipts made in cash are not permitted, except in exceptional cases in complete compliance with applicable local regulations and/or the Group's rules.</p>	<p>Cash flows form an integral part of the tests of the internal audit programme and are verified during each assignment within a subsidiary. The Group is involved in the fight against money laundering by working with reliable and strong banking partners, who use procedures to verify financial flows and their origins.</p>
<p>Fight against tax evasion Somfy undertakes to observe the spirit and the letter of the law in all countries in which it does business. It wants a frank and transparent relationship with all tax authorities, seeks to clarify all uncertainties and resolve all disputes in due course. It considers that it pays its fair share of taxes in those countries in which it operates.</p>	<p>The Group undertakes to pursue the following actions in its drive for tax transparency and to combat tax evasion:</p> <ul style="list-style-type: none"> – participate in compulsory reporting such as the Country-by-Country reporting for France; – monitor compliance of intragroup transactions with arm's length principles and OECD actions on taxation base erosion and profit shifting (BEPS).

2. Policy	3. Initiatives
<p>Anti-competition The Group’s compliance with rules governing competition remains a priority. Ignorance of competition law rules would expose the Group, and any individual involved, to very serious risks. The damage for Somfy could be high, both in financial and reputational or image terms. For this reason, in 2022 the Group decided to require every employee to adhere to its Compliance Charter with competition law. This Charter will be widely distributed in the first quarter of 2022.</p>	<p>The Group has undertaken a major campaign to raise awareness amongst the employees concerned of compliance issues in the field of competition law by giving them dedicated training. Alongside the awareness campaign already underway, digital information sheets will shortly be available to all employees. In parallel, immersive e-learning modules will be offered to certain key targeted priority groups. Lastly, a process for detecting and reporting alerts is under consideration and will be available during 2022.</p>
<p>Intellectual property rights Somfy respects the intellectual property rights of third parties, in the same way it expects its rights to be respected.</p>	<p>The process of developing a new product covers analyses of freedom to use patents at each stage of this development. A qualified patent team (three European legal representatives) is dedicated to this analysis and issues documents showing the associated risks. Launches of products are therefore based on designs specific to Somfy that are rights free. The vast majority of product names are covered by registered trademarks. The process of creating these names includes a preliminary search of availability conducted by a specialist team (two intellectual property lawyers). When a potential infringement is detected, the team conducts an extensive analysis to decide, in line with the corporate strategy, whether to launch a dispute process with one or more competitors.</p>

4. Results and KPIs

Ethics

The indicator used to monitor the performance of the ethics mechanism is the number of ethics alerts reported to the Ethics Committee, which was 11 in 2021 (against five in 2020 and nine in 2019). This figure is relatively stable. Out of the 11 reports received, nine were admissible and five were closed at 31 December 2021. Communication campaigns concerning the existence of the modified whistleblowing mechanism started in late 2021 and will continue in 2022.

From this year, a new indicator will be monitored: it relates to the number of people who have completed at least one piece of ethics or compliance training during the year. In 2021, this covered 657 people.

Anti-corruption

Several indicators are monitored, notably those relating to anti-corruption training:

- the anti-corruption e-learning module was rolled out across all the Group’s entities (excluding equity-accounted companies) reaching all the individuals concerned present in the workforce on the dates of the local campaigns (excluding manual workers);



- in 2021, 556 additional employees completed the e-learning anti-corruption course, mostly comprising newcomers (384 people, i.e. 75.3% of newcomers) and people who were absent during the 2019 and 2020 campaigns;
- in 2021, 17 additional people, considered to be more exposed to the risk of corruption received face-to-face training, representing a total of 843 people since the start of the roll-out of the anti-corruption programme, plus 195 Directors who are members of the various Management Committees. The schedule for this training will be reissued in 2022, as soon as the health situation improves;

- as of 31 December 2021, neither Somfy nor any of its subsidiaries had been found guilty of or were under investigation in relation to corruption.

II. PRIVACY AND PERSONAL DATA

1. Description of the risk

The protection of user and employee data is one of the key elements of the Group’s Sustainable Development policy. Since 2018, Somfy has been actively engaged in ensuring the Group is in compliance with the General Data Protection Regulation (GDPR). The compliance upgrade project has been split into three stages: analysis of the risk and level of compliance (2018-2019), implementation of the compliance upgrade programme in France and the European Union (2019-2022) and audit and ongoing improvement of the compliance upgrade (from 2022). The second phase covers the introduction of training and awareness raising solutions, policies, reporting frameworks, internal procedures, registers, organisation of the project’s governance, and other resources required to ensure the Group’s compliance with GDPR.

2. Policy

Within the framework of the disclosure and transparency requirement provided for by GDPR, the Group has adopted data protection policies: one intended for employees and a second intended for customers, partners and consumers.

The data protection policy covering internal information applies at global level, going beyond European scope, to ensure an equivalent level of protection for all employees wherever they are located.

Somfy’s external data protection policy was the subject of co-creation workshops with some Somfy France users in 2019 and 2020 and resulted in a prototype of an interactive control and personal data protection interface which was rolled out in 28 versions across Consumer sites of the European Union in 2021.

Also in 2021, all the Group's entities signed an intragroup undertaking *via* which they mutually agree to comply with protection standard equivalent to GDPR within the context of processing the personal information of Somfy consumers. In the same vein, the signing of standard contractual clauses in line with the European Commission's new model (following the invalidation of the Privacy Shield in July 2020) was initiated with all Somfy entities that used shared HRIS solutions (such as Smartrecruiters, IHRIS) as part of HR processing.

Lastly, an Information System Security policy was formally set out and rolled out in order to structure governance and define each person's role in the security of Somfy's IT system. This policy is overseen on a cross-company basis by the Group Chief Information Security Officer (CISO), and covers all information assets, including IT, industrial and products.

3. Initiatives

Following an audit carried out in 2018 (phase 1 of the project), the Group recruited a Data Protection Officer (DPO) responsible for monitoring data protection and the roll-out of the roadmap.

Key projects covered the management of the rights of individuals in relation to GDPR, the management and notification of personal data breaches, the development of data flow mapping, the completion of processing registers within European Union (EU) entities, data governance within the Group, and training employees and raising their awareness (phase 2 of the project).

To support and optimise this compliance upgrade, a network of GDPR officers – Privacy Champions – was set up and an overall Committee, the GDPR Steering Committee, meets each month.

Somfy's European employees (excluding production) completed mandatory e-learning training ("GDPR Assignment"). This training is also obligatory for all newcomers at Somfy and is accessible to all.

The procedure for managing GDPR incidents introduced in the ASK solution, to trace and manage GDPR incidents as soon as they are reported, has been optimised so that it can be integrated into the overall IT incident management system. It notably enables first level ASK operators to identify a potential data or information security breach, and facilitates escalation to the information security team which then classifies it *via* an objective and expert analysis.

The DPO team, attached to the Legal Department and currently made up of the DPO and a Privacy project coordinator, is involved in monitoring and providing day-to-day support to the business functions to ensure projects developed within the Group are compliant: new cookie banner following recommendations by the European supervisory authorities in 2020, integration of privacy by design into impacted projects, inventories and review of data protection contracts following the invalidation of the privacy shield (Schrems II judgement of the European Court of Justice), completion of impact analyses, occasional support of non-EU business units on data protection issues such as the revision of the privacy policy in the United States following the entry into force of the CCPA.

Lastly, in 2021, HR processing registers were updated at Group level and this process will be continued in 2022.

In addition, IT security was strengthened through the introduction of improved protection solutions (email and Internet access filtering using machine learning and "sandbox" technologies). In

order to ensure the management of these solutions and facilitate optimal analysis of the information reported, a project to set up an outsourced Security Operations Centre (SOC), aimed at strengthening the IT security capacity of internal teams, was launched at the end of 2021. The objective is to be completely operational at the end of the first half of 2022, thanks to 24/7 coverage of all the security systems, and to ensure remediation in the simplest cases or escalation within internal teams.

Subscription to a Cyber Threat Intelligence (CTI) service in late 2021 means that, as a result of ongoing monitoring online based on keywords, potential information leaks can be detected and potential attacks anticipated, through the detection of unintended or malicious exposure of internal information assets, or attempts at usurpation and infringement of brands, patents or websites belonging to the Group.

Improvements have also been made to the management of vulnerabilities with the deployment of an inventory solution for software versions, across all the pool's server resources, irrespective of the operating system used. This solution will enable in 2022, where required, the roll-out of the necessary fixes in an industrialised manner.

Lastly, specific measures, such as organisational or technical audits, as well as penetration tests, are implemented regularly by independent and accredited third parties on different scopes of the information system (infrastructure, applications, hardware) to identify potential vulnerabilities within them and to set out the related remedial actions.

4. Results and KPIs

E-learning awareness training regarding the protection of personal data was launched in early 2019, with the aim of gradually rolling it out across the entire target population (employees of the Group's European entities, excluding manual workers and temporary staff) up to the end of 2020.

In 2020, 395 out of 485 targeted employees successfully completed the "GDPR Assignment" training (100% of the training course with a minimum of 80% correct answers in the quiz), representing a training rate of 81%.

Between 2019 and 2020, in total 3,210 employees completed the training, with a success rate of 84.50%.

From 2021, every new employee is systematically asked to complete the e-learning training. Other Somfy employees who have not completed their training or who have thus far failed it, are also asked to complete it. In 2021, of 420 people invited to take or retake the training, 324 or 77% successfully completed it.

European entities scope	2020	2021
Percentage of newcomers who have completed the GDPR e-learning training	81%	77%

Lastly, an overall 360° "User Awareness and Training" programme was launched, in collaboration with the Communications and Human Resources Departments. This programme aims to improve awareness on the issue of IT security. Training content has been provided in a fun and innovative format, in the form of podcasts to increase awareness of information security, addressing in each episode different and distinct issues specific to the Group's environment.

Since their launch in October 2021, 1,101 employees accessed this content proactively. Nevertheless, from 2022, every employee will be systematically required to familiarise themselves with this content and to take a quiz aimed at assessing their understanding of the challenges and risks addressed, as well as the way in which they protect against them.

The existing e-learning modules concerning information security continue to be available: since 2020, 3,015 people have completed them, including 518 in 2021.

III. RESPONSIBLE PURCHASING AND SUPPLY CHAIN TRANSPARENCY

1. Description of the risk

The performance of the extended Supply Chain is one of Somfy's strengths and forms an integral part of the Group's value proposition. In this regard, its smooth operation and transparency are essential.

The downstream part, towards the customer, is mainly organised by the company itself in order to best serve the multi-channel approach. The upstream part is heavily subcontracted given that the Group's industrial activity exclusively involves assembly operations. The components of its products are all purchased. Relationships with suppliers are therefore important for Somfy. It is its practice to ensure the entire value chain is involved in its commitment to corporate social responsibility. In fact, specific attention is paid by upstream partners to the consideration of Somfy's requirements and is the subject of explicit commitments and regular performance reviews.

2. Policy

This policy is reflected in the new contractual framework with a view to deploying the Group's CSR commitments in the upstream supply chain and as soon as new partners are added: Human Rights, employment, the environment, fair practices and combating corruption, conflict minerals and hazardous substances. To support the CSR approach taken with its suppliers, the Purchasing Department has created an Excellence Department which structures, amongst other things, the Responsible Purchasing policy. The Purchasing Academy that will be launched in 2022 will incorporate the provision of training on CSR issues to Buyers.

The target in 2030 is for all Somfy suppliers to have signed the Responsible Purchasing Charter.

3. Initiatives

In order to fulfil its commitments, Somfy oversees a supplier related risk management approach through mapping that classifies risks from 1 - low risk to 4 - high risk.

A monthly newsletter increases awareness of the challenges and highlights all CSR initiatives to the Purchasing community.

In 2021, Somfy's overall CSR policy was communicated to its 72 main suppliers. 60 shared the extent of their progress through a questionnaire based on Somfy's three pillars: Planet, People and Prosperity. This analysis helps to set milestones in the Responsible Purchasing roadmap.



Furthermore, in France, Somfy is a member of the organisation Thésame, where it has jointly financed a programme called PEAK which develops collaborative and innovative approaches in

relation to the purchasing function within a sector. Somfy is also active in the organisation by regularly participating in discussions and sharing best practices.

4. Results and KPIs

The indicators monitored by Somfy regarding relationships with suppliers are:

- the percentage of purchases made locally, meaning within 500km of the assembly site. In 2021, 44% of purchases fulfilled this criterion. This figure increased by four points compared with 2020 (40%). This indicator remains calculated for five industrial sites that buy components. The Rumilly (France), BFT (Italy) and Lian Da (China) sites are not included;
- the number of suppliers covered by a supplier risk analysis. In 2021, 76 suppliers were assessed, with the target set at the top 80. It should be noted that 49 assessments were carried out in 2020, with the target set at the top 40;
- 52 suppliers have signed the Responsible Purchasing Charter. The BFT Italian industrial site is included.

IV. REGULATORY SAFETY AND COMPLIANCE OF PRODUCTS

1. Description of the risk

Somfy products need electric energy in order to function. Non-compliance with electrical safety standards and regulations could expose users to significant risks. To ensure their operational safety and control their environmental impact, these products must also meet regulations concerning electromagnetic and environmental compatibility.

2. Policy

Somfy is scrupulous in its compliance with these standards relating to electric safety and electromagnetic and environmental compatibility standards in all the countries in which it operates.

In order to promote best practices in terms of product safety and to anticipate the integration of the requirements in the products, Somfy is actively involved in the proceedings defining these standards and regulations. This work is done *via* European and international standardisation bodies or through professional organisations.

A policy of CE marking, and in particular of French standard labelling in France and UL labelling in the United States, confirm compliance with these standards and regulations.

3. Initiatives

The implementation of this policy was strengthened in 2020 by various practical measures:

- Somfy is actively involved in five standards Committees at IEC (International Electrotechnical Committee) and CENELEC (European Committee for Electrotechnical Standardization) level with more than 100 days of meetings per year. Regulations are also monitored through professional bodies such as IGENES and FIEEC;
- an in-house laboratory at Somfy is accredited by the company Laboratoire Central des Industries Électriques in France;
- governance was strengthened by the introduction of a Product Compliance Committee chaired by a member of the Executive Committee. This Committee oversees regulatory compliance and the related organisation within the Group.

V. CUSTOMER SATISFACTION

1. Description of the risk

During this period of profound change in consumer behaviour and habits, accelerated by climate change, customers are moving towards meaningful and sustainable consumption, by limiting its environmental impact and choosing to shop locally.

Today, providing good quality products is no longer enough. The customer must be at the heart of all the company's concerns and must receive an outstanding end-to-end service. Somfy has begun an approach based on Customer Centricity, whose ultimate goal is to maximise customer satisfaction.

2. Policy

"Customer Centricity means thinking above all about the customer, making every decision with the customer in mind, and making them the focus of everything".

The purpose of this customer centric approach is customer satisfaction. A satisfied customer is a loyal customer and a potential ambassador for Somfy's products and services. In increasingly competitive markets, and when customers are becoming increasingly demanding, their satisfaction emerges as a priority. Reflecting this drive, in 2020 Somfy renamed its Quality Department "Customer Satisfaction & Quality".

Somfy has simultaneously implemented a structure to attract, listen to and involve customers by, firstly, consulting communities and secondly, through a culture developing innovation and flexibility to address and respond rapidly to changing needs.

3. Initiatives

With the aim of placing customers at the heart of its concerns, of better understanding their expectations and sources of dissatisfaction, Somfy has created forums and surveys. This is the purpose of the community platform, "My Somfy Lab", which brings Somfy together with Internet users so that they can jointly create the products and services of the home of tomorrow.

In 2021, there were 11,388 interactions with 5,049 customers (consumers and professionals from all countries). In total, 65 surveys were carried out (compared with 43 in 2020).

In 2021 Somfy ensured it had a very close connection with its consumers, interaction increased and notably helped to better

understand customer experiences when purchasing Somfy solutions, whether that happened in-store, online or via a professional. The Somfy teams also had the opportunity to meet consumers during home visits or remote interaction. It helped to identify their day-to-day needs and expectations and at every stage of their life. All these meetings have helped to upgrade curtain motorisation solutions, smart windows, eco-designed products, future services, etc.

4. Results and KPIs

Customer satisfaction is measured in several complimentary ways:

- thanks to surveys conducted every two years. The objective is to assess base trends and to shape the areas for improvement. There are two types of results:

- measuring recommendation of Somfy by customers: the survey conducted during the first quarter of 2021 took place within the exceptional circumstances caused by the health crisis, and in particular, it included end customers on the panel for the first time, reflecting the Group's Customer Centricity policy. With this new scope and an unprecedented situation, the CNPS (Customer Net Promoter Score), which assesses customer loyalty, fell by 22 points to 45.4,
- overall assessment of customer satisfaction with a satisfactory result of 79.7%.

Faced with the drop in the CNPS, Somfy worked hard to identify areas for improvement and to implement the priority action plans on the issues covered by customer feedback. These measures are focused on three axes: the ability to manage product launches, the ease of contacting technical support and the clarity of documentation;

- salesforce, the CRM solution used by the distribution subsidiaries, includes an instant measurement of customer satisfaction (CSAT). This measurement is taken everywhere the solution is installed. Operational KPIs and targets are defined. The results are analysed by customer segment and localised action plans mean customer satisfaction can be improved in each country;
- work is ongoing concerning measuring satisfaction connected with the digital experience (website navigation, online purchasing process and everything connected with satisfaction on social media). We have to be able to identify these instances, take into account the crossover of channels and address them appropriately.

GREEN TAXONOMY

The European Union (EU) published European regulation 2020/852 of 18 June 2020 (referred to as the “Taxonomy” regulation)⁽¹⁾ on the establishment of a framework intended to promote sustainable investments within the EU. In this regard, Somfy is required to publish, for the 2021 financial year, performance indicators that highlight the proportion of its eligible sales, investments and operating expenditure resulting from products and/or services associated with economic activities considered to be sustainable within the meaning of this regulation and its delegated acts for the first two climate related targets regarding mitigation and adaptation.

This initial assessment of the eligibility of the Group’s activities was completed based on a detailed analysis of all its activities, and was jointly conducted by the Environmental Performance Department, the Financial Department, the Consolidation and Financial Communication Department, and the different business Departments, in reference to:

- climate delegated regulation of 4 June 2021 and the appendices thereto⁽²⁾ supplementing (EU) regulation 2020/852 by specifying the technical criteria for determining under what conditions a business activity can be considered as making a substantial contribution to climate change mitigation or adaptation;
- European Commission delegated regulation 2021/2178 of 6 July 2021 and the appendices thereto, supplementing (EU) regulation 2020/852 specifying the method for calculating the key performance indicators and the narrative information to be published⁽³⁾.

The methodology elements on the basis of which the Group conducted its analysis – definitions, assumptions and estimates – are described below. The Group will review its methodology, analysis and calculations as the introduction of the Taxonomy progresses and according to developments in the activities and the technical review criteria complementing it.

A. IDENTIFYING ELIGIBLE ACTIVITIES WITHIN THE MEANING OF TAXONOMY

The list of activities eligible for Taxonomy has been drawn up following a comprehensive review of the portfolio of the Group’s activities and products.

When the Group’s eligible activities are listed in both the climate change mitigation target and the climate change adaptation target, it has been decided that these activities shall be allocated to the mitigation target.

The Group’s activities identified as eligible through the classification of economic activities covered by Taxonomy are as follows:

Environmental objective	Activity covered by European Taxonomy	Associated NACE Code	Definition of the activity	Corresponding Group activity
Climate change mitigation	3.5. Manufacture of energy efficiency equipment for buildings	C27	Manufacture of energy efficiency equipment for buildings, and their essential components	Manufacture of motors for: <ul style="list-style-type: none"> – roller shutters; – EVB (adjustable awnings); – swinging shutters; – interior blinds; – curtains. Manufacture of smart automation: <ul style="list-style-type: none"> – centralised management, programming, scenario (dawn/dusk); – energy-efficient building automation and control system; – control units, accessories, components required for the smooth operation of the above product families.
	7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	C27	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	Installation, commissioning, maintenance and adjustment services of the above-mentioned elements

For activity 3.5. Manufacture of energy efficiency equipment for buildings, the Group has specifically selected (i) automated solar protection motors and (ii) associated controls, accessories, components and services, such as the essential components for equipment covered under the substantial contribution criteria related to façade and cover elements equipped with a sun protection device or an adjustment feature for sun rays.

It should be noted that these motorisation systems used in the eligible activities have also been the subject of an investment in the field of energy efficiency with the target of a 40% reduction in annual electricity consumption per motor by 2030 as referred to in the strategy A Better Way to Care.

(1) <https://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=CELEX:32020R0852&from=EN>

(2) [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=PL_COM:C\(2021\)2800&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=PL_COM:C(2021)2800&from=EN)

(3) <https://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=CELEX:32021R2178&from=EN>

The Group's activities that generate investments and operating expenditure related to the economic activities that can be considered as individually eligible in environmental terms are the following:

Environmental objective	Activity covered by European Taxonomy
Climate change mitigation	6.5 Transport by motorbikes, passenger cars and light commercial vehicles
	7.7 Acquisition and ownership of buildings

The concept of alignment, provided for by the regulation with effect from the next fiscal year, will be addressed by the Group in the next Annual Financial Report.

B. CALCULATION OF INDICATORS

The Group calculated the indicators in accordance with the provisions of European Commission delegated regulation 2021/2178 of 6 July 2021 and the appendices thereto supplementing (EU) regulation 2020/852 using its existing reporting processes and systems and the assumptions formulated by Management.

Indicators at 31/12/21	Eligible sales	Eligible investments	Eligible operating expenditure
Indicator expressed in%	75.3%	67.7% including IFRS 16 46.6% excluding IFRS 16	64.5%

Results cover all the Group's activities that were integrated into the financial consolidation scope at 31 December 2021.

The financial information used is derived from the Group's information systems (consolidation software) at the balance sheet date. They have been jointly analysed and audited by local and central teams, in order to ensure they are consistent with, in particular, the consolidated sales and investments presented in the consolidated financial statements, and then reviewed by the Finance Department, the Environmental Performance Department and the Consolidation and Financial Communication Department.

The eligible portion of sales is established on the basis of the analytical reporting of the products deemed to be eligible.

The portion of the Group's eligible investments is determined by dividing the amount of investments from the eligible activities and the individually eligible investments such as detailed in the above paragraph by the total investments shown in the consolidated financial statements (including the rights-of-use calculated under IFRS 16, primarily related to building and vehicle leases). It should be noted that, to simplify matters, only the investments connected with the sites producing an eligible product have been used, those related to a site producing several products one of which does not qualify as eligible have not been used. Somfy's activities are not highly capital-intensive. In addition to the investments relating to non-eligible activities, a significant portion of investments also covers types that are non-eligible within the meaning of Taxonomy, such as those related to IT hardware and the capitalised portion of the costs of the SAP ERP implementation.

The operating expenditure used by the Group pursuant to the provisions of Appendix 1 to European Commission delegated regulation 2021/2178 of 6 July 2021 was restricted to the following categories:

- Research and Development expenditure, including in particular the related staff expenses, excluding management as specified in the Commission's draft communication on the interpretation of certain provisions of the delegated regulation;
- short-term lease expenditure for vehicles (non-capitalised);
- maintenance, upkeep and repair costs for industrial equipment and buildings;
- any other direct expenditure, related to the routine upkeep of tangible assets by the company or by third parties to whom these activities are outsourced, which is necessary to ensure these assets continue to operate properly.

The portion of the Group's eligible operating expenditure is determined in accordance with the same methodology as that of investments. To simplify matters, only research and development expenditure related to an eligible product has been used, that related to several products one of which does not qualify as eligible has not been used.

CORRESPONDENCE WITH ISO 26000 STANDARD

Areas	ISO 26000 principles	Pages
Governance	Organisational governance	72-83
Human Rights	Due diligence	61-62
	Human rights risk situations	56
	Avoidance of complicity	61
	Resolving grievances	61
	Discrimination and vulnerable groups	57-58
	Civil and political rights	56 and 64
	Economic, social and cultural rights	56 and 64
Labour practices	Fundamental principles and rights at work	56 and 64
	Employment and employment relationships	62-63
	Health and safety at work	57-59
The Environment	Human development and training in the workplace	56-57 and 62
	Prevention of pollution	51-52
	Sustainable resource use	51-52
	Climate change mitigation and adaptation	51-52 and 55
Fair operating practices	Protection of the environment, biodiversity and restoration of natural habitats	52
	Anti-corruption	61-62
	Responsible political involvement	61
	Fair competition	62
	Promoting social responsibility in the value chain	64
Consumer issues	Respect for property rights	62
	Fair marketing, factual and unbiased information and fair contractual practices	64
	Protecting consumers' health and safety	64
	Sustainable consumption	51
	Consumer service, support, and complaint and dispute resolution	65
Community involvement and development	Consumer data protection and privacy	62-63
	Community involvement	59-60
	Education and culture	59-60
	Employment creation and skills development	59-60
	Wealth and income creation	59-60
Social investment	52 and 59	

METHODOLOGY NOTE

The non-financial statement was drafted using the reporting protocol introduced for 2021 CSR reporting in accordance with Article L. 22-10-36 of the Commercial Code.

A. REPORTING PROTOCOL

The Groups' CSR reporting protocol is the reference guide for all those involved in CSR reporting within the Group. It is drawn up in French and English. Its purpose is to define all the Group's CSR indicators along with their method of calculation, and to describe the procedures for their collection and for reporting in order to promote the consistency and comparability of data. This document is distributed to and applied at all levels of data reporting. The reporting protocol is updated annually to take into account Group developments.

The CSR reporting protocol also serves as a reference framework for the external verification of data, in accordance with Article L. 22-10-36 of the Commercial Code. It is available on request from Head Office.

B. SELECTION OF INDICATORS

The Group's indicators were defined by the CSR officers for each axis in line with the Group's CSR strategy, the non-financial risks identified and the resulting social, environmental, societal and ethical objectives. They address the main challenges (risks and opportunities) related to the Group's activity and illustrate, through clear communication, the Group's non-financial performance and the policies it has introduced to address these challenges, while at the same time supporting the CSR approach in each of the axes for improvement identified by the Group.

Certain mandatory areas are not included in this statement as they are not significant in relation to the Group's activities:

- food waste;
- food poverty and responsible, equitable and sustainable food choices;
- animal welfare.

C. COLLECTION, INTERNAL CONTROL AND CONSOLIDATION

The collection of CSR indicators is ensured by the CSR officers within their respective fields of expertise. They rely on their network of local experts who provide the data. The CSR officers are also responsible for monitoring the consistency and plausibility of the data prior to its consolidation in order to generate the Group indicators included in the CSR section of the management report.

In 2021, a non-financial reporting solution was introduced to make the CSR reporting more professional and improve its reliability. Historical data is stored in the solution and helps to better track the responses from previous years. Most environmental, social and health & safety indicators are concerned.

D. REPORTING PERIOD

The data collected covers the period from 1 January to 31 December 2021.

Depending on the indicators, it can relate to:

- an annual consolidation of the data from 1 January 2021 to 31 December 2021;
- the data measured at 31 December 2021.

Where historical information is available, data is reported on the last two financial years.

Unless otherwise specified, when 2021 and 2020 data are referred to, it is on a comparable scope basis.

E. REPORTING SCOPE

For reasons of organisation and access to information, not all Group companies have been included. The Group wants to use perimeters that are more relevant depending on the topics covered. As such, certain companies are excluded from the social scope due to the existence of very low workforces in certain organisations (distribution subsidiaries spread out over vast geographic areas such as South America), or the lack of Human Resources information systems designed for collecting data easily. However, the Group integrates all significant companies that it fully owns.

Newly acquired companies are integrated into the reporting scope following a probationary period necessary for the introduction of reporting. Companies which were sold during the financial year are not included within the reporting scope.

Specifics of the scope for 2021 reporting:

The scope of analysis of social data relates to 41 Group companies and a workforce at 31 December 2021 of 5,559 people, representing 90.67% of the Group's total workforce. Répar'stores, an entity acquired during 2021, is not included in the reporting scope of social data (136 people).

These companies are spread across five continents, and 30 countries (South Africa, Germany, Australia, Austria, Belgium, Brazil, China, South Korea, Egypt, Spain, United States, France, Greece, India, Israel, Italy, Japan, Morocco, Norway, Netherlands, Poland, Republic of Cyprus, Czech Republic, United Kingdom, Russia, Singapore, Sweden, Switzerland, Tunisia and Turkey).

The reporting scope for Health & Safety data was extended in 2021 to cover a maximum number of entities and to bring it into line with the quarterly internal steering process. It now includes 59 entities (instead of 42 in 2020), which correspond to 94% of the workforce.

The environmental reporting scope is exclusively comprised of industrial sites (eight sites). The industrial sites were chosen in priority over the distribution sites given their more significant impact on the environment.

The methodology used for calculating average annual electricity consumption was refined in 2021 to take into account a greater granularity of data, down to the item reference.

The reporting scope for the indicator "Percentage of purchases made locally" is comprised of five industrial sites.

F. METHODOLOGY LIMITATIONS

The methodologies used for the reporting of certain CSR indicators may present limitations due to:

- particularities of local legislation in the various countries in which the Group is located;
- lack of availability of information on certain scopes;
- use of estimates in the absence of assessment tools;
- practicalities of collecting and processing data.

04

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04

REPORT ON CORPORATE GOVERNANCE

Pursuant to Article L. 22-10-10 of the Commercial Code, we remind you of Somfy SA's corporate governance principles and hereby present information in relation to corporate officers' remuneration and elements liable to have an impact in the event of a public offering.

The company's Financial and Legal Departments are the major contributors to the preparation of this report under the authority of the Board of Directors.

This report was forwarded to the Statutory Auditors, submitted to the Audit and Risk Committee on 7 March 2022 for review, and to the Board of Directors on 9 March 2022 for approval.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE CODE

Somfy SA refers to the Middelnext Corporate Governance Code for listed companies revised in September 2021 (the Middelnext Code hereafter), available at: www.middelnext.com.

At its meeting of 17 November 2021, the Board took note of the new version of the Middelnext Code. It also initiated work to implement the new recommendations and, where necessary, to note those that cannot be. The Board's rules of procedure (the revised version of which was adopted by the Board of Directors on 7 December 2021) were updated accordingly.

The Board has already taken into account recommendation R16 covering in particular the publication of a fairness ratio in relation to the French minimum wage (SMIC).

Moreover, the Board has created a Sustainable Development Committee pursuant to recommendation R8 of the new Middelnext Code.

The Board noted that the company rejected the application of the following recommendation of the Middelnext Code:

Recommendation rejected	Explanation
Strategy Committee to be chaired by an independent member (R7)	The Chairman of the Strategy Committee has been the Chairman of the Board of Directors since 2 June 2021 and is a member of the shareholding family; his training and professional experience qualify him to hold this position. Moreover, the Strategy Committee is made up of three independent members and one other member of the shareholding family.

The following recommendations have not yet been implemented, given that the new Middelnext Code was published in September 2021:

	Explanations
Conflicts of interest – Absence of services other than the certification of the financial statements (SACC) entrusted to the Statutory Auditors (R2)	Before publication of the new version of the Code and for the 2022 financial year, the company entrusted this assignment to KPMG and for the 2023 financial year, it will fall to the company to decide on this issue.
Regular training of the members of the Board – Three-Year Training Plan tailored to the specific features of the business (R5)	During the Board's self-assessment which will take place during the 2022 financial year, Board members are to be interviewed on this issue in order to gather their opinions and thus develop a training plan closely in line with their needs.
Analysis of the votes against and in particular those of the majority of minority shareholders (R14)	Analysis of the votes against and in particular those of the majority of minority shareholders will be conducted as of the Combined General Meeting called for 1 June 2022.

Lastly, at its meeting of 17 November 2021 the Board reviewed the areas requiring attention in the new Code in compliance with recommendation R22 of the Middelnext Code.

COMPOSITION OF CORPORATE GOVERNANCE BODIES

Until 2 June 2021, Somfy was a limited company (*Société Anonyme*), whose structure was based on the “Management Board and Supervisory Board” formula, which entrusts company management to the former under supervision of the latter.

At the Combined General Meeting of 2 June 2021, Somfy changed its corporate governance structure by adopting the form of a limited company with a Board of Directors.

Moreover, at its meeting of 2 June 2021, the Board of Directors decided, pursuant to Article 18 of the company’s Articles of Association, to separate the roles of Chairman, entrusted to Jean Guillaume Despature, and Chief Executive Officer, entrusted to Pierre Ribeiro. It was also decided to appoint Valérie Dixmier as Deputy Chief Executive Officer in charge of People, Culture and Organization. The Board of Directors also decided to appoint Michel Rollier to the role of Vice-Chairman of the Board of Directors for the duration of his term of office as Board member, that is to say one year, expiring at the General Meeting to be held in 2022 and called to approve the financial statements for the financial year then ended.

This change in the governance structure helps to strengthen the Group’s agility and foundations, achieving a better balance between strategic vision and operational excellence at a time of many challenges and significant opportunities, due in particular to the acceleration of the digital and environmental transitions that have put housing back at the heart of consumers’ priorities.

COMPOSITION OF GENERAL MANAGEMENT

It should be noted that until 2 June 2021, the company was a limited company (*Société Anonyme*) with a Management Board and a Supervisory Board. Management Board members were appointed by the Supervisory Board in accordance with legal provisions.

Management Board members were appointed for a term of four years to expire at the end of the General Meeting called to approve the financial statements for the year then ended and held during the year in which their term of office was to expire.

Until 2 June 2021, the Management Board consisted of:

- Jean Guillaume Despature, Chairman of the Management Board; and
- Pierre Ribeiro, member of the Management Board and Chief Financial Officer.

Since 2 June 2021, the company has been a limited company (*Société Anonyme*) governed by a Board of Directors.

Members of the General Management team are appointed by the Board of Directors in accordance with legal provisions and the company’s Articles of Association.

At its meeting of 2 June 2021, the Board decided to appoint the members of the General Management team for a term of four years expiring at the General Meeting held in 2025 and called to approve the financial statements for the financial year just ended.

At 31 December 2021, as at the date of this report, General Management is comprised as follows:

Name	Position	Age	Date appointed	Date term ends
Pierre Ribeiro	Chief Executive Officer	55	2 June 2021	2025 AGM
Valérie Dixmier	Deputy Chief Executive Officer	55	2 June 2021	2025 AGM

LIMITATIONS TO THE POWERS OF GENERAL MANAGEMENT

As an internal rule that is not binding on third parties, General Management’s powers are limited. As such, the Board of Directors must approve in advance the following transactions and items:

- consolidated budget;
- any draft press release relating to the annual and half-year results;
- internal restructuring operations (notably mergers, demergers, contributions, winding-up, creation, reorganisation and/or location of major industrial and commercial sites).

And for off-budget transactions:

- acquisition, disposal, transfer of assets or shareholding, or acquisition of interests, partnerships, joint ventures or off-balance sheet undertaking which exceeds a unit amount of €10 million;
- capital investiture or divestments of any kind that exceed a unit amount of €10 million;
- payment in relation to any disputes, penalties, fines, amicable settlements or compromise agreements that exceed €10 million;
- transactions involving financing, borrowing or hedging and/or modification and/or early loan repayment, the financial value of which exceeds €10 million.

In each of the above cases, the amounts referred to must, for a given proposal, be assessed by aggregating all the steps and decisions relating to the same purpose or pursuing the same goal (whether the relevant investment, divestment, acquisition, disposal, debt or contract is completed in one or more instalments by the company or by one or more of its subsidiaries over several years).

COMPOSITION OF THE BOARD

Until 2 June 2021, the company was a limited company (*Société Anonyme*) with a Management Board and a Supervisory Board. The members of the Supervisory Board were:

- Michel Rollier, Chairman and independent member;
- Victor Despature, Vice-Chairman;
- Paule Cellard, independent member;
- Anthony Stahl;
- Marie Bavarel-Despature;
- Sophie Desormière, independent member;
- Florence Noblot, independent member;
- Bertrand Parmentier, independent member;
- Arthur Watin-Augouard, member representing employees.

At 31 December 2021, as at the date of preparation of this report, the Somfy SA Board of Directors consisted of nine members, including a member representing employees:

Name	Position	Age	Nationality	Date appointed	Date term ends	Audit and Risk Committee	Appointment and Remuneration Committee	Strategy Committee	Sustainable Development Committee
Jean Guillaume Despature	Chairman	44	French	2 June 2021	2025 AGM	-	Member	Chairman	Member
Michel Rollier	Vice-Chairman Independent member	77	French	2 June 2021	2022 AGM	-	Chairman	-	-
Paule Cellard	Independent member	66	French	2 June 2021	2025 AGM	Member	Member	-	-
Anthony Stahl	Member	48	French	2 June 2021	2023 AGM	-	-	Member	-
Marie Bavarel-Despature	Member	41	French-Swiss	2 June 2021	2024 AGM	-	-	-	Member
Sophie Desormière	Independent member	55	French	2 June 2021	2025 AGM	-	-	Member	-
Florence Noblot	Independent member	58	French	2 June 2021	2025 AGM	-	-	-	Chair
Bertrand Parmentier	Independent member	66	French	2 June 2021	2024 AGM	Chairman	-	Member	-
Arthur Watin-Augouard	Member representing employees	41	French	27 July 2021	26 July 2025	-	-	-	-

It should be noted that the Article 14 *bis* of the company's Articles of Association sets out the provisions relating to the terms and conditions for appointing members representing employees. If the company meets the legal conditions and cannot invoke the exceptions set out by law, the Board of Directors will include one or two members representing Group employees, to be appointed by the Group Committee. Pursuant to the above, the member representing employees on the Board of Directors was appointed by the Group Committee on 27 July 2021 and at its meeting of 8 September 2021, the Board recorded his appointment as a member of said Board.

Changes made during the financial year 2021

Former members of the Supervisory Board were appointed Directors with effect from 2 June 2021, with the exception of Victor Despature, whose term of office expired on 2 June 2021.

Relevant expertise and experience contributed by the members of the Board of Directors are detailed in the section, "Expertise and experience of the members of the Board of Directors".

In addition, two Observers were appointed by the Board of Directors on 2 June 2021 for a term of four years, expiring during the General Meeting held in 2025 called to approve the financial statements for the financial year then ended:

- Vincent Leonard; and
- Grégoire Ferré.

They contribute complementary skills and experience, in the financial and digital fields respectively, to the Board.

Equal representation of men and women on the Board

To date, excluding the member representing employees on the Board (who must not be taken into account when assessing gender parity – Commercial Code, Article L. 225-27-1, II paragraph 2), the Board comprises eight members, including four women, meaning there is no gender imbalance within the Board. As such, the company complies with the legal provisions regarding gender equality namely, given the size of the Board, a maximum difference of two between the number of members of each gender.

Self-assessment of the Board

During the financial year 2021, an update on the assessment of the operation and the work of the Board and its Committees was carried out during the Board of Directors' meeting of 17 November 2021. A deeper assessment will be carried out during the 2022 financial year, when the Board and its Committees will have had more than a year of operation and therefore more experience to enable it to complete the assessment of their respective roles.

CONDITIONS OF PREPARATION AND ORGANISATION OF THE BOARD OF DIRECTORS' WORK

The Board of Directors determines the strategic direction of the company's operations and oversees their implementation, in accordance with its corporate purpose, taking into consideration the social and environmental challenges of its business. Subject to the powers expressly conferred to the Shareholders' General Meetings and within the limit of the corporate purpose, it handles any matters pertaining to the proper functioning of the company and settles matters concerning it through its deliberations. The Board of Directors carries out the checks and verifications it deems appropriate.

A Chairman, and potentially a Vice-Chairman, is elected from among its members. Board meetings are convened by the Chairman or, where necessary, by the Vice-Chairman at their own instigation and, if the Chairman is not the Chief Executive Officer, at the request of the Chief Executive Officer or, if the Board has not met for more than two months, at the request of at least two thirds of the Directors. They may call meetings of the Board by any means, including verbally.

INDEPENDENCE OF THE MEMBERS OF THE BOARD OF DIRECTORS

A group of family shareholders holds the majority stake in Somfy SA.

Summary table:

Independent Board members	Michel Rollier	Paule Cellard	Sophie Desormière	Florence Noblot	Bertrand Parmentier	Explanation in the event of non-compliance
Is not and has not been an employee or an executive corporate officer of the company or any other Group entity during the last five years	X	X	X	X	X	-
Has not had, during the past two years, and does not have any significant business relationship* with the company or its Group (customer, supplier, competitor, service provider, creditor, banker, etc.)	X	X	X	X	X	-
Is not a significant shareholder of the company and does not hold a significant percentage of voting rights	X	X	X	X	X	-
Does not have a close relationship or family connection with a corporate officer or a significant shareholder	X	X	X	X	X	-
Has not been a Statutory Auditor of the company over the previous six years	X	X	X	X	X	-
Conclusion regarding independence	Independent	Independent	Independent	Independent	Independent	-

* Where necessary, the materiality of relationships may be discussed and the assessment criteria clarified at a Board meeting. To date, no material business relationship exists.

It is also specified that on the basis of the independence criteria established by the Middelnext Code and summarised above, Grégoire Ferré and Vincent Léonard, Observers, meet these criteria and can thus qualify as independent Observers.

As recommended by the Middelnext Code, the Board assesses the independence of its members every year and at the time of their appointment, based on the independence criteria recommended by the Middelnext Code, namely:

- to not be, nor to have been during the last five years, an employee or executive corporate officer of Somfy SA or any Group entity;
- to not have nor to have had, during the past two years any significant business relationship with the company or its Group (customer, supplier, competitor, service provider, creditor, banker, etc.);
- to not be a significant shareholder of the company or hold a significant percentage of voting rights;
- to not have a close relationship or family connection with a corporate officer or a significant shareholder;
- to not have been, over the previous six years, a Statutory Auditor of the company.

The Board noted on 2 June 2021 that five members of the Board: Paule Cellard, Sophie Desormière, Florence Noblot, Michel Rollier and Bertrand Parmentier, meet these criteria and can therefore qualify as independent members. There exists no significant relationship, that could affect their freedom of opinion, between these members and Somfy SA or its Management, or with a company consolidated by the Group.

EXPERTISE AND EXPERIENCE OF THE MEMBERS OF THE BOARD OF DIRECTORS AND OBSERVERS

As regards the independent members of the Board, Paule Cellard brings to the Group her international experience in finance, risk management and compliance; Michel Rollier brings to the Group the full breadth of his industrial and international experience gained with the Michelin group, particularly in finance, strategy

and marketing; Sophie Desormière brings to the Group her industrial and international experience gained with the Valeo and Solvay groups in strategy, sales and marketing, as well as her expertise in investment strategy gained as Chief Executive Officer of AALPS Capital; Florence Noblot brings to the Group her experience gained with the DHL group in Europe and Asia (China and Singapore) in strategy, sales and marketing; and Bertrand Parmentier brings to the Group his international experience gained with the groups Pierre Fabre and Latécoère, notably in strategy, organisation and finance.

The other members of the Board, in addition to the respective expertise and professional experience they bring to the Group, are members of the family and therefore have a family code of ethics, which reinforces the shared respect for the shareholders' agreement. Moreover, their own substantial individual investment naturally motivates their long-term commitment and thus their aim to create sustainable value for all the stakeholders of Somfy SA.

Lastly, the Observers, Grégoire Ferré and Vincent Léonard, bring to the Board their expertise - in the digital field for Grégoire Ferré and the financial field for Vincent Léonard.

Grégoire Ferré is Senior Vice-President at Faurecia, responsible for the digital transformation and the artificial intelligence and data centre of expertise, as well as the Cockpit of the Future Division. Prior to joining Faurecia, Grégoire was a consultant with AlixPartners in the aeronautical and automotive industry, and began his career at Renault Group, where he held positions in strategy, on the factory floor and in the automotive programme. Grégoire is a graduate of the École Polytechnique and Massachusetts Institute of Technology (MIT).

Vincent Léonard is a partner at the socially-driven management company IMPACT Partners, based in Paris. Vincent began his career at Arthur Andersen, before moving to PepsiCo Group where he held numerous roles in finance, in France, the UK, China and at the Group's head office in New York. Before joining IMPACT Partners, he spent seven years at SEB Group in Lyon, where he was Deputy CEO and CFO. He is a member of the Board of the charity Secours Catholique and Chairman of its Audit Committee. Vincent is a graduate of the business school ESSEC.

OPERATION OF THE BOARD

Until the Combined General Meeting of 2 June 2021, the operation of the Supervisory Board was determined by legal and regulatory provisions, and the company's Articles of Association and rules of procedure.

Prior to the change in the governance structure of the company, the rules governing the operation of the Board were as follows:

The Supervisory Board performed its supervisory role in accordance with the conditions prescribed by law.

The Management Board submitted a report to it a minimum of once every quarter.

After the end of each financial year, and within the legal time limit, the Management Board presented to it, for the purposes of verification and review, the documents referred to in Article L. 225-100 of the Commercial Code.

At each ordinary meeting, the Management Board presented a report on the operations and results of the Group and its main subsidiaries for the quarter just ended.

Within three months following the end of each financial year, the parent company and consolidated financial statements approved by the Management Board were sent to the Supervisory Board for review.

The Board then presented its observations on the Management Board report as well as on the financial statements to the General

Meeting; these observations were included in the report on corporate governance.

As of 2 June 2021, the company is governed by a Board of Directors.

The company's Articles of Association adopted at the Combined General Meeting of 2 June 2021 define and specify the terms and conditions governing the composition of the Board of Directors, as specified below:

Members of the Board of Directors, the number of which can never fall below the legal threshold nor exceed the legal limit, are appointed in accordance with the conditions specified by law for a period of four years. As an exception and solely to enable the implementation or maintenance of staggered terms of office, the Ordinary General Meeting can appoint one or more members of the Board of Directors for a term of one, two or three years. All outgoing Board of Directors members may be reappointed.

The term of office of an outgoing member of the Board of Directors ceases at the end of the Ordinary General Meeting of Shareholders called to approve the financial statements for the financial year then ended and held in the year that the term of office of said member of the Board of Directors expires.

No one may be appointed as a member of the Board of Directors, if, being over 75 years old, their appointment leads to more than a third of the members of the Board of Directors being over that age.

The Board of Directors meets as often as required in the interests of the company.

During the 2021 financial year, the Supervisory Board met on two occasions with an attendance rate of 93%. The Board of Directors constituted on 2 June 2021 met on seven occasions with an attendance rate of 98%. Due to the pandemic, the Supervisory Board and subsequently the Board of Directors have only been able to meet in person twice, with six sessions taking place by audiovisual conference on three occasions, and the Board has been consulted in writing once.

Meetings of the Board take place either at the registered office or at any other location specified in the notice of the meeting.

Pursuant to Article 15 of the Articles of Association and Article 5 of the rules of procedure, and excepting cases provided for by the law, Board of Directors' members who participate in Board meetings using videoconferencing or telecommunication means both enabling them to be identified and guaranteeing their effective participation are deemed to be present for quorum and majority calculation purposes.

It is specified that, in accordance with recommendation 6 of the Middledex Code, the physical presence of members is preferred and, if members are unable to attend, videoconferencing is preferred over telephone conversations (excluding the exceptional circumstances related to the pandemic).

In accordance with the law, General Management can only agree to deposits, sureties and guarantees if they have been authorised in advance by the Board of Directors. To this end, the Board of Directors can authorise General Management to grant deposits, sureties and guarantees within the limit of a total amount that it determines; it can also impose, per each commitment, a maximum amount above which the deposits, sureties or guarantees cannot be granted. The authorisation of the Board is required in every case where a commitment exceeds any cap set (except as otherwise provided for by regulations).

The rules of operation of the Board of Directors are specified in its rules of procedure, which are available on the company's website.

The Board's rules of procedure also include provisions aimed at preventing and managing conflicts of interest.

Should a situation arise where there is or appears to be a conflict of interest between the corporate and their direct or indirect personal interest, or the interests of the shareholder or group of shareholders they represent, the Board member concerned must:

- inform the Board of this conflict of interest as soon as they become aware of it and in any case before any Board meeting depending on the agenda;
- take all appropriate action in relation to exercising their term of office.

Depending on the case, they shall therefore:

- abstain from participating in discussions and from voting on the relevant deliberation (exiting the room);
- refrain from attending Board meetings during the period they are faced with a conflict of interest;
- resign from their duties as a member of the Board.

The Board member may be held liable for failing to comply with these abstention and non-attendance rules.

Furthermore, the Chairman of the Board will not be obliged to disclose information or documentation relating to the matter in dispute to any member(s) whom they have strong grounds for suspecting is (are) in a position of conflict of interest within the meaning of this paragraph, and will inform the Board of Directors of this act of non-disclosure.

Once a year, each Director is asked about the possible existence of a direct or indirect conflict of interest. Under the revised Middelnext Code, each Director will in future be asked as part of a questionnaire they will be required to complete. Based on the questionnaires thus received, the Board will review the conflicts of interest disclosed or already known. Where applicable, each member of the Board will disclose any changes in their circumstances.

In its meeting of 8 September 2021, the Board conducted an annual review of the known potential conflicts of interest in accordance with the R2 recommendation of the Middelnext Code.

The main issues covered at meetings of the Supervisory Board during the year were the following:

- review of the Management Board’s report on the corporate transactions for the financial year ended 31 December 2020; Audit Committee’s report; Statutory Auditors’ report and review of the financial statements approved by the Management Board;
- authorisation to be granted to the Management Board to agree to deposits, sureties and guarantees on behalf of the company;
- borrowing authorisation to be granted to the Management Board;
- dividends: proposal by the Management Board to the General Meeting;
- review of forward planning documents;
- regulated agreements – Review of current agreements concluded under standard conditions as referred to in Article L. 225-87 of the Commercial Code;
- allocation of performance-based shares to Management Board members;
- report of the Remuneration Committee - Setting the remuneration policy for corporate officers; update on the remuneration of the members of the Management Board – Acknowledgement of the fulfilment of each variable remuneration criterion set for 2020 and setting of new criteria/targets for variable remuneration for 2021;
- addition to the agenda for the next General Meeting – Say on Pay: approval of the remuneration policy for the Chairman of the Management Board, member(s) of the Management Board and members of the Supervisory Board (*ex-ante* Say on Pay); *ex-post* Say on Pay (individual) for executive corporate officers; approval of the information referred to in paragraph I of Article L. 22-10-9 of the Commercial Code for all corporate officers (overall *ex-post* Say on Pay);

- review of the independence of Board members;
 - adoption of the report on corporate governance;
 - deliberations on the company’s policy regarding equality in the workplace and equal pay;
 - review of the draft resolutions and the Board of Directors’ report;
 - review of the proposed change to the company’s governance and management structure – Review of the proposed Articles of Association and the main choices to be made as part of the new governance structure;
 - addition to the remuneration policy for corporate officers: subject to approval by the General Meeting of the change in the governance and management structure and dependent on the choices to be made within the context of the new governance structure, adoption of the remuneration policy:
 - relating to the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer,
 - relating to the Directors;
 - update on the independence of candidates to the Board;
 - modification of the corporate governance report including Say on Pay – Remuneration policy for corporate officers (applicable to the new governance structure subject to the approval of the corresponding resolution by the General Meeting, or in the absence thereof, to the former governance structure) and the observations of the Supervisory Board;
 - addition to the agenda for the General Meeting, in particular amended Say on Pay – Approval of the remuneration policy for corporate officers, *ex-ante* Say on Pay - Applicable to the new governance structure subject to the approval of the corresponding resolution by the General Meeting, or in the absence thereof, to the former governance structure.
- The main issues covered at meetings of the Board of Directors during the year were the following:
- choice of method for exercising General Management;
 - appointment of the Chairman of the Board, confirmation of the remuneration policy for corporate officers, the setting of their remuneration in accordance with the policy approved by the General Meeting;
 - appointment of a Vice-Chairman of the Board;
 - appointment of a Chief Executive Officer, determination of their powers and remuneration in accordance with the approved remuneration policy;
 - establishment of a process to select one or more Deputy Chief Executive Officers;
 - appointment of one or more Deputy Chief Executive Officers in compliance with the previously established process, determination of their powers and remuneration in accordance with the remuneration policy approved by the General Meeting;
 - determination of the number of shares that each member of General Management will be required to retain in registered form until the termination of their duties within the context of a free share allocation;
 - appointment of two Observers;
 - review of the independence of Directors in reference to the criteria of the Middelnext Code and the Board’s rules of procedure;
 - setting the rules for distributing the total amount of remuneration allocated to Board members in accordance with the policy approved by the Meeting;
 - creation of the Audit and Risk Committee – Composition;
 - creation of the Appointment and Remuneration Committee – Composition;
 - creation of the Strategy Committee – Composition;
 - creation of the Sustainable Development Committee – Composition;

- recognition of the appointment of the member of the Board of Directors representing employees appointed by the Group Committee – Setting of the time required for the member of the Board of Directors representing employees for the performance of their role and determination of the arrangements for their training;
- confirmation in favour of the new Chief Executive Officer of the delegations and authorisations previously granted to the Chairman of the Management Board, notably in relation to deposits, sureties and guarantees;
- concerning the free allocations of shares agreed upon by the Management Board on 12 November 2018, 20 May 2019 and 15 November 2019, the definitive allocation of which will take place, subject to compliance with the allocation conditions, on 30 June 2021:
 - where applicable, certification of compliance with the performance-based conditions,
 - sub-delegation to the Chief Executive Officer to certify, where applicable, compliance with the continued employment condition, the definitive allocation of free shares in the form of existing ordinary shares held by the company as part of its share buyback programme and the definitive allocation to the beneficiaries of existing shares;
- implementation of the share buyback programme;
- 2023/2024 LTI plan;
- report on the operations and results of the first half of 2021 – Review of the half-year financial statements and report – Audit and Risk Committee’s report – Statutory Auditors’ report; Statutory Auditors’ opinion; financial press release on the sales for the first half of 2021; financial press release for the 2021 financial year – Results for the first half of 2021;
- business report on the transactions during the third quarter of 2021;
- presentation of the 2022 Group budget for approval;
- M&A update;
- approval of the procedure facilitating the regular review of whether agreements relating to current transactions concluded under standard conditions fulfil these conditions;
- adoption of forward planning documents;
- presentation and ratification of the update to the corruption risk mapping; progress of the programme – Ratification of the update to compliance documents;
- presentation of the Middennext Code revised in September 2021;
- assessment by the Board of its operation and the preparation of its work;
- review of conflicts of interest – Middennext Code;
- annual review of areas requiring attention – Middennext Code;
- adoption of the rules of procedure of the Board and its Committees and modification of the rules of procedure of the Board and its Committees to take into account the revision of the Middennext Code which took place in September 2021;
- adoption of the Code of Conduct;
- adoption of the internal procedure relating to external communication.

COMMITTEES ESTABLISHED BY THE BOARD OF DIRECTORS

Audit and Risk Committee

With regard to the Audit and Risk Committee, the company applies the recommendations of the AMF’s working group chaired by Mr Poupart Lafarge at the Audit Committee meeting of 22 July 2010. The recommendations in respect of the composition and chairing of the Committee, the competence of its members and definitions of independence, the operation (disclosure, evaluation and reporting on the work undertaken), as well as the

recommendations relating to the performance of its legal responsibilities have been followed.

Follow-up work on the effectiveness of the internal control and risk management systems has also been carried out.

In 2021, as part of its assignment relating to risks, the Audit and Risk Committee monitored risks and updated the risk mapping at an extraordinary meeting of the Audit and Risk Committee, during which the Compliance and Risk Management Officer presented the relevant information.

The Committee’s composition has changed over the course of the financial year:

- until 2 June 2021, the Supervisory Board’s Audit Committee was comprised of three members: Victor Despature, Chairman, Paule Cellard and Bertrand Parmentier, independent members;
- since 2 June 2021, the Board of Directors’ Audit and Risk Committee comprises three members: Bertrand Parmentier (independent Chairman), Paule Cellard (independent member) and Vincent Léonard (Observer).

It should be noted that Victor Despature had accounting expertise. He is a Chartered Accountant and an Auditor (state registered), and performed these roles from 1983 to 2000. Since then, he has served on the management of a major family-owned group from 2002 to 2006, acting as Chairman of the Legal Committee from 2002 to 2008 and as Chairman of the Supervisory Board from 2012 to 2017. He was also a member of the Remuneration Committee of this group from 2002 to 2017. Between 2000 and 2017, he also led a medium-sized company operating in the aeronautic sub-contracting sector and was the Chairman of the latter’s Supervisory Board between 2017 and 2020. He has been a member of the Board of Directors of Edify SA since 16 September 2014, and Chairman of its Audit Committee since 19 March 2015. Paule Cellard, a graduate of ESC Paris (business school) and with a Master’s degree from the Paris Assas Law School, has held various operational roles in Corporate and Investment Banking. In particular, between 2006 and 2009 she was CEO of Gestion Privée Indosuez, and was subsequently, until 2012, Global Director of Compliance for Crédit Agricole Corporate & Investment Bank. Since November 2012, she has been a Director of CA INDOSUEZ Wealth Management Europe, where she has chaired the Audit and Risk Committee since December 2015. Since February 2017, she has been a Director of HSBC Continental Europe and is also a member of the Risk Committee and of the Remuneration Committee of HSBC Continental Europe. She has expertise in the financial field and extensive experience in risk management. A graduate of HEC (Paris business school), Bertrand Parmentier has accumulated a wealth of solid experience in corporate finance (audit, treasury, financing, management control, internal control, risk management, corporate finance, merger-acquisitions, restructuring, listed company financial communication) throughout a career in industry which led him to occupy positions of increasing responsibility in the administrative and financial fields, followed by General Management positions within the Shell (1979-1988) and Aubert et Duval (1988-1991/CFO) groups as well as at Laboratoires Pierre Fabre where he successively held the positions of CFO (1991-1996), CEO responsible for Finance, Procurement and IT (1996-2008); and later at aeronautical manufacturer Latécoère where he was CEO and CFO, and then Chairman of the Management Board (2008-2013), it may also be noted that in 2013, following the death of Pierre Fabre, he took the helm of the eponymous pharmaceutical and dermo-cosmetics group where he remained in charge until his retirement in June 2018.

The Committee’s duties are to:

- monitor the process of preparing financial information and the legal audit of the parent company and consolidated financial statements, ensure the relevance and consistency of the accounting methods used and, where necessary, make

- recommendations to guarantee its consistency, integrity and compliance with the company's regulatory reporting guidelines;
- ensure the consistency of non-financial information with financial information; in this regard, review the components of the non-financial statement (NFS) put forward by the Sustainable Development Committee;
 - monitor the efficiency and smooth coordination of the internal control and risk management systems, notably the dynamics of establishing, approving and regularly updating the risk mapping, as well as the development and execution of audit plans: in this regard, Audit and Risk Committee members can request, from the Chief Executive Officer, audits on any subject falling within their authority and they receive summaries of all internal audit reports prepared by the company as well as those prepared by external auditors; they are also informed of any major disputes likely to have a significant impact on the consolidated and parent company financial statements and their progress;
 - review the legal and fiscal policy implemented by the company and its subsidiaries;
 - ensure the independence and objectivity of the Statutory Auditors;
 - participate in their selection by issuing a recommendation on the Statutory Auditors proposed for appointment by the General Meeting;
 - monitor the completion by the Statutory Auditors of their assignment;
 - approve the provision of services other than the certification of the financial statements, mentioned in Article L. 822-11-2 of the Commercial Code;
 - review the implementation of the process for assessing current agreements concluded under standard conditions and inform the Board of Directors in this regard.

The Audit and Risk Committee regularly reports on the performance of its assignments to the Board of Directors, and also reports on the results of the assignment to certify the financial statements, on the way in which this mission has contributed to the integrity of financial information and on the role it has played in this process. It shall inform the Board without delay of any difficulty encountered. The Committee can also at any time consider any significant issue of a financial, accounting or auditing nature and deliver any opinion or recommendation to the Board of Directors in the aforementioned areas. Within the context of its duties, and to successfully complete its missions, the Audit and Risk Committee has access to the information necessary for its work. It can interview any individual it considers appropriate to speak to and make use of all sources of expertise, both internal and external, that it considers necessary for forming its opinion.

Since its creation, it has met at each half-year and year-end balance sheet date. It meets as often as necessary, and at least twice every financial year, prior to the Board of Directors' review of the half-year and annual financial statements and/or the proposed appointment of Statutory Auditors.

During the 2021 financial year, the Audit and Risk Committee met on four occasions each time with all members in attendance.

Until 2 June 2021, Pierre Ribeiro, member of the Management Board and Chief Financial Officer, took part in Committee meetings. As of 2 June 2021, Jean Guillaume Despature, Chairman of the Board, and Pierre Ribeiro, Chief Executive Officer, took part in the Audit and Risk Committee meetings.

At the various Audit and Risk Committee meetings, the Chief Financial Officer and the Group Head of Accounting, Consolidation and Treasury presented the financial position of the Group, the accounting options adopted, the risk exposure, the significant off-balance sheet commitments and the changes in the consolidation scope; Internal Audit presented the results of audits carried out and the proposed annual audit plan, while the results

of the risk mapping update was presented by the Compliance and Risk Management Officer.

In addition to the recurring topics set out above, the following were specifically presented to the Audit and Risk Committee in 2021:

- an annual update on the Group's ethics policy and monitoring of the implementation of the anti-corruption programme to comply with the "Sapin II" Act, presented by the Compliance and Risk Management Officer;
- a presentation of the new audit approach, illustrated with examples, by the Statutory Auditors;
- a summary of the main recent and upcoming regulatory developments, and in particular the impact of the pandemic in the presentation of the financial statements by the Statutory Auditors;
- a presentation of the Group's tax policy by the Tax and Customs Director;
- a presentation of the Group's treasury policy by the Treasury Officer.

Pursuant to Article L. 823-16 of the Commercial Code, the Statutory Auditors presented to the Board their general work programme as well as the various surveys they carried out; the changes that they felt should be made to the financial statements or other accounting documents that required approval, making any relevant comments about the valuation methods used in their preparation; possible irregularities and errors discovered and the findings leading to the above observations and corrections on the results for the period compared with those for the previous period. In addition, every year the Statutory Auditors submit to the Audit and Risk Committee a declaration of independence and an update of the information described in Article L. 820-3 detailing the services provided by the members of the network to which the Statutory Auditors are affiliated, as well as services other than the certification of the financial statements.

In accordance with the obligation arising from the reform of the audit, the rules for the approval by the Audit and Risk Committee of the services provided by the auditors have been formally set out in a procedure. The total cost of these services is reported in note 14 to the consolidated financial statements. Furthermore, the Statutory Auditors and the Audit and Risk Committee had a number of discussions about the supplementary report prepared for the Audit and Risk Committee by the Statutory Auditors.

With regard to working methods: a minimum time period for the examination of the financial statements was complied with to enable the Audit and Risk Committee to avail of the option of using external experts, as well as interviewing the Chief Financial Officer, Statutory Auditors and the Internal Audit Officer.

The Chairman of the Audit and Risk Committee reports to the Board of Directors on the work carried out by the Audit and Risk Committee and its findings during the Board of Directors' meetings called to approve the half-year and annual financial statements.

Minutes of each Audit and Risk Committee meeting are provided to the Board of Directors for its information.

Appointment and Remuneration Committee

The Appointment and Remuneration Committee was created by the Board of Directors on 2 June 2021. Its composition has changed in relation to its composition prior to 2 June 2021, when the company was structured as a limited company (*Société Anonyme*) with a Management Board and a Supervisory Board.

Until 2 June 2021, the Remuneration Committee was comprised of two members: Michel Rollier and Victor Despature whose terms of office expired on that date. The new Appointment and Remuneration Committee was established by the Board of Directors on 2 June 2021. It comprises three members: Michel Rollier (Chairman and independent member), Jean Guillaume

Despature (member) and Paule Cellard (independent member). The Committee's mission is to submit proposals to the Board of Directors, in particular in respect of the amount of, and calculation methods for, corporate officers' remuneration, including findings on the variable remuneration for the financial year just ended and proposals to be issued for the coming financial year, and to issue an opinion concerning the amount of the remuneration of members of the Board of Directors.

External persons who are not members may attend meetings at the Committee's request.

The Committee regularly calls on a firm specialised in the subject of senior executive remuneration, which provides advice on the practices that are generally applied in companies of a comparable size.

During the year just ended, it met three times. Two meetings took place before 2 June 2021, when the company was structured as a limited company (*Société Anonyme*) with a Management Board and a Supervisory Board and one took place after 2 June, since when the company has been a limited company with a Board of Directors. The attendance rate of members was 100%.

The Appointment and Remuneration Committee is called upon to consider the succession of management resulting from recommendation R14 of the Middledex Code; such consideration took place at its meeting of 4 March 2021. This item will be discussed again in 2022.

The members of the Appointment and Remuneration Committee report verbally to the Board of Directors on the work carried out and the opinions issued, thus helping the Board to prepare and make decisions in terms of corporate officers' remuneration.

Sustainable Development Committee

The Sustainable Development Committee comprises three members: Florence Noblot, who chairs this Committee (independent member), Jean Guillaume Despature and Marie Bavarel-Despature (members).

Its role is to:

- express opinions on the major policy directions in relation to Sustainable Development and Social Responsibility, including diversity and inclusion, proposed by General Management, in line with the Group's strategy;
- ensure that Sustainable Development and Social Responsibility issues are taken into account in the company's strategy including the resources made available by management to address them (implementation and KPIs);
- oversee the establishment of commitments and targets in terms of Sustainable Development and Social Responsibility, notably through the review of the related action plan and performance indicators including the elements in the non-financial statement;
- ensure the monitoring and ongoing assessment of the results and impacts of the action plan through indicators and in reference to the targets set;
- review all the reporting and communication documents relating to the company's Sustainable Development and Social Responsibility policy and enable the reporting of the progress and the achievement of the targets set;
- examine the risks and opportunities in terms of Sustainable Development and Social Responsibility in relation to the company's activities;

- ensure that the company's Sustainable Development and Social Responsibility targets are developed as part of a coherent ongoing improvement drive.

Since its establishment on 2 June 2021, it has met once. The rate of attendance by the members was 100%.

The members of the Sustainable Development Committee report verbally to the Board on the work carried out and the opinions issued, thus helping the Board to prepare and make decisions in terms of Sustainable Development.

Strategy Committee

The Strategy Committee comprises five members: Jean Guillaume Despature, who chairs this Committee, Sophie Desormière (independent member), Bertrand Parmentier (independent member), Anthony Stahl (member), as well as Grégoire Ferré (Observer).

Its role includes submitting proposals to the Board aimed at:

- examining the strategic issues of interest to the Group;
- reviewing the three-year strategic roadmap;
- giving its opinions to the Board on the Group strategy proposed by General Management;
- looking into the major technological choices;
- conducting an annual review of the roadmap concerning the digitalisation of the business;
- reviewing the draft annual budget;
- overseeing General Management's roll-out of the Group's strategy;
- examining all significant planned investments, strategic partnerships, acquisitions and disposals.

Since its establishment on 2 June 2021, it has met once. The rate of attendance by the members was 100%.

The members of the Strategy Committee report verbally to the Board on the work carried out and the opinions issued, thus helping the Board to prepare and make decisions in terms of strategy.

CONDITIONS OF SHAREHOLDERS' PARTICIPATION IN GENERAL MEETINGS

The Articles of Association set out the following provisions (excluding any exceptional legal and regulatory provisions related to the pandemic):

- all shareholders have a right to attend General Meetings and participate in their deliberations, in person or by proxy;
- they may vote remotely. If the Board provides for this when convening the meeting, all shareholders may also participate in General Meetings by videoconferencing or by any communication means enabling their identification according to the terms and conditions set out by the law and regulations and that are specified in the notice of the meeting: the shareholder will, in this case, be deemed to be present for the calculation of quorum and majority;
- the right to participate in General Meetings is contingent upon the shareholder providing proof of their identity and on the registration of the securities in their name (or in the name of the intermediary recorded on their behalf if they reside abroad) at midnight Paris time on the second working day preceding the Meeting, either in a nominative account or in the records of bearer shares held by an authorised intermediary;
- the attendance in person of the shareholder supersedes all proxy or remote voting.

INFORMATION REGARDING TERMS OF OFFICE AND DUTIES DURING THE FINANCIAL YEAR

TERMS OF OFFICE AND DUTIES OF MEMBERS OF GENERAL MANAGEMENT DURING THE FINANCIAL YEAR

– Pierre RIBEIRO – Chief Executive Officer since 2 June 2021

- Director of Asian Capital International Limited, Sino Global International Holdings Limited, Sino Link Trading Limited, New Unity Limited, Hong Kong CTLT Trade Co.Limited, Somfy Kabushiki Kaisha, FIGEST BV and PROMOFI BV,
- Director, Vice-Chairman and Chief Executive Officer of Somfy Activités SA,
- Permanent Representative of Somfy Activités SA, Manager of Somfybat,
- Member of the Board of Directors of BFT SpA,
- Director of DSG Coordination Center SA,
- Member of the Management Board and Chief Financial Officer of Somfy SA until 2 June 2021.

– Valérie DIXMIER – Deputy Chief Executive Officer

- No other terms of office.

The above terms of office are exercised within unlisted Group companies, unless otherwise indicated.

TERMS OF OFFICE AND DUTIES OF MEMBERS OF THE BOARD OF DIRECTORS DURING THE FINANCIAL YEAR

– Paule CELLARD – Independent member of the Board of Directors since 2 June 2021

- Member of the Audit and Risk Committee of Somfy SA,
- Member of the Appointment and Remuneration Committee of Somfy SA,
- Member of the Supervisory Board of Damartex SA (company listed on Euronext Growth),
- Chair of the Audit Committee of Damartex SA (company listed on Euronext Growth),
- Member of the Remuneration Committee of Damartex SA (company listed on Euronext Growth),
- Member of the Board of Directors of INDOSUEZ Wealth Management Europe,
- Chair of the Audit Committee and of the Risk Management and Internal Control Committee of INDOSUEZ Wealth Management Europe,
- Director of HSBC Continental Europe,
- Member of the Risk and Remuneration Committees of HSBC Continental Europe,
- Independent member of the Supervisory Board of Somfy SA until 2 June 2021.

– Jean Guillaume DESPATURE – Chairman of the Board of Directors since 2 June 2021

- Chairman of the Strategy Committee of Somfy SA,
- Member of the Appointment and Remuneration Committee of Somfy SA,
- Member of the Sustainable Development Committee of Somfy SA,
- Chairman of the Supervisory Board of Damartex SA (company listed on Euronext Growth),
- Chairman of the Remuneration Committee and member of the Audit Committee of Damartex SA (company listed on Euronext Growth),
- Director of Edify SA (company listed on the Euro-MTF market of the Luxembourg stock exchange),

- Chairman of the Somfy Corporate Foundation (as Permanent Representative of the Founder – Somfy Activités SA, a Group company),
- Chairman of the Les Petites Pierres endowment fund (as Permanent Representative of the Somfy Corporate Foundation, itself represented by Somfy Activités SA, a Group company),
- Director of Acacia SA,
- Director of DSG Coordination Center SA (a Group company),
- Manager of FIDEP and CMC (a Group company),
- Chairman and Chairman of the Supervisory Board of Somfy Protect by Myfox (a Group company),
- Chairman of the Management Board of Somfy SA until 2 June 2021.

– Michel ROLLIER – Vice-Chairman of the Board of Directors since 2 June 2021 – Independent Board member

- Chairman of the Appointment and Remuneration Committee of Somfy SA,
- Chairman of the Board of Directors of Siparex Associés,
- Chairman of the Association Nationale des Sociétés par Actions (ANSA),
- Chairman of the Supervisory Board – Independent member of the Supervisory Board of Somfy SA until 2 June 2021.

– Anthony STAHL – Member of the Board of Directors since 2 June 2021

- Member of the Strategy Committee of Somfy SA,
- Member of the Supervisory Board of Damartex SA (company listed on Euronext Growth),
- Chairman of the Management Committee of FIDEP,
- Member of the Supervisory Board of Somfy SA until 2 June 2021.

– Marie BAVAREL-DESPATURE – Member of the Board of Directors since 2 June 2021

- Member of the Sustainable Development Committee of Somfy SA,
- Member of the Supervisory Board of Damartex SA (company listed on Euronext Growth),
- Manager of FIDEP,
- Member of the Board of Directors of the On Seniors' Side Foundation (Damartex),
- Member of the Supervisory Board of Somfy SA until 2 June 2021.

– Sophie DESORMIÈRE – Independent member of the Board of Directors since 2 June 2021

- Member of the Strategy Committee of Somfy SA,
- Member of the Board of Directors of Gentherm,
- Chair of the Appointments and Corporate Governance Committee of Gentherm,
- Chair of the Management Board of Navya SA (company listed on Euronext - Compartment C),
- Independent member of the Supervisory Board of Somfy SA until 2 June 2021.

– Florence NOBLOT – Independent member of the Board of Directors since 2 June 2021

- Chair of the Sustainable Development Committee of Somfy SA,
- Member of the Supervisory Board of Elis SA (company listed on Euronext),
- Chair of the Corporate Social Responsibility Committee of Elis SA (company listed on Euronext),
- Independent member of the Supervisory Board of Somfy SA until 2 June 2021.

– **Bertrand PARMENTIER – Independent member of the Board of Directors since 2 June 2021**

- Chairman of the Audit and Risk Committee of Somfy SA,
- Member of the Strategy Committee of Somfy SA,
- Director of the Pierre Fabre Foundation,
- Trustee of Secours Catholique Caritas France, Chairman of the Tarn-Aveyron-Lozère Delegation,
- Chairman of the Cylad Consulting Corporate Foundation,
- Independent member of the Supervisory Board of Somfy SA until 2 June 2021.

– **Arthur WATIN-AUGOUARD – Member of the Board of Directors representing employees since 27 July 2021**

- Trustee – Association Saint Pierre de Tarentaise,
- Member of the Supervisory Board of Somfy SA representing employees until 2 June 2021.

– **Victor DESPATURE until 2 June 2021**

- Vice-Chairman of the Supervisory Board of Somfy SA until 2 June 2021,
- Chairman of the Audit Committee of Somfy SA until 2 June 2021,
- Member of the Remuneration Committee of Somfy SA until 2 June 2021,
- Director and Chairman of the Audit Committee of MCSA SA since 15 December 2020,
- Manager of SARL MCSA-Tunis, and SCs Vicma and Devin-VD,
- Director and Chairman of the Audit Committee of Edify SA (company listed on the Euro-MTF market of the Luxembourg stock exchange).

Apart from the terms of office and duties performed by the members of the Board within Somfy SA and a number of Group entities, all the other terms of office and duties are performed outside the Group.

Concerning observers:

- Grégoire Ferré holds no other position;
- Vincent Léonard is a member of the Board of the charity Secours Catholique, whose Audit Committee he also chairs.

AUTHORISATIONS

The Board of Directors benefits from the following authorisations:

	Date of AGM	Date authorisation expires	Authorised amount	Used during the financial year ended 31 December 2021	Residual amount at 31 December 2021
Authorisation to grant existing free shares	AGM 22 May 2019*	21 July 2022	1.5% of share capital on date of AGM	**	1.3076% of share capital
Authorisation to grant stock options	AGM 2 June 2021	1 August 2024	1.5% of share capital on date of AGM***	Nil	1.5% of share capital

* As a result of the change in corporate structure, the Combined General Meeting of 2 June 2021 decided to transfer the authorisation previously granted to the Management Board, to allocate free of charge existing shares for the benefit of salaried members of staff of the company or companies related to it either directly or indirectly within the meaning of Article L. 225-197-2 of the Commercial Code and/or corporate officers who fulfil the criteria set by Article L. 225-197-1 of the Commercial Code, granted by the Combined General Meeting of 22 May 2019 as part of its 12th extraordinary resolution, to the Board of Directors for the remainder of its term.

** Free allocation of 46,248 shares, representing 0.1250% of the share capital, decided by the Board of Directors on 28 June 2021 and 7 December 2021.

*** This ceiling shall count towards the total number of shares able to be allocated free of charge by the Management Board or the Board of Directors, as appropriate, in respect of the authorisation granted by the 12th extraordinary resolution of the General Meeting of 22 May 2019 and any other subsequent authorisation of a similar type granted by the General Meeting.

It is further specified that the Board of Directors has a share buyback authorisation, granted by the General Meeting of 2 June 2021 in its tenth ordinary resolution, details of which are set out in the section on the buyback of own shares in the Board of Directors' management report. This authorisation is valid until 1 December 2022. The Board of Directors also has an authorisation to cancel the shares bought back by the company, which was granted to the Management Board by the General Meeting of 24 June 2020 in its 16th extraordinary resolution, and transferred to the Board of Directors on 2 June 2021. This latter authorisation covers a maximum of 10% of the share capital and is valid until 23 June 2022. It was not used during the 2021 financial year.

REGULATED AGREEMENTS

—
Please note that no regulated agreement concluded and authorised during previous financial years and with continuing effect during the financial year just ended is to be reported, and that no new agreements of the same nature as those referred to in Articles L. 225-86 and L.225-38 and subsequent of the Commercial Code were concluded during the 2021 financial year.

AGREEMENTS CONCLUDED BETWEEN A CORPORATE OFFICER OR SHAREHOLDER HOLDING MORE THAN 10% OF VOTING RIGHTS AND A CONTROLLED ENTITY (EXCLUDING CURRENT AGREEMENTS)

—
Nil.

EVALUATION PROCEDURES FOR CURRENT AGREEMENTS CONCLUDED UNDER STANDARD CONDITIONS – ASSESSMENT OF THE ABSENCE OF CURRENT AGREEMENTS CONCLUDED UNDER STANDARD CONDITIONS AS REFERRED TO IN ARTICLE L. 225-39 OF THE COMMERCIAL CODE

—
Pursuant to the provisions of Article L. 22-10-12 of the Commercial Code, a procedure for assessing current agreements concluded under standard conditions was adopted at the Board of Directors' meeting of 2 June 2021. This procedure provides that each year the company's Finance and Legal Departments list the agreements covered by Article L. 225-39 of the Commercial Code and assess whether the criteria for qualifying as a current agreement concluded under standard conditions are met. The Finance and Legal Departments report once a year on their work to the Audit and Risk Committee and to the Board.

At the Board meeting of 9 March 2022, it was noted that there are no current agreements concluded under standard conditions as referred to in Article L. 225-39 of the Commercial Code.

Pursuant to the provisions of Article L. 225-37-4, 3°, it is specified that the Board of Directors does not benefit from any delegation of authority or powers granted by the General Meeting in respect of increases in capital in relation to Articles L. 225-129-1 and L. 225-129-2 of the Commercial Code.

INFORMATION ON REMUNERATION

CORPORATE OFFICERS' REMUNERATION POLICY (RESOLUTIONS 12 TO 15 TO THE GENERAL MEETING OF 1 JUNE 2022)

Shareholders will be asked to approve the remuneration policy for the single-tier governance structure, Chairman of the Board of Directors, Chief Executive Officer, Deputy Chief Executive Officer and Directors (resolutions 12 to 15).

Upon proposal of the Appointment and Remuneration Committee and taking into account the recommendations of the Middelnext Code, the Board of Directors has established a remuneration policy for each of the company's corporate officers that is in line with its corporate interest, contributes to its sustainability and conforms to its business strategy as described in the chapter "Presentation of the Group" of the Annual Financial Report. In order to do this, the Board has set the remuneration policy for its executive corporate officers in relation to these components, in particular in setting the criteria for variable remuneration and the criteria for the allocation of performance-based shares. These criteria are tailored to the company's strategy and environment in order to promote its competitiveness over the medium and long term and the achievement of sustainable and profitable growth.

The Board of Directors determines, reviews and implements the remuneration policy for each of the corporate officers on the recommendation of the Appointment and Remuneration Committee. It is specified that the Chairman does not take part in the deliberations or vote on matters relating to him and is not present at the Board's discussions on these matters. Similarly, the Chief Executive Officer and the Deputy Chief Executive Officer are not present at discussions on matters relating to them.

No remuneration component, of any kind whatsoever, may be determined, allocated or paid by the company, nor any commitment made by the company, if it does not comply with the approved remuneration policy or, if no policy is in place, with the existing remuneration or practices within the company. However, under exceptional circumstances the Board of Directors may depart from application of the remuneration policy, if such departure is temporary, is in the company's interest and is necessary to ensure the company's continued existence or viability, and only for the following remuneration components: annual variable remuneration, exceptional remuneration and allocation of performance-based shares. The Board of Directors will rule on the recommendation of the Appointment and Remuneration Committee and will verify whether this departure is in line with the corporate interest and necessary to ensure the company's continued existence or viability. This information will be brought to the attention of shareholders in the next report on corporate governance.

To establish the remuneration policy for corporate officers, the terms and conditions of remuneration and employment of the company's employees were also taken into account by the Appointment and Remuneration Committee and the Board of Directors, in particular the information referred to in paragraph 6, section I of Article L. 22-10-9 (fairness ratios).

In the event of a change in governance, the remuneration policy will be applied to the company's new corporate officers, with the necessary adjustments where applicable.

The Board of Directors, acting on a proposal from the Appointment and Remuneration Committee, takes the following principles into account, in accordance with recommendation R16 of the Middelnext Code on Corporate Governance of September 2021:

- **completeness:** each company is free to determine the remuneration components of the executive corporate officers. Communication with shareholders regarding the remuneration of executive corporate officers must be complete: fixed portion, variable portion (bonus), stock-options, free shares, remuneration in respect of the term of office as "Board member", exceptional remuneration, pension conditions and specific benefits, etc.
- In the case of variable remuneration, assessment of the achievement of performance takes into account quantitative financial and non-financial criteria, as well as qualitative criteria;
- **balance** between the elements of the remuneration: each remuneration component must be substantiated and correspond to the company's general interest;
- **benchmark:** the remuneration must be assessed, insofar as possible, within the context of a business sector and the benchmark market, and be proportionate to the company's situation, while paying due attention to its inflationary effects;
- **consistency:** executive corporate officers' remuneration must be determined in a manner consistent with that of other officers and employees in the company;
- **clarity:** the rules must be simple and transparent; the performance criteria used to determine the variable part of the remuneration or, where applicable, the allocation of options or free shares, must be linked to the company's performance, correspond to its goals, and be demanding, accountable and to the greatest extent possible, sustainable. They should be detailed without however jeopardising the confidentiality that may be justified for certain elements;
- **reasonableness:** the method determining the remuneration and allocation of options or free shares must be balanced and simultaneously take into account the company's general interest, market practices and officer performance;
- **transparency:** in accordance with the law, companies whose shares are admitted for trading on a regulated market must publish in the report on corporate governance all the remuneration components of the corporate officers. In the case of variable remuneration, the shareholders are informed of the weighting of the various criteria.

REMUNERATION POLICY FOR THE CHAIRMAN OF THE BOARD OF DIRECTORS (RESOLUTION 12)

The remuneration of the Chairman of the Board of Directors will be comprised of the following components:

Fixed remuneration

It is determined in accordance with market practice, and regularly benchmarked by a recognised and reputable expert from a firm specialising in executive remuneration. It is set upon appointment and will change only little every year during the term of office, which is set at four years. It is reviewed and benchmarked again each time the term of office is renewed. The remuneration of the

Non-Executive Chairman of the Board of Directors does not include a Pension Equivalent Premium (French PER).

Like the other members of the Board of Directors, the Chairman also receives remuneration corresponding to his duties as a Director.

Annual variable remuneration

The Non-Executive Chairman of the Board of Directors does not receive any variable remuneration.

Exceptional remuneration

The Non-Executive Chairman of the Board of Directors does not receive any exceptional remuneration.

Allocation of performance-based shares

The Non-Executive Chairman of the Board of Directors is not the beneficiary of any performance-based share allocations.

Commitments

It should be noted that the Chairman of the Board of Directors held an employment contract within a subsidiary of the Group. This employment contract was suspended following their appointment to the Board of Directors, for a period that will last until the end of their term of office. As a guide, the notice period in the event of termination of this employment contract is six months.

Severance pay

The Chairman of the Board of Directors does not benefit from any undertaking of this kind in respect of his term of office.

Pension

The Chairman of the Board of Directors, whose remuneration is treated as a salary, benefits from the mandatory collective pension schemes applicable to executives and senior executives of Group companies.

In the case of Jean Guillaume Despature, the current Chairman, who is not territorially eligible for French pension plans, the applicable scheme is the mandatory group scheme applicable to senior executives for companies based in the Swiss Confederation. The Chairman of the Board of Directors is not a member of any defined benefit pension scheme covered by Article L. 137-11 of the Social Security Code (supplementary pension plan).

Provident fund

The Chairman of the Board of Directors, whose remuneration is treated as a salary, benefits from the group provident fund scheme (death and disability insurance) which applies to the Group's senior executives.

Unless they have taken personal insurance cover elsewhere, they also join the "Mutual Health Insurance" scheme, which is mandatory for Group employees.

Non-compete clause

There is no such commitment concerning the Chairman of the Board of Directors.

Employee savings

The Chairman of the Board of Directors, whose remuneration is treated as a salary, benefits from the current incentive bonus scheme and Employee Savings Scheme, which are open to the company's employees and corporate officers.

Benefits of any kind

The Chairman of the Board of Directors benefits from a company car that they may use in a personal capacity, and which is the subject of a benefit in kind declaration.

REMUNERATION POLICY FOR THE CHIEF EXECUTIVE OFFICER (RESOLUTION 13)

The remuneration of the Chief Executive Officer will be comprised of the following components:

Fixed remuneration

It is determined in accordance with market practice, and regularly benchmarked by a recognised and reputable expert from a firm specialising in executive remuneration. It is set upon appointment and will change only little every year during the term of office, which is set at four years. It is reviewed and benchmarked again each time the term of office is renewed. The remuneration policy also includes the payment of a Pension Equivalent Premium (French PER) introduced within the company in 2017 for the benefit of senior executives and executive corporate officers in order to offset the lack of pension contributions on the upper portions of their remuneration.

Annual variable remuneration

Variable remuneration is determined by the Board of Directors on the recommendation of the Appointment and Remuneration Committee. It is based on the achievement of objectives that take account of quantitative financial and qualitative non-financial criteria.

Annual variable remuneration is capped at a maximum of the annual basic fixed remuneration.

For the Chief Executive Officer, this cap is a maximum of 87% of basic fixed remuneration (BFR), *i.e.* 72% of the quantitative variable on financial criteria, and 15% of the qualitative variable on non-financial criteria.

The cap is calculated as follows:

- the quantitative component, ranging from 0% to 120% and based on financial criteria, applies to the target bonus of 60% of the BFR;
- the qualitative component, ranging from 0% to 15% and based on non-financial criteria, applies to the BFR. This component is weighted by a coefficient of 0 to 1 representing the Appointment and Remuneration Committee's assessment of the personal and managerial involvement of the corporate officer concerned.

Annual variable remuneration is therefore capped at a maximum of 87% of the BFR, based on the following formula:

$$\text{maximum annual variable remuneration} = (\text{BFR} \times 60\% \times 120\%) + (\text{BFR} \times 15\% \times 1)$$

The criteria for determining annual variable remuneration and the methods for assessing these criteria are as follows:

- for 2022, the quantitative criteria based on financial items (“financial” criteria) are profit growth, measured by the average growth in COR (Current Operating Result) over two years; the growth in profitability of capital used, measured by the average level of ROCE (Return On Capital Employed) over two years; and

lastly, business development, measured by Sales Growth and by its differential with the Sales Growth in relation to a range of benchmarks consisting of eight companies deemed to be comparable.

The financial criteria used are as follows:

- a matrix cross-referencing COR and ROCE determines the initial R1 rate, which falls within a range of 0% to 120%;

	COR (2-year average growth)						
	%	1.5%	3%	4.5%	6%	7.5%	9%
ROCE (2-year average)	10%	12	24	36	48	60	72
	12.5%	18	30	42	54	66	78
	15%	24	36	48	60	72	84
	17.5%	30	42	54	66	78	96
	20%	36	48	60	72	90	108
	22.5%	42	54	66	78	96	120

- the multiplier M2 related to Sales Growth corresponds to the formula:
 $M2 = 1 + ((Ss \times Ws) + (DIFr \times Wdif))$
 In which:
 - Ss represents the rate of Somfy’s Sales Growth in actuarial rate for two years, within a range of -5% to +5%,
 - Ws represents the weighting applied to the Ss factor. For 2022, the value employed is Ws = 5,
 - DIFr represents the differential the growth rate of Somfy’s Sales in actuarial rate for two years, and the growth rate of Sales of a Range of benchmark companies in actuarial rate for two years. DIFr is within a range of -5% to +5%,
 - Wdif represents the weighting applied to the DIFr factor. For 2022, the value employed is Wdif = 5.
 The value of M2 therefore fluctuates within a range of 0.5 to 1.5.
- lastly, the resulting rate Rr corresponds to the formula:
 $Rr = R1 \times M2$
 It is used for a maximum value of 120%, and can thus fluctuate within a range of 0% to 120%.

The Quantitative component is therefore: $BFR \times 60\% \times Rr$.
 The expected level of achievement for the quantitative criteria, predefined by the Board of Directors further to a proposal by the Appointment and Remuneration Committee, is not disclosed for reasons of confidentiality;

- the qualitative non-financial criteria are set by the Board of Directors further to a proposal by the Appointment and Remuneration Committee. For 2022, they include a criterion relating to the “Integration strategy for new acquisitions” project, a CSR-focused criterion relating to the “Globalisation of the downstream supply chain” project, and lastly a criterion relating to the “Solutions for stand-alone roller shutters” project. As usual these non-financial criteria are weighted by a coefficient representing the Appointment and Remuneration Committee’s assessment of the personal and managerial involvement of the corporate officer concerned.
 The expected level of achievement for the qualitative criteria, predefined by the Board of Directors further to a proposal by the Appointment and Remuneration Committee, is not disclosed for reasons of confidentiality.

In brief, the financial and non-financial criteria apply as follows:

	Financial criteria	Non-financial criteria
Chief Executive Officer	<ul style="list-style-type: none"> – change in Result (COR) – increase in Return On Capital Employed (ROCE) – Sales Growth – differential between Somfy sales and the sales of eight benchmark companies 	<ul style="list-style-type: none"> – integration strategy for new acquisitions – globalisation of the downstream supply chain – solutions for stand-alone roller shutters

These variable remuneration criteria contribute to meeting the objectives of the remuneration policy since they are in line with the company’s corporate interest, contribute to its sustainability and are aligned with its business strategy.

To determine the extent to which the financial performance criteria provided for the calculation of variable remuneration have been met, the Board of Directors notably relies on the consolidated financial statements audited by the Statutory Auditors.

Exceptional remuneration

The Board of Directors can decide, further to a proposal of the Appointment and Remuneration Committee and under very

specific circumstances, to grant exceptional remuneration to the Chief Executive Officer. Such a payment may notably be made in the event of completion of a major transaction for the company or of exceptional over-achievement that is not taken into account in the criteria determining the variable remuneration for the financial year.

The Board of Directors can also decide, further to a proposal by the Appointment and Remuneration Committee, to grant exceptional remuneration to the Chief Executive Officer in the event of economic, political or social events, in response to which the company’s governance is required to take exceptional action to preserve the company’s interests.

In every case, the amount of exceptional remuneration thus decided cannot exceed a maximum of 100% of the fixed annual remuneration.

Allocation of performance-based shares

The Chief Executive Officer can be the beneficiary of allocations of performance-based shares, subject to one or more performance conditions, under the same conditions and subject to the same performance criteria as for allocations granted to the Group's executives and senior executives.

The performance criteria used are usually based on the level of Current Operating Result and Sales Growth. Other performance-based criteria can also be taken into account, based in particular on corporate social responsibility.

Performance-related conditions are assessed over a period identical to that used for the plan's vesting period.

Except under specific circumstances, these free share allocations are granted on an annual basis and are limited on initial allocation to an allocated amount that corresponds to the book value calculated at fair value and which may not exceed 150% of the annual fixed remuneration.

In the event of a change to the company's governance and the arrival of a new Chief Executive Officer from outside the Group, a specific allocation may be authorised by the Board of Directors in the form of an introductory bonus. In such a case, the amount granted, corresponding to the book value calculated at fair value, cannot exceed 300% of the annual fixed remuneration. The vesting period of this plan is a minimum of two years.

In order to ascertain to what extent the performance-based criteria set out in relation to the allocation of performance-based shares free of charge have been fulfilled, the Board of Directors sets the following methods of assessment: the financial performance criteria are based on indicators that are reviewed by the Statutory Auditors as part of their annual audit of the financial statements. In addition, the Group's Internal Audit Department is entrusted by the Board of Directors with an audit assignment to validate the data taken into account for the calculation of performance conditions.

The vesting and, where applicable, retention periods applicable after vesting are defined by the Board of Directors at the time of allocation and comply with the authorisation of the General Meeting, *i.e.*:

- the allocation of shares will be definitive at the end of a vesting period whose duration may not be less than one year, in accordance with Article L. 225-197-1 of the Commercial Code;
- where applicable, the shares shall be retained for a minimum period at least equal to that required to ensure that the cumulative duration of the vesting periods, and where necessary, the retention periods, may not be less than two years.

Moreover, at its meeting of 2 June 2021, the Board of Directors set the number of shares that every corporate officer will be required to retain in registered form until the termination of their duties at 25% of the total shares allocated to them free of charge; this percentage may be reduced to 20% at the end of a period of four years from the allocation, then successively to 15% six years after the allocation, to 10% eight years after the allocation and to 5% until they leave their role.

These performance-based share allocation criteria will contribute to the objectives of the remuneration policy since they will be in line with the company's corporate interest, will contribute to its sustainability and will be aligned with its business strategy.

Commitments

It should be noted that the Chief Executive Officer holds an employment contract within a Group subsidiary. This employment contract was suspended on the date of their appointment to the role of Chief Executive Officer, for a period that will last until the end of their term of office. As a guide, the notice period in the event of termination of this employment contract is six months.

Severance pay

The Chief Executive Officer does not benefit from any undertaking of this kind in respect of their term of office.

In the event of a change in the governance of the company and the appointment of a new Chief Executive Officer from outside the Group, the Board of Directors may introduce for the new arrival severance pay in the event of early termination of their contract not exceeding two years' fixed and variable remuneration, subject to a minimum of two years in office and to the same financial and non-financial criteria as those used to determine the annual variable remuneration. This severance pay will be paid in full if the variable remuneration for the financial year preceding the departure represents at least 60% of the target bonus. Below a rate of 60%, the severance pay will be reduced proportionally.

Pension

The Chief Executive Officer, whose remuneration is treated as a salary, benefits from the mandatory collective pension schemes applicable to executives and senior executives of Group companies.

They are not a member of any defined benefit pension scheme covered by Article L. 137-11 of the Social Security Code (supplementary pension plan).

Like Group executives, the Chief Executive Officer benefits, upon retirement, from a retirement bonus (*Indemnité de Fin de Carrière*, or IFC) as provided for by the National Collective Bargaining Agreement for Executives and Engineers in the Metalwork Industry (IDCC 650). This is the mandatory scheme in force within the company.

Provident fund

The Chief Executive Officer, whose remuneration is treated as a salary, benefits from the group provident fund scheme (death and disability insurance) applicable to executives and senior executives of Group companies.

Unless they have taken personal insurance cover elsewhere, they also join the "Mutual Health Insurance" scheme, which is mandatory for Group employees.

Non-compete clause

There is no such commitment concerning the Chief Executive Officer.

In the event of a change in the governance of the company and the appointment of a new Chief Executive Officer from outside the Group, the Board of Directors may decide to introduce non-competition compensation for this new member for a period of one year, which may be renewable once and applicable to companies involved in a competing business. The Board of Directors will decide, after the Chief Executive Officer has ceased their duties, whether or not to apply this non-compete clause, from which the outgoing member may be exempted. Its payment will, in any case, be waived in the event of retirement.

Employee savings

The Chief Executive Officer is a beneficiary of the current incentive bonus scheme and Employee Savings Scheme, which are open to the company's employees and corporate officers.

Benefits of any kind

During the actual period of the corporate office, the Chief Executive Officer is the beneficiary of Senior Executives' Insurance (GSC or *Garantie Sociale des Chefs d'entreprises*) covering the risk of removal from corporate office, subject to the waiting periods and the usual limitations of this scheme. Contributions to this scheme are subject to a benefit in kind declaration.

The Chief Executive Officer benefits from a company car that they may use in a personal capacity, and which is the subject of a benefit in kind declaration.

The payment of variable, and possibly exceptional, remuneration elements allocated in relation to financial year N to the Chief Executive Officer is subject to approval in year N+1 by the Ordinary General Meeting of the remuneration elements paid in year N or allocated in relation to financial year N.

REMUNERATION POLICY FOR THE DEPUTY CHIEF EXECUTIVE OFFICER (RESOLUTION 14)

The remuneration of the Deputy Chief Executive Officer will be comprised of the following components:

Fixed remuneration

It is determined in accordance with market practice, and regularly benchmarked by a recognised and reputable expert from a firm specialising in executive remuneration. It is set upon appointment and will change only little every year during the term of office, which is set at four years. It is reviewed and benchmarked again each time the term of office is renewed. The remuneration policy also includes the payment of a Pension Equivalent Premium (French PER) introduced within the company in 2017 for the benefit of senior executives and executive corporate officers in

order to offset the lack of pension contributions on the upper portions of their remuneration.

Annual variable remuneration

Variable remuneration is determined by the Board of Directors on the recommendation of the Appointment and Remuneration Committee. It is based on the achievement of objectives that take account of quantitative financial and qualitative non-financial criteria.

Annual variable remuneration is capped at a maximum of the annual basic fixed remuneration.

For the Deputy Chief Executive Officer, this cap is a maximum of 75% of basic fixed remuneration (BFR), i.e. 60% of the quantitative variable on financial criteria, and 15% of the qualitative variable on non-financial criteria.

The cap is calculated as follows:

- the quantitative component, ranging from 0% to 120% and based on financial criteria, applies to the target bonus of 50% of the BFR;
- the qualitative component, ranging from 0% to 15% and based on non-financial criteria, applies to the BFR. This component is weighted by a coefficient of 0 to 1 representing the Appointment and Remuneration Committee's assessment of the personal and managerial involvement of the corporate officer concerned.

Annual variable remuneration is therefore capped at a maximum of 75% of the BFR, based on the following formula:

$$\text{maximum annual variable remuneration} = (\text{BFR} \times 50\% \times 120\%) + (\text{BFR} \times 15\% \times 1)$$

The criteria for determining annual variable remuneration and the methods for assessing these criteria are as follows:

- for 2022, the quantitative criteria based on financial items ("financial" criteria) are profit growth, measured by the average growth in COR (Current Operating Result) over two years; the growth in profitability of capital used, measured by the average level of ROCE (Return On Capital Employed) over two years; and lastly, business development, measured by Sales Growth and by its differential with the Sales Growth in relation to a range of benchmarks consisting of eight companies deemed to be comparable.

The financial criteria used are as follows:

- a matrix cross-referencing COR and ROCE determines the initial R1 rate, which falls within a range of 0% to 120%;

		COR (2-year average growth)					
		%	1.5%	3%	4.5%	6%	7.5%
ROCE (2-year average)	10%	12	24	36	48	60	72
	12.5%	18	30	42	54	66	78
	15%	24	36	48	60	72	84
	17.5%	30	42	54	66	78	96
	20%	36	48	60	72	90	108
	22.5%	42	54	66	78	96	120

- the multiplier M2 related to Sales Growth corresponds to the formula:

$$M2 = 1 + ((Ss \times Ws) + (\text{DIFr} \times \text{Wdif}))$$

In which:

- Ss represents the rate of Somfy's Sales Growth in actuarial rate for two years, within a range of -5% to +5%,
- Ws represents the weighting applied to the Ss factor. For 2022, the value employed is Ws = 5,
- DIFr represents the differential the growth rate of Somfy's Sales in actuarial rate for two years, and the growth rate of

Sales of a Range of benchmark companies in actuarial rate for two years. DIFr is within a range of -5% to +5%,

- Wdif represents the weighting applied to the DIFr factor. For 2022, the value employed is Wdif = 5.

The value of M2 therefore fluctuates within a range of 0.5 to 1.5.

- lastly, the resulting rate Rr corresponds to the formula:

$$Rr = R1 \times M2$$

It is used for a maximum value of 120%, and can thus fluctuate within a range of 0% to 120%.

The Quantitative component is therefore: BFR x 50% x Rr.

The expected level of achievement for the quantitative criteria, predefined by the Board of Directors further to a proposal by the Appointment and Remuneration Committee, is not disclosed for reasons of confidentiality;

- the qualitative non-financial criteria are set by the Board of Directors further to a proposal by the Appointment and Remuneration Committee. For 2022, they include a criterion relating to the “Integration strategy for new acquisitions” project, a CSR-focused criterion relating to the “Globalisation of

the downstream supply chain” project, and lastly a criterion relating to the “GAM/KAM operating model” project. As usual these non-financial criteria are weighted by a coefficient representing the Appointment and Remuneration Committee’s assessment of the personal and managerial involvement of the corporate officer concerned.

The expected level of achievement for the qualitative criteria, predefined by the Board of Directors further to a proposal by the Appointment and Remuneration Committee, is not disclosed for reasons of confidentiality.

In brief, the financial and non-financial criteria apply as follows:

	Financial criteria	Non-financial criteria
Deputy Chief Executive Officer	<ul style="list-style-type: none"> – change in Result (COR) – increase in Return On Capital Employed (ROCE) – Sales Growth – differential between Somfy sales and the sales of eight benchmark companies 	<ul style="list-style-type: none"> – integration strategy for new acquisitions – globalisation of the downstream supply chain – GAM/KAM operating model

These variable remuneration criteria contribute to meeting the objectives of the remuneration policy since they are in line with the company’s corporate interest, contribute to its sustainability and are aligned with its business strategy.

To determine the extent to which the financial performance criteria provided for the calculation of variable remuneration have been met, the Board of Directors notably relies on the consolidated financial statements audited by the Statutory Auditors.

Exceptional remuneration

The Board of Directors can decide, further to a proposal of the Appointment and Remuneration Committee and under very specific circumstances, to grant exceptional remuneration to the Deputy Chief Executive Officer. Such a payment may notably be made in the event of completion of a major transaction for the company or of exceptional over-achievement that is not taken into account in the criteria determining the variable remuneration for the financial year.

The Board of Directors can also decide, further to a proposal by the Appointment and Remuneration Committee, to grant exceptional remuneration to the Deputy Chief Executive Officer in the event of economic, political or social events, in response to which the company’s governance is required to take exceptional action to preserve the company’s interests.

In every case, the amount of exceptional remuneration thus decided cannot exceed a maximum of 100% of the fixed annual remuneration.

Allocation of performance-based shares

The Deputy Chief Executive Officer can be the beneficiary of allocations of free shares, subject to one or more performance conditions, under the same conditions and subject to the same performance criteria as for allocations granted to the Group’s executives and senior executives.

The performance criteria used are usually based on the level of Current Operating Result and Sales Growth. Other performance-based criteria may also be taken into account, based in particular on corporate social responsibility.

Performance-related conditions are assessed over a period identical to that used for the plan’s vesting period.

Except under specific circumstances, these free share allocations are granted on an annual basis and are limited on initial allocation

to an allocated amount that corresponds to the book value calculated at fair value and which may not exceed 150% of the annual fixed remuneration.

In the event of a change to the company’s governance and the arrival of a new Deputy Chief Executive Officer from outside the Group, a specific allocation can be decided by the Board of Directors in the form of an introductory bonus. In such a case, the amount granted, corresponding to the book value calculated at fair value, cannot exceed 300% of the annual fixed remuneration. The vesting period of this plan is a minimum of two years.

In order to ascertain to what extent the performance-based criteria set out in relation to the allocation of performance-based shares free of charge have been fulfilled, the Board of Directors sets the following methods of assessment: the financial performance criteria are based on indicators that are reviewed by the Statutory Auditors as part of their annual audit of the financial statements. In addition, the Group’s Internal Audit Department is entrusted by the Board of Directors with an audit assignment to validate the data taken into account for the calculation of performance conditions.

The vesting and, where applicable, retention periods applicable after vesting are defined by the Board of Directors at the time of allocation and comply with the authorisation of the General Meeting, *i.e.*:

- the allocation of shares will be definitive at the end of a vesting period whose duration may not be less than one year, in accordance with Article L. 225-197-1 of the Commercial Code;
- where applicable, the shares shall be retained for a minimum period at least equal to that required to ensure that the cumulative duration of the vesting periods, and where necessary, the retention periods, may not be less than two years.

Moreover, at its meeting of 2 June 2021, the Board of Directors set the number of shares that every corporate officer will be required to retain in registered form until the termination of their duties at 25% of the total shares allocated to them free of charge; this percentage may be reduced to 20% at the end of a period of four years from the allocation, then successively to 15% six years after the allocation, to 10% eight years after the allocation and to 5% until they leave their role.

These performance-based share allocation criteria will contribute to the objectives of the remuneration policy since they will be in line with the company’s corporate interest, will contribute to its sustainability and will be aligned with its business strategy.

Commitments

It should be noted that the Deputy Chief Executive Officer holds an employment contract within a Group subsidiary. This employment contract was suspended on the date of their appointment to the role of Deputy Chief Executive Officer, for a period that will last until the end of the term of office. As a guide, the notice period in the event of termination of this employment contract is six months.

Severance pay

The Deputy Chief Executive Officer does not benefit from any undertaking of this kind in respect of their term of office. In the event of a change in the governance of the company and the appointment of a new Deputy Chief Executive Officer from outside the Group, the Board of Directors may decide to introduce for the new arrival severance pay in the event of early termination of their contract not exceeding two years' fixed and variable remuneration, subject to a minimum of two years in office and to the same financial and non-financial criteria as those used to determine the annual variable remuneration. This severance pay will be paid in full if the variable remuneration rate for the financial year preceding the departure represents at least 60% of the target bonus. Below a rate of 60%, the severance pay will be reduced proportionally.

Pension

The Deputy Chief Executive Officer, whose remuneration is treated as a salary, benefits from the mandatory collective pension schemes applicable to executives and senior executives of Group companies.

They are not a member of any defined benefit pension scheme covered by Article L. 137-11 of the Social Security Code (supplementary pension plan).

Like Group executives, the Deputy Chief Executive Officer benefits, upon retirement, from a retirement bonus (*Indemnité de Fin de Carrière*, or IFC) as provided for by the National Collective Bargaining Agreement for Executives and Engineers in the Metalwork Industry (IDCC 650). This is the mandatory scheme in force within the company.

Provident fund

The Deputy Chief Executive Officer, whose remuneration is treated as a salary, benefits from the group provident fund scheme (death and disability insurance) applicable to executives and senior executives of Group companies.

Unless they have taken personal insurance cover elsewhere, they also join the "Mutual Health Insurance" scheme, which is mandatory for Group employees.

Non-compete clause

There is no such commitment concerning the Deputy Chief Executive Officer.

In the event of a change in the governance of the company and the appointment of a new Deputy Chief Executive Officer from outside the Group, the Board of Directors may decide to introduce non-competition compensation for this new member for a period of one year, which may be renewable once and applicable to

companies involved in a competing business. The Board of Directors will decide, after the Deputy Chief Executive Officer has ceased their duties, whether or not to apply this non-compete clause, from which the outgoing member may be exempted. Its payment will, in any case, be waived in the event of retirement.

Employee savings

The Deputy Chief Executive Officer is a beneficiary of the current incentive bonus scheme and Employee Savings Scheme, which are open to the company's employees and corporate officers.

Benefits of any kind

During the actual period of the corporate office, the Deputy Chief Executive Officer is the beneficiary of Senior Executives' Insurance (GSC or *Garantie Sociale des Chefs d'entreprises*) covering the risk of removal from corporate office, subject to the waiting periods and the usual limitations of this scheme. Contributions to this scheme are subject to a benefit in kind declaration.

The Deputy Chief Executive Officer benefits from a company car that they may use in a personal capacity, and which is the subject of a benefit in kind declaration.

The payment of variable, and possibly exceptional, remuneration elements allocated in relation to financial year N to the Deputy Chief Executive Officer is subject to approval in the financial year N+1 by the Ordinary General Meeting of the remuneration elements paid during the financial year N or allocated in relation to financial year N.

REMUNERATION POLICY FOR THE DIRECTORS (RESOLUTION 15)

The remuneration policy for members of the Board of Directors, including the Vice-Chairman of the Board of Directors, proposed upon the recommendations of the Appointment and Remuneration Committee, is as follows:

- the General Meeting allocates to the members of the Board of Directors a fixed annual sum as remuneration for their activity;
- the Board of Directors sets the amount allocated to each member, with the exception of the member representing employees, according to their actual presence at the meetings of the Board and the specialist Committees. The remuneration allocated includes a fixed part that remunerates responsibility and a part that remunerates attendance;
- in addition to their remuneration for their duties as member of the Board of Directors, the Vice-Chairman of the Board of Directors receives specific remuneration for their duties as Vice-Chairman. This remuneration, payable from the total amount of remuneration allocated to the members of the Board, is fixed and changes upon each extension to their term of office, or when the Board observes that there has been a permanent change to the Vice-Chairman's workload;
- the Board of Directors reserves the right to allocate specific remuneration to any of its members in order to reward specific services rendered other than participation in the Board's routine work;
- the members representing employees on the Board of Directors continue to receive remuneration under their permanent employment contract, whose notice period is three months. It is specified that the member(s) representing employees do not receive any remuneration in relation to their term(s) of office as member of the Board of Directors.

INFORMATION ON THE TERMS OF OFFICE AND EMPLOYMENT AND/OR SERVICE CONTRACTS OF CORPORATE OFFICERS WITH THE COMPANY

The terms of office of the members of the General Management and of the Board of Directors are set out on pages 73 and 74 of the report on corporate governance in chapter 4 of the 2021 Annual Financial Report.

As of the date of preparation of this report, no member is bound to the Group by an unsuspended contract of employment or a contract for the provision of services, except for the member representing employees who has a permanent employment contract with Somfy Activités SA, a Somfy SA subsidiary.

INFORMATION REFERRED TO IN PARAGRAPH I OF ARTICLE L. 22-10-9 OF THE COMMERCIAL CODE FOR EACH CORPORATE OFFICER OF THE COMPANY (RESOLUTION 16 TO THE GENERAL MEETING OF 1 JUNE 2022)

It is specified that the total remuneration of each executive corporate officer complies with the remuneration policy approved by the General Meeting of 2 June 2021 in its resolutions 25 to 28. It thus contributes to the company's long-term performance.

JEAN GUILLAUME DESPATURE CHAIRMAN OF THE MANAGEMENT BOARD UNTIL 2 JUNE 2021 AND CHAIRMAN OF THE BOARD OF DIRECTORS SINCE 2 JUNE 2021

In accordance with the remuneration policy approved by the General Meeting in its resolution 25 which was adopted by 99.92% of votes in favour, the remuneration is comprised of the components detailed in the tables below.

Benefits in kind consist of the use of a company car.

In respect of his term of office with DSG Coordination Center SA, Jean Guillaume Despature is also a beneficiary of the defined contribution pension plan of this company, which applies equally to senior executives and corporate officers. This is the second mandatory pillar for companies based in the Swiss Confederation. The company's commitment is limited to the amount of contributions paid during the financial year.

Details of total remuneration allocated and paid during the financial year just ended are included in the summary tables (pages 94 and 95).

PIERRE RIBEIRO MEMBER OF THE MANAGEMENT BOARD AND CHIEF FINANCIAL OFFICER UNTIL 2 JUNE 2021 AND CHIEF EXECUTIVE OFFICER SINCE 2 JUNE 2021

In accordance with the remuneration policy approved by the General Meeting in its resolution 26 which was adopted by 99.92% of votes in favour, remuneration comprises a fixed portion, a variable portion, long-term remuneration and other benefits detailed below.

The fixed portion comprises the basic fixed remuneration and also includes the payment of a Pension Equivalent Premium (French PER) introduced within the company in 2017 for the benefit of senior executives and executive corporate officers in order to offset the lack of pension contributions on the upper portions of their remuneration.

The variable portion is determined by the Board of Directors on the recommendation of the Appointment and Remuneration Committee. It is based on the achievement of objectives that take account of quantitative financial and qualitative criteria.

For the portion based on quantitative criteria (referred to as "financial" criteria), the criteria used in 2021 are profit growth, measured by the average growth in Current Operating Result over two years; the growth in profitability of capital used, measured by the average level of ROCE (Return On Capital Employed) over two years; and lastly, business development, measured by Sales Growth and by its differential with the Sales Growth of a range of benchmarks consisting of eight companies deemed to be comparable.

For the portion based on qualitative criteria, the criteria used for 2021 ("non-financial criteria") relate to company strategy and include a criterion relating to the Design and Go-live of the Group's transformation programme, a criterion relating to the Cost Leadership, connected with materials and electronic components, and lastly a criterion relating to the implementation of the Sales & Operations planning. These non-financial criteria will be weighted by a coefficient representing the Appointment and Remuneration Committee's assessment of the personal and managerial involvement of the corporate officer concerned. For confidentiality reasons the expected level of achievement of quantitative criteria, as well as the qualitative criteria, which are predetermined by the Board of Directors on proposal by the Appointment and Remuneration Committee, are not publicly disclosed.

Benefits in kind consist of the use of a company car and Senior Executives' Insurance (GSC or *Garantie Sociale des Chefs d'entreprises*) covering the risk of removal from corporate office.

An allocation of 4,080 performance-based shares was agreed upon by the Board of Directors on 28 June 2021 in respect of long-term remuneration for the benefit of Pierre Ribeiro. Details are provided in tables 3 and 4 below.

Pierre Ribeiro is a beneficiary of the current incentive bonus scheme and Employee Savings Scheme, which are open to Somfy SA's employees and corporate officers.

He is also a beneficiary of Somfy SA's defined contribution pension plan (Article 83), which applies to both senior executives and employee Directors. The company's commitment is limited to the amount of contributions paid during the financial year.

Details of total remuneration allocated and paid during the financial year just ended are included in the summary tables (pages 96 and 97).

VALÉRIE DIXMIER DEPUTY CHIEF EXECUTIVE OFFICER SINCE 2 JUNE 2021

In accordance with the remuneration policy approved by the General Meeting in its resolution 27 which was adopted by 95.57% of votes in favour, remuneration comprises a fixed portion, a variable portion, long-term remuneration and other benefits detailed below.

The fixed portion comprises the basic fixed remuneration and also includes the payment of a Pension Equivalent Premium (French PER) introduced within the company in 2017 for the benefit of senior executives and executive corporate officers in order to offset the lack of pension contributions on the upper portions of their remuneration.

The variable portion is determined by the Board of Directors on the recommendation of the Appointment and Remuneration Committee. It is based on the achievement of objectives that take account of quantitative financial and qualitative criteria.

For the portion based on quantitative criteria (referred to as "financial" criteria), the criteria used in 2021 are profit growth, measured by the average growth in Current Operating Result over two years; the growth in profitability of capital used, measured by the average level of ROCE (Return On Capital Employed) over two years; and lastly, business development, measured by Sales Growth and by its differential with the Sales Growth of a range of

benchmarks consisting of eight companies deemed to be comparable.

For the portion based on qualitative criteria, the criteria used for 2021 (“non-financial criteria”) relate to company strategy and include a criterion relating to the Design and Go-live of the Group’s transformation programme, a criterion relating to the Cost Leadership, connected with materials and electronic components, and lastly a criterion relating to the Design and Go-live of the Leadership Framework related to the corporate culture. These non-financial criteria will be weighted by a coefficient representing the Appointment and Remuneration Committee’s assessment of the personal and managerial involvement of the corporate officer concerned. For confidentiality reasons the expected level of achievement of quantitative criteria, as well as the qualitative criteria, which are predetermined by the Board of Directors on proposal by the Appointment and Remuneration Committee, are not publicly disclosed.

Benefits in kind consist of the use of a company car and Senior Executives’ Insurance (GSC or *Garantie Sociale des Chefs d’entreprises*) covering the risk of removal from corporate office.

An allocation of 2,640 performance-based shares was agreed upon by the Board of Directors on 28 June 2021 in respect of long-term remuneration for the benefit of Valérie Dixmier. Details are provided in tables 3 and 4 below.

Valérie Dixmier is a beneficiary of the current incentive bonus scheme and Employee Savings Scheme, which are open to Somfy SA’s employees and corporate officers.

She is also a beneficiary of Somfy SA’s defined contribution pension plan (Article 83), which applies to both senior executives and employee Directors. The company’s commitment is limited to the amount of contributions paid during the financial year.

Details of total remuneration allocated and paid during the financial year just ended are included in the summary table (page 98).

SUMMARY TABLE OF TOTAL REMUNERATION PAID IN 2021 OR ALLOCATED IN RESPECT OF 2021 TO CORPORATE OFFICERS (including remuneration paid by the company and companies under its control)

Table 1: Summary of remuneration and allocated options and shares

Jean Guillaume DESPATURE Chairman of the Management Board until 2 June 2021 <i>Gross, euros</i>	Allocated for the 2021 financial year	Allocated for the 2020 financial year
Remuneration allocated for the financial year (as detailed in table 2)		
– for his duties as Chairman of the Management Board	913,230	1,014,284
– for his employment contract prior to 2 June 2021	306,061	342,071
Value of options granted during the financial year		
– for his duties as Chairman of the Management Board	nil	nil
– for his employment contract prior to 2 June 2021		
Value of performance-based shares granted during the financial year (as detailed in table 3)		
– for his duties as Chairman of the Management Board	nil	151,245
– for his employment contract prior to 2 June 2021		nil
Value of other long-term remuneration plans		
– for his duties as Chairman of the Management Board	nil	nil
– for his employment contract prior to 2 June 2021		
TOTAL	1,219,291	1,507,600

Jean Guillaume DESPATURE Chairman of the Board of Directors since 2 June 2021 Gross, euros	Allocated for the 2021 financial year	
Remuneration allocated for the financial year (as detailed in table 2)		
– for his duties as Chairman of the Board of Directors		232,222
– for his duties as corporate officer with DSG Coordination Center SA		118,396
Value of options granted during the financial year		
– for his duties as Chairman of the Board of Directors		nil
– for his duties as corporate officer with DSG Coordination Center SA		nil
Value of performance-based shares granted during the financial year (as detailed in table 3)		
– for his duties as Chairman of the Board of Directors		nil
– for his duties as corporate officer with DSG Coordination Center SA		nil
Value of other long-term remuneration plans		
– for his duties as Chairman of the Board of Directors		nil
– for his duties as corporate officer with DSG Coordination Center SA		nil
TOTAL		350,618
Pierre RIBEIRO Member of the Management Board and Chief Financial Officer until 2 June 2021 Gross, euros	Allocated for the 2021 financial year	Allocated for the 2020 financial year
Remuneration allocated for the financial year (as detailed in table 2)		
– for his duties as member of the Management Board and Chief Financial Officer	63,257	146,562
– for his employment contract prior to 2 June 2021	286,944	660,190
Value of options granted during the financial year		
– for his duties as member of the Management Board and Chief Financial Officer	nil	nil
– for his employment contract prior to 2 June 2021	nil	nil
Value of performance-based shares granted during the financial year (as detailed in table 3)		
– for his duties as member of the Management Board and Chief Financial Officer	nil	151,245
– for his employment contract prior to 2 June 2021	nil	nil
Value of other long-term remuneration plans		
– for his duties as member of the Management Board and Chief Financial Officer	nil	nil
– for his employment contract prior to 2 June 2021	nil	nil
TOTAL	350,202	957,997
Pierre RIBEIRO Chief Executive Officer since 2 June 2021 Gross, euros	Allocated for the 2021 financial year	
Remuneration allocated for the financial year (as detailed in table 2)		
– for his duties as Chief Executive Officer		626,223
Value of options granted during the financial year		
– for his duties as Chief Executive Officer		nil
Value of performance-based shares granted during the financial year (as detailed in table 3)		
– for his duties as Chief Executive Officer		471,818
Value of other long-term remuneration plans		
– for his duties as Chief Executive Officer		nil
TOTAL		1,098,041

Valérie DIXMIER Deputy Chief Executive Officer since 2 June 2021 <i>Gross, euros</i>	Allocated for the 2021 financial year
Remuneration allocated for the financial year (as detailed in table 2)	
– for her duties as Deputy Chief Executive Officer	464,331
Value of options granted during the financial year	
– for her duties as Deputy Chief Executive Officer	nil
Value of performance-based shares granted during the financial year (as detailed in table 3)	
– for her duties as Deputy Chief Executive Officer	305,294
Value of other long-term remuneration plans	
– for her duties as Deputy Chief Executive Officer	nil
TOTAL	769,625

Table 2: Overview of the remuneration of each corporate officer

Jean Guillaume DESPATURE Chairman of the Management Board until 2 June 2021 Gross, euros	2021		2020	
	Allocated for the financial year	Paid during the financial year	Allocated for the financial year	Paid during the financial year
Basic fixed remuneration (BFR)				
– for his duties as Chairman of the Management Board	200,075	200,075	477,000	477,000
– for his employment contract prior to 2 June 2021	66,692	66,692	159,000	159,000
Fixed remuneration - Pension Equivalent Premium				
– for his duties as Chairman of the Management Board	38,080	38,080	88,784	88,784
– for his employment contract prior to 2 June 2021	12,694	12,694	29,595	29,595
Annual variable remuneration				
– for his duties as Chairman of the Management Board	198,075	448,500	448,500	454,500
– for his employment contract prior to 2 June 2021	66,025	149,500	149,500	151,500
Exceptional remuneration				
– for his duties as Chairman of the Management Board	477,000	-	-	-
– for his employment contract prior to 2 June 2021	159,000	-	-	-
Benefits in kind	1,650	1,650	3,976	3,976
TOTAL	1,219,291	917,191	1,356,355	1,364,355

Relative proportion of variable remuneration to fixed remuneration:

Term of office	99.0%	-	94.0%	-
Employment contract	99.0%	-	94.0%	-

In relation to annual variable remuneration, the performance criteria were applied as follows:

Annual variable remuneration is capped at a maximum of the annual fixed remuneration.

This cap represents a maximum of 99% of the basic fixed remuneration, i.e. 84% for the quantitative variable remuneration based on financial criteria, and 15% for the qualitative variable remuneration based on non-financial criteria, as described in the paragraph "Remuneration policy regarding the Chairman and member(s) of the Management Board - Annual variable remuneration" on pages 81 and 82 of the 2020 Annual Financial Report.

The target bonus is 70% of the basic fixed remuneration.

For the 2021 financial year, the ROC and ROCE quantitative criteria were 120%, the growth multiplier was 1.5, resulting in a quantitative bonus rate of 180%, capped at 120% of the target bonus. The quantitative variable portion based on financial criteria was therefore 84% of the basic fixed remuneration.

The qualitative variable portion based on non-financial criteria was 15% of the basic fixed remuneration.

The total bonus is calculated as follows:

total bonus = basic fixed remuneration X % quantitative bonus + basic fixed remuneration X % qualitative bonus, i.e. (€266,767 x 70% x 120%) + (€266,767 x 15%) = €264,100, i.e. 99% of the annual basic fixed remuneration.

For the 2020 financial year, the ROC and ROCE quantitative criteria were 120%, the growth multiplier was 1.5, resulting in a quantitative bonus rate of 180%, capped at 120% of the target bonus. The quantitative variable portion based on financial criteria was therefore 84% of the basic fixed remuneration.

The qualitative variable portion based on non-financial criteria was 10% of the basic fixed remuneration.

The total bonus is calculated as follows:

total bonus = basic fixed remuneration X % quantitative bonus + basic fixed remuneration X % qualitative bonus, i.e. (€636,000 x 70% x 120%) + (€636,000 x 10%) = €598,000, i.e. 94% of the annual basic fixed remuneration.

In relation to the exceptional remuneration, for the 2021 financial year it corresponds to the option provided for in the remuneration policy for the Management Board, of the ability to award a bonus equivalent to a maximum amount of 100% of the fixed annual remuneration in the case of specific circumstances.

This bonus decided upon during the first half of 2021, of an amount of €636 thousand is awarded in recognition of the particularly successful handling of the Covid crisis, and is distributed on a pro rata basis between the Term of Office and Employment contract, equating to €477 thousand for Somfy SA and €159 thousand for DSG Coordination Center SA respectively.

Jean Guillaume DESPATURE Chairman of the Board of Directors since 2 June 2021 <i>Gross, euros</i>	2021	
	Allocated for the financial year	Paid during the financial year
Basic fixed remuneration (BFR)		
– for his duties as Chairman of the Board of Directors	232,222	232,222
– for his duties as corporate officer with DSG Coordination Center SA	116,111	116,111
Fixed remuneration - Pension Equivalent Premium		
– for his duties as Chairman of the Board of Directors	nil	nil
– for his duties as corporate officer with DSG Coordination Center SA		
Annual variable remuneration		
– for his duties as Chairman of the Board of Directors	nil	nil
– for his duties as corporate officer with DSG Coordination Center SA		
Exceptional remuneration		
– for his duties as Chairman of the Board of Directors	nil	nil
– for his duties as corporate officer with DSG Coordination Center SA		
Benefits in kind	2,284	2,284
TOTAL	350,618	350,618

Pierre RIBEIRO Member of the Management Board and Chief Financial Officer until 2 June 2021 Gross, euros	2021		2020	
	Allocated for the financial year	Paid during the financial year	Allocated for the financial year	Paid during the financial year
Basic fixed remuneration (BFR)				
– for his duties as member of the Management Board and Chief Financial Officer	32,194	32,194	76,560	76,560
– for his employment contract prior to 2 June 2021	128,329	128,329	305,440	305,440
Fixed remuneration - Pension Equivalent Premium				
– for his duties as member of the Management Board and Chief Financial Officer	6,916	6,916	16,302	16,302
– for his employment contract prior to 2 June 2021	27,592	27,592	65,036	65,036
Annual variable remuneration				
– for his duties as member of the Management Board and Chief Financial Officer	24,147	53,700	53,700	55,300
– for his employment contract prior to 2 June 2021	96,253	214,300	214,300	220,700
Exceptional remuneration				
– for his duties as member of the Management Board and Chief Financial Officer	-	-	-	-
– for his employment contract prior to 2 June 2021	-	-	-	-
Incentive bonus, profit-sharing, employer's contribution	31,496	74,209	67,628	55,229
Benefits in kind	3,274	3,274	7,787	7,787
TOTAL	350,202	540,515	806,753	802,354

Relative proportion of variable remuneration to fixed remuneration:

Term of office	75.0%	-	70.1%	-
Employment contract	75.0%	-	70.2%	-

In relation to annual variable remuneration, the performance criteria were applied as follows:

Annual variable remuneration is capped at a maximum of the annual basic fixed remuneration.

This cap represents a maximum of 75% of the basic fixed remuneration, i.e. 60% for the quantitative variable remuneration based on financial criteria, and 15% for the qualitative variable remuneration based on non-financial criteria, as described in the paragraph "Remuneration policy regarding the Chairman and member(s) of the Management Board - Annual variable remuneration" on pages 81 and 82 of the 2020 Annual Financial Report.

The target bonus is 50% of the basic fixed remuneration.

For the 2021 financial year, the ROC and ROCE quantitative criteria were 120%, the growth multiplier was 1.5, resulting in a quantitative bonus rate of 180%, capped at 120% of the target bonus. The quantitative variable portion based on financial criteria was therefore 60% of the basic fixed remuneration.

The qualitative variable portion based on non-financial criteria was 15% of the basic fixed remuneration.

The total bonus is calculated as follows:

total bonus = basic fixed remuneration X % quantitative bonus + basic fixed remuneration X % qualitative bonus, i.e. (€160,523 x 50% x 120%) + (€160,523 x 15%) = €120,400, i.e. 75% of the annual basic fixed remuneration.

For the 2020 financial year, the ROC and ROCE quantitative criteria were 120%, the growth multiplier was 1.5, resulting in a quantitative bonus rate of 180%, capped at 120% of the target bonus. The quantitative variable portion based on financial criteria was therefore 60% of the basic fixed remuneration.

The qualitative variable portion based on non-financial criteria was 10% of the basic fixed remuneration.

The total bonus is calculated as follows:

total bonus = basic fixed remuneration X % quantitative bonus + basic fixed remuneration X % qualitative bonus, i.e. (€382,000 x 50% x 120%) + (€382,000 x 10%) = €268,000, i.e. 70% of the annual basic fixed remuneration.

Pierre RIBEIRO Chief Executive Officer since 2 June 2021 Gross, euros	2021	
	Allocated for the financial year	Paid during the financial year
Basic fixed remuneration (BFR)		
– for his duties as Chief Executive Officer	289,773	289,773
Fixed remuneration - Pension Equivalent Premium		
– for his duties as Chief Executive Officer	66,261	66,261
Annual variable remuneration		
– for his duties as Chief Executive Officer	237,700	-
Exceptional remuneration		
– for his duties as Chief Executive Officer	-	-
Incentive bonus, profit-sharing, employer's contribution	21,954	-
Benefits in kind	10,535	10,535
TOTAL	626,223	366,569

Relative proportion of variable remuneration to fixed remuneration:

82.0%

-

In relation to annual variable remuneration, the performance criteria were applied as follows:

Annual variable remuneration is capped at a maximum of the annual basic fixed remuneration.

This cap represents a maximum of 87% of the basic fixed remuneration, i.e. 72% for the quantitative variable remuneration based on financial criteria, and 15% for the qualitative variable remuneration based on non-financial criteria, as described in the paragraph "Remuneration policy for the Chief Executive Officer - Annual variable remuneration" on pages 75 and 76 of the 2020 Annual Financial Report.

The target bonus is 60% of the basic fixed remuneration.

For the 2021 financial year, the ROC and ROCE quantitative criteria were 120%, the growth multiplier was 1.5, resulting in a quantitative bonus rate of 180%, capped at 120% of the target bonus. The quantitative variable portion based on financial criteria was therefore 60% of the basic fixed remuneration.

The qualitative variable portion based on non-financial criteria was 10% of the basic fixed remuneration.

The total bonus is calculated as follows:

total bonus = basic fixed remuneration X % quantitative bonus + basic fixed remuneration X % qualitative bonus, i.e. (€289,773 x 60% x 120%) + (€289,773 x 10%) = €237,700, i.e. 82% of the annual basic fixed remuneration.

Valérie DIXMIER Deputy Chief Executive Officer since 2 June 2021 Gross, euros	2021	
	Allocated for the financial year	Paid during the financial year
Basic fixed remuneration (BFR)		
– for her duties as Deputy Chief Executive Officer	220,227	220,227
Fixed remuneration - Pension Equivalent Premium		
– for her duties as Deputy Chief Executive Officer	48,054	48,054
Annual variable remuneration		
– for her duties as Deputy Chief Executive Officer	165,200	-
Exceptional remuneration		
– for her duties as Deputy Chief Executive Officer	-	-
Incentive bonus, profit-sharing, employer's contribution	21,955	-
Benefits in kind	8,895	8,895
TOTAL	464,331	277,176

Relative proportion of variable remuneration to fixed remuneration:

75.0%

-

In relation to annual variable remuneration, the performance criteria were applied as follows:

Annual variable remuneration is capped at a maximum of the annual basic fixed remuneration.

This cap represents a maximum of 75% of the basic fixed remuneration, i.e. 60% for the quantitative variable remuneration based on financial criteria, and 15% for the qualitative variable remuneration based on non-financial criteria, as described in the paragraph "Remuneration policy for the Deputy Chief Executive Officer - Annual variable remuneration" on page 78 of the 2020 Annual Financial Report.

The target bonus is 50% of the basic fixed remuneration.

For the 2021 financial year, the ROC and ROCE quantitative criteria were 120%, the growth multiplier was 1.5, resulting in a quantitative bonus rate of 180%, capped at 120% of the target bonus. The quantitative variable portion based on financial criteria was therefore 60% of the basic fixed remuneration.

The qualitative variable portion based on non-financial criteria was 15% of the basic fixed remuneration.

The total bonus is calculated as follows:

total bonus = basic fixed remuneration X % quantitative bonus + basic fixed remuneration X % qualitative bonus, i.e. (€220,227 x 50% x 120%) + (€220,227 x 15%) = €165,200, i.e. 75% of the annual basic fixed remuneration.

These remuneration components contribute to the objectives of the remuneration policy since they are in line with the company's corporate interest, they contribute to its sustainability and they are aligned with its business strategy.

Performance shares allocated or vested during the financial year

Table 3: Performance shares allocated free of charge to each corporate officer

Performance shares allocated by the Shareholders' General Meeting during the financial year to each corporate officer by the issuer and by any Group entity	Plan n° and date	Number of shares allocated during the financial year	Value of shares as per the method used in the consolidated financial statements (IFRS 2)	Allocation date	Vesting date	Performance conditions
Jean Guillaume Despature	2021 Free Performance Share Plan of 20 May 2019	3,576	€225,348	30/06/21	01/07/21	<ul style="list-style-type: none"> – Sales Growth for the year ended 31 December 2020 – change in Current Operating Result for the year ended 31 December 2020 – % of Home & Building products sold under the Somfy brand and “Act for Green” certified in the year ended 31 December 2020
	2022 Free Performance Share Plan of 31 August 2020	1,800	€151,245	15/09/22	16/09/22	<ul style="list-style-type: none"> – Sales Growth for the year ended 31 December 2021 – change in Current Operating Result for the year ended 31 December 2021 – development of technology solutions enabling a significant reduction in the Group’s carbon footprint at 31 December 2021
Pierre Ribeiro	2021 Free Performance Share Plan of 20 May 2019	3,576	€225,348	30/06/21	01/07/21	<ul style="list-style-type: none"> – Sales Growth for the year ended 31 December 2020 – change in Current Operating Result for the year ended 31 December 2020 – % of Home & Building products sold under the Somfy brand and “Act for Green” certified in the year ended 31 December 2020
	2022 Free Performance Share Plan of 31 August 2020	1,800	€151,245	15/09/22	16/09/22	<ul style="list-style-type: none"> – Sales Growth for the year ended 31 December 2021 – change in Current Operating Result for the year ended 31 December 2021 – development of technology solutions enabling a significant reduction in the Group’s carbon footprint at 31 December 2021
	2023 Free Performance Share Plan of 28 June 2021	2,040	€238,255	30/06/23	01/07/23	<ul style="list-style-type: none"> – Sales Growth for the year ended 31 December 2022 – change in Current Operating Result for the year ended 31 December 2022 – percentage of performance reviews conducted in 2022
	2024 Free Performance Share Plan of 28 June 2021	2,040	€233,563	30/06/24	01/07/24	<ul style="list-style-type: none"> – Sales Growth for the year ended 31 December 2023 – change in Current Operating Result for the year ended 31 December 2023 – reduction in the Group’s carbon footprint at 31 December 2023

Performance shares allocated by the Shareholders' General Meeting during the financial year to each corporate officer by the issuer and by any Group entity	Plan n° and date	Number of shares allocated during the financial year	Value of shares as per the method used in the consolidated financial statements (IFRS 2)	Allocation date	Vesting date	Performance conditions
Valérie Dixmier	2021 Free Performance Share Plan of 20 May 2019	1,080	€68,058	30/06/21	01/07/21	<ul style="list-style-type: none"> – Sales Growth for the year ended 31 December 2020 – change in Current Operating Result for the year ended 31 December 2020 – % of Home & Building products sold under the Somfy brand and “Act for Green” certified in the year ended 31 December 2020
	2022 Free Performance Share Plan of 31 August 2020	1,200	€100,830	15/09/22	16/09/22	<ul style="list-style-type: none"> – Sales Growth for the year ended 31 December 2021 – change in Current Operating Result for the year ended 31 December 2021 – development of technology solutions enabling a significant reduction in the Group’s carbon footprint at 31 December 2021
	2023 Free Performance Share Plan of 28 June 2021	1,320	€154,165	30/06/23	01/07/23	<ul style="list-style-type: none"> – Sales Growth for the year ended 31 December 2022 – change in Current Operating Result for the year ended 31 December 2022 – percentage of performance reviews conducted in 2022
	2024 Free Performance Share Plan of 28 June 2021	1,320	€151,129	30/06/24	01/07/24	<ul style="list-style-type: none"> – Sales Growth for the year ended 31 December 2023 – change in Current Operating Result for the year ended 31 December 2023 – reduction in the Group’s carbon footprint at 31 December 2023

Table 4: Performance shares vested or allocated during the financial year to each corporate officer

Name and title of the corporate officer	Main characteristics of the free share allocation plans					Information relating to the financial year just ended					
						At the start of the year	During the financial year		At year-end		
	1 Plan n°	2 Vesting period	3 Allocation date	4 Vesting date	5 End of the retention period	6 Shares granted at the start of the year	7 Shares allocated	8 Shares vested	9 Shares subject to performance conditions	10 Shares allocated but not vested	11 Shares subject to retention period
Jean Guillaume Despature	Free Share Plan n°3	2 years	16/06/17	01/07/19	end of term of office	7,320	-	-	-	5,564	439
Chairman of the Management Board	2021 Free Performance Share Plan	2 years	20/05/19	30/06/21	end of term of office	3,576	-	-	-	786	2,790
	2022 Free Performance Share Plan	2 years	31/08/20	15/09/22	end of term of office	1,800	-	-	1,800	-	-
Chairman of the Board of Directors	nil					-	-	-	-	-	-
						12,696	-	-	1,800	6,350	3,229
Pierre Ribeiro	Free Share Plan n°3	2 years	16/06/17	01/07/19	end of term of office	7,320	-	-	-	5,564	439
Member of the Management Board and Chief Financial Officer	2021 Free Performance Share Plan	2 years	20/05/19	30/06/21	end of term of office	3,576	-	-	-	786	2,790
	2022 Free Performance Share Plan	2 years	31/08/20	15/09/22	end of term of office	1,800	-	-	1,800	-	-
Chief Executive Officer	2023 Free Performance Share Plan	2 years	28/06/21	30/06/23	end of term of office	-	2,040	-	2,040	-	-
	2024 Free Performance Share Plan	3 years	28/06/21	30/06/24	end of term of office	-	2,040	-	2,040	-	-
						12,696	4,080	-	5,880	6,350	3,229
Valérie Dixmier Deputy Chief Executive Officer	2021 Free Performance Share Plan	2 years	20/05/19	30/06/21	end of term of office	1,080	-	-	-	237	843
	2022 Free Performance Share Plan	2 years	31/08/20	15/09/22	end of term of office	1,200	-	-	1,200	-	-
	2023 Free Performance Share Plan	2 years	28/06/21	30/06/23	end of term of office	-	1,320	-	1,320	-	-
	2024 Free Performance Share Plan	3 years	28/06/21	30/06/24	end of term of office	-	1,320	-	1,320	-	-
						2,280	2,640	-	3,840	237	843

Table 5: Performance shares vested during the financial year to each corporate officer

Performance-based shares vested during the financial year to each corporate officer	Plan n° and date	Number of shares vested* during the financial year
Jean Guillaume Despature	2021 Free Performance Share Plan of 20/05/19	2,790
Pierre Ribeiro	2021 Free Performance Share Plan of 20/05/19	2,790
Valérie Dixmier	2021 Free Performance Share Plan of 20/05/19	843

* Subject to the retention obligation included in the remuneration policy (page 86).

Benefits of executive corporate officers

Table 6.1: Summary table of Management Board members' benefits until 2 June 2021

Corporate officers	Employment contract		Supplementary pension scheme		Compensation or benefits due or liable to be due as a result of the termination or change of terms of office		Compensation relating to a non-competence clause	
	yes	no	yes	no	yes	no	yes	no
Name: Jean Guillaume DESPATURE Position: Chairman of the Management Board Start of term of office: 17/05/17 End of term of office: 02/06/21	✓ with an entity included in the Group's scope of consolidation			✗		✗		✗
Name: Pierre RIBEIRO Position: Member of the Management Board and Chief Financial Officer Start of term of office: 17/05/17 End of term of office: 02/06/21	✓ with an entity included in the Group's scope of consolidation			✗		✗		✗

Table 6.2: Summary table of corporate officers' benefits since 2 June 2021

Corporate officers	Employment contract		Supplementary pension scheme		Compensation or benefits due or liable to be due as a result of the termination or change of terms of office		Compensation relating to a non-compete clause	
	yes	no	yes	no	yes	no	yes	no
Name: Jean Guillaume DESPATURE Position: Chairman of the Board of Directors Start of term of office: 02/06/21 End of term of office: 2025 AGM	X			X		X		X
	contract with an entity included in the Group's consolidation scope suspended as of 02/06/21							
Name: Pierre RIBEIRO Position: Chief Executive Officer Start of term of office: 02/06/21 End of term of office: 2025 AGM	X			X		X		X
	contract with an entity included in the Group's consolidation scope suspended as of 02/06/21							
Name: Valérie DIXMIER Position: Deputy Chief Executive Officer Start of term of office: 02/06/21 End of term of office: 2025 AGM	X			X		X		X
	contract with an entity included in the Group's consolidation scope suspended as of 02/06/21							

The Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer all had employment contracts with subsidiary companies of Somfy SA prior to their appointment. These employment contracts were suspended with effect from their appointment on 2 June 2021.

Compensation or benefits due or liable to be due as a result of the termination or change of duties

The Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer do not benefit from any undertaking of this kind in respect of their term of office.

Pension

The Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer benefit from the mandatory collective pension schemes applicable to executives and senior executives of Group companies.

For the Chairman of the Board of Directors, who is not territorially eligible for French pension plans, the applicable scheme is the mandatory group scheme applicable to senior executives for companies based in the Swiss Confederation.

There is no pension scheme with defined benefits covered by Article L. 137-11 of the Social Security Code (supplementary pension plan), for the benefit of the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer.

Non-compete clause

There is no such commitment concerning the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer.

Table 7: Remuneration received by non-executive corporate officers sitting on the Supervisory Board

Members of the Supervisory Board	2021 financial year		2020 financial year	
	Allocated for the financial year	Paid during the financial year	Allocated for the financial year	Paid during the financial year
<i>Gross, euros</i>				
Michel ROLLIER				
Remuneration for the term of office as member of the Supervisory Board	10,000	10,000	15,000	15,000
Remuneration for the term of office as Chairman of the Supervisory Board	25,000	25,000	100,000	100,000
Paule CELLARD				
Remuneration for the term of office as member of the Supervisory Board	15,000	15,000	39,000	39,000
Victor DESPATURE				
Remuneration for the term of office as member of the Supervisory Board	46,000	46,000	62,000	62,000
Anthony STAHL				
Remuneration for the term of office as member of the Supervisory Board	9,000	9,000	33,000	33,000
Florence NOBLOT				
Remuneration for the term of office as member of the Supervisory Board	6,000	6,000	33,000	33,000
Sophie DESORMIÈRE				
Remuneration for the term of office as member of the Supervisory Board	9,000	9,000	33,000	33,000
Marie BAVAREL-DESPATURE				
Remuneration for the term of office as member of the Supervisory Board	9,000	9,000	33,000	33,000
Bertrand PARMENTIER				
Remuneration for the term of office as member of the Supervisory Board	15,000	15,000	25,750	25,750
Arthur WATIN-AUGOUARD				
Employee representative	-*	-*	-*	-*
TOTAL	144,000	144,000	373,750	373,750

* The salary amount due in respect of the employment contract is not disclosed for reasons of confidentiality.

Table 8: Remuneration received by non-executive corporate officers sitting on the Board of Directors

Members of the Board of Directors and Observers	2021 financial year	
	Allocated for the financial year	Paid during the financial year
<i>Gross, euros</i>		
Michel ROLLIER		
Remuneration for the term of office as member of the Board of Directors	71,249	71,249
Paule CELLARD		
Remuneration for the term of office as member of the Board of Directors	48,000	48,000
Anthony STAHL		
Remuneration for the term of office as member of the Board of Directors	36,000	36,000
Florence NOBLOT		
Remuneration for the term of office as member of the Board of Directors	38,000	38,000
Sophie DESORMIÈRE		
Remuneration for the term of office as member of the Board of Directors	36,000	36,000
Marie BAVAREL-DESPATURE		
Remuneration for the term of office as member of the Board of Directors	36,000	36,000
Bertrand PARMENTIER		
Remuneration for the term of office as member of the Board of Directors	56,000	56,000
Vincent LÉONARD		
Remuneration for the term of office as Observer	44,750	44,750
Grégoire FERRÉ		
Remuneration for the term of office as Observer	35,750	35,750
Arthur WATIN-AUGOUARD		
Employee representative	-*	-*
TOTAL	401,749	401,749

* The salary amount due in respect of the employment contract is not disclosed for reasons of confidentiality.

Table 9: Fairness ratios

Pursuant to the provisions of sub-paragraph 6 and 7° of paragraph I of Article L. 22-10-9 of the Commercial Code, below we detail the ratios between the level of remuneration of each of the corporate officers and, firstly, the average remuneration on a full-time equivalent basis of the company's employees other than the corporate officers, and secondly, the median remuneration on a full-time equivalent basis of the company's employees other than the corporate officers. With these provisions limiting the comparison solely based on the scope of "employees of the company", ratios are calculated until 31 December 2018 by comparing the remuneration of corporate officers with that of employees of Somfy SA, whose limited workforce notably includes Executive Committee members. From the 2019 financial year, the remuneration of corporate officers is compared with that of employees of the companies Somfy SA and Somfy Activités SA for better comparability.

For corporate officers, as for Somfy SA employees, the total remuneration paid during the financial year was used. It comprises:

- the fixed portion;
- the variable portion paid during financial year N in respect of N-1;
- the exceptional remuneration paid during financial year N;
- performance shares granted in respect of financial year N and valued at the IFRS value;
- employee savings;
- benefits in kind (salary portion).

		Chairman of the Management Board then Chairman of the Board of Directors	Member of the Management Board then Chief Executive Officer	Deputy Chief Executive Officer from 2 June 2021	Chairman of the Supervisory Board until 2 June 2021
2021 financial year*					
Remuneration as corporate officer	-	1,267,809	1,378,902	582,470	35,000
Ratio to average employee salary	-	21.10	22.94	9.69	0.58
Ratio to median employee salary	-	24.72	26.88	11.36	0.68
Comparison ratio with minimum wage	-	67.96	73.92	31.22	1.88
Annual change in corporate officer's remuneration	-	-16.3%	44.6%	N/A	-69.6%
Annual change in average salary of non-corporate officer employees	-	3.7%	3.7%	3.7%	3.7%
Average salary of non-corporate officer employees	60,099	-	-	-	-
Median salary of non-corporate officer employees	51,291	-	-	-	-
Annual change in company performance: consolidated net profit	21.8%	-	-	-	-
Annual change in company performance: consolidated current operating result	15.5%	-	-	-	-

* Compared to the Somfy SA + Somfy Activités SA population.

		Chairman of the Management Board	Member of the Management Board		Chairman of the Supervisory Board
2020 financial year*					
Remuneration as corporate officer	-	1,515,600	953,599		115,000
Ratio to average employee salary	-	26.16	16.46		1.98
Ratio to median employee salary	-	31.13	19.59		2.36
Comparison ratio with minimum wage	-	82.04	51.62		6.23
Annual change in corporate officer's remuneration	-	5.5%	-2.1%		11.0%
Annual change in average salary of non-corporate officer employees	-	3.0%	3.0%		3.0%
Average salary of non-corporate officer employees	57,938	-	-		-
Median salary of non-corporate officer employees	48,679	-	-		-
Annual change in company performance: consolidated net profit	30.5%	-	-		-
Annual change in company performance: consolidated current operating result	27.3%	-	-		-

* Compared to the Somfy SA + Somfy Activités SA population.

2019 financial year*		Chairman of the Management Board	Member of the Management Board		Chairman of the Supervisory Board
Remuneration as corporate officer	-	1,436,258	973,722		103,600
Ratio to average employee salary	-	25.54	17.32		1.84
Ratio to median employee salary	-	30.55	20.71		2.20
Comparison ratio with minimum wage	-	78.68	53.34		5.68
Annual change in corporate officer's remuneration	-	38.1%	46.1%		7.9%
Annual change in average salary of non-corporate officer employees	-	-	-		-
Average salary of non-corporate officer employees	56,229	-	-		-
Median salary of non-corporate officer employees	47,007	-	-		-
Annual change in company performance: consolidated net profit	16.3%	-	-		-
Annual change in company performance: consolidated current operating result	15.2%	-	-		-

* Compared to the Somfy SA + Somfy Activités SA population.

2018 financial year**		Chairman of the Management Board	Member of the Management Board		Chairman of the Supervisory Board
Remuneration as corporate officer	-	1,040,192	666,580		96,025
Ratio to average employee salary	-	2.57	1.65		0.24
Ratio to median employee salary	-	2.42	1.55		0.22
Annual change in corporate officer's remuneration	-	-13.6%	-33.0%		22.2%
Annual change in average salary of non-corporate officer employees	-	6.2%	6.2%		6.2%
Average salary of non-corporate officer employees	404,577	-	-		-
Median salary of non-corporate officer employees	429,716	-	-		-
Annual change in company performance: consolidated net profit	-11.0%	-	-		-
Annual change in company performance: consolidated current operating result	1.8%	-	-		-

** Exclusively compared to the Somfy SA population.

2017 financial year**		Chairman of the Management Board	Member of the Management Board		Chairman of the Supervisory Board
Remuneration as corporate officer	-	1,203,993	994,566		78,600
Ratio to average employee salary	-	3.16	2.61		0.21
Ratio to median employee salary	-	3.16	2.61		0.21
Annual change in corporate officer's remuneration	-	44.6%	63.9%		0.0%
Annual change in average salary of non-corporate officer employees	-	18.4%	18.4%		18.4%
Average salary of non-corporate officer employees	380,906	-	-		-
Median salary of non-corporate officer employees	380,906	-	-		-
Annual change in company performance: consolidated net profit	10.1%	-	-		-
Annual change in company performance: consolidated current operating result	-5.2%	-	-		-

** Exclusively compared to the Somfy SA population.

FIXED, VARIABLE AND EXCEPTIONAL ITEMS COMPRISING TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID DURING OR ALLOCATED IN RESPECT OF THE FINANCIAL YEAR JUST ENDED TO THE CORPORATE OFFICERS (RESOLUTIONS 17 TO 22 TO THE GENERAL MEETING OF 1 JUNE 2022)

The items of remuneration paid during or allocated in respect of the 2021 financial year and presented hereafter are submitted for your approval pursuant to Article 22-10-34 paragraph 2 of the Commercial Code.

RESOLUTION 17:

FIXED, VARIABLE AND EXCEPTIONAL ITEMS MAKING UP THE TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID DURING OR ALLOCATED IN RESPECT OF THE FINANCIAL YEAR JUST ENDED TO THE CHAIRMAN OF THE MANAGEMENT BOARD UNTIL 2 JUNE 2021

The total remuneration paid during or allocated in respect of the financial year just ended consists of:

- **the fixed remuneration allocated in respect of 2021 and paid in 2021**, comprising gross basic remuneration of €266,767 (including €200,075 gross for the term of office as Chairman of the Management Board and €66,692 gross for the employment contract suspended as from 2 June 2021) and the Pension Equivalent Premium amounting to €50,774 gross (including €38,080 gross for the term of office as Chairman of the Management Board and €12,694 gross for the employment contract suspended as from 2 June 2021), in accordance with the remuneration policy adopted at the General Meeting of 2 June 2021;
- **the variable remuneration allocated in respect of 2020 and paid in 2021**, as adopted at the General Meeting of 2 June 2021, amounting to €598,000 gross (including €448,500 gross for the term of office as Chairman of the Management Board and €149,500 gross for the employment contract suspended as from 2 June 2021);
- **the variable remuneration allocated in respect of the 2021 financial year**, totalling €264,100 gross (including €198,075 for the term of office as Chairman of the Management Board and €66,025 for the employment contract suspended as from 2 June

2021), **and to be paid in 2022** following the General Meeting and subject to its approval (see corresponding table 2 above detailing the procedure for determining the annual variable remuneration of the Chairman of the Management Board). The quantitative and qualitative criteria used to determine this variable remuneration are described in the section "Information referred to in paragraph I of Article L. 22-10-9 of the Commercial Code for each corporate officer of the company" on page 84 of the 2020 Annual Financial Report;

- **exceptional remuneration** of €636,000 to be paid in 2022 after the General Meeting has taken place and subject to a favourable vote (including €477,000 in respect of the term of office as Chairman of the Management Board and €159,000 in respect of the employment contract suspended with effect from 2 June 2021) (see corresponding Table 2 above concerning the circumstances justifying the award of this exceptional remuneration to the Chairman of the Management Board);
- **a benefit in kind** granted in 2021 and represented by the use of a company car with a book value of €1,650, in accordance with the 2021 remuneration policy adopted at the General Meeting of 2 June 2021;
- **the vesting of 2,790 performance-based shares** allocated free of charge to Jean Guillaume Despature for his term of office as Chairman of the Management Board. The allocation took place on 30 June 2021 under the performance-based share allocation plan AGAP 2021 agreed by the Management Board on 20 May 2019 (no amount subject to *ex-post* vote).

It should also be noted that Jean Guillaume Despature benefits from a defined contribution pension commitment (no amount subject to *ex-post* vote).

**RESOLUTION 18:
FIXED, VARIABLE AND EXCEPTIONAL ITEMS MAKING UP THE
TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID
DURING OR ALLOCATED IN RESPECT OF THE FINANCIAL YEAR
JUST ENDED TO THE CHAIRMAN OF THE BOARD OF DIRECTORS
SINCE 2 JUNE 2021**

The total remuneration paid during or allocated in respect of the financial year just ended consists of:

- **the fixed remuneration allocated in respect of 2021 and paid in 2021**, comprising gross basic remuneration of €348,333 (including €232,222 gross for the term of office as Chairman of the Board of Directors and €116,111 gross for the term of office with DSG Coordination Center SA);
- **a benefit in kind** granted in 2021 and represented by the use of a company car with a book value of €2,284, in accordance with the 2021 remuneration policy adopted at the General Meeting of 2 June 2021.

It should also be noted that Jean Guillaume Despature benefits from a defined contribution pension commitment (no amount subject to *ex-post* vote).

**RESOLUTION 19:
FIXED, VARIABLE AND EXCEPTIONAL ITEMS MAKING UP THE
TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID
DURING OR ALLOCATED IN RESPECT OF THE FINANCIAL YEAR
JUST ENDED TO THE MEMBER OF THE MANAGEMENT BOARD
AND CHIEF FINANCIAL OFFICER UNTIL 2 JUNE 2021**

The total remuneration paid during or allocated in respect of the financial year just ended consists of:

- **the fixed remuneration allocated in respect of 2021 and paid in 2021**, comprising gross basic remuneration of €160,523 (including €32,194 gross for the term of office as member of the Management Board and Chief Financial Officer and €128,329 gross for the employment contract suspended as from 2 June 2021) and the Pension Equivalent Premium amounting to €34,508 gross (including €6,916 gross for the term of office as member of the Management Board and Chief Financial Officer and €27,592 gross for the employment contract suspended as from 2 June 2021), in accordance with the remuneration policy adopted at the General Meeting of 2 June 2021;
- **the variable remuneration allocated in respect of 2020 and paid in 2021**, as adopted at the General Meeting of 2 June 2021, amounting to €268,000 gross (including €53,700 gross for the term of office as member of the Management Board and Chief Financial Officer and €214,300 gross for the employment contract suspended as from 2 June 2021);
- **the variable remuneration allocated in respect of the 2021 financial year**, totalling €120,400 gross (including €24,147 for the term of office as member of the Management Board and Chief Financial Officer and €96,253 for the employment contract suspended as from 2 June 2021), **and to be paid in 2022** following the General Meeting and subject to its approval (see corresponding table 2 above detailing the procedure for determining the annual variable remuneration of the member of the Management Board and Chief Financial Officer). The quantitative and qualitative criteria used to determine this variable remuneration are described in the section “Information referred to in paragraph I of Article L. 22-10-9 of the Commercial Code for each corporate officer of the company” on page 84 of the 2020 Annual Financial Report;
- **a benefit in kind** granted in 2021 and represented by the use of a company car with a book value of €3,274, in accordance with

the 2021 remuneration policy adopted at the General Meeting of 2 June 2021;

- **an employee savings plan related to the employment contract** (profit-sharing, incentive bonus, employer’s contribution) amounting to €31.496 due in respect of the 2021 financial year and to be paid in 2022;
- **the vesting of 2,790 performance shares** allocated free of charge to Pierre Ribeiro, which took place on 30 June 2021 under the performance-based share allocation plan AGAP 2021 agreed by the Management Board on 20 May 2019 (no amount subject to *ex-post* vote).

It should also be noted that Pierre Ribeiro benefits from a defined contribution pension commitment (no amount subject to *ex-post* vote).

**RESOLUTION 20:
FIXED, VARIABLE AND EXCEPTIONAL ITEMS MAKING UP THE
TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID
DURING OR ALLOCATED IN RESPECT OF THE FINANCIAL YEAR
JUST ENDED TO THE CHIEF EXECUTIVE OFFICER SINCE 2 JUNE
2021**

The total remuneration paid during or allocated in respect of the financial year just ended consists of:

- **the fixed remuneration allocated in respect of 2021 and paid in 2021**, comprising gross basic remuneration of €289,773 for the term of office as Chief Executive Officer and the Pension Equivalent Premium amounting to €66,261 gross for the term of office as Chief Executive Officer, in accordance with the remuneration policy adopted at the General Meeting of 2 June 2021;
- **the variable remuneration allocated in respect of the 2021 financial year**, totalling €237,700 gross for the term of office as Chief Executive Officer **and to be paid in 2022** following the General Meeting and subject to its approval (see corresponding table 2 above detailing the procedure for determining the annual variable remuneration of the Chief Executive Officer). The quantitative and qualitative criteria used to determine this variable remuneration are described in the section “Remuneration policy for the Chief Executive Officer” on pages 75 and 76 of the 2020 Annual Financial Report;
- **a benefit in kind** granted in 2021 and represented by the use of a company car with a book value of €4,542, and Senior Executives’ Insurance (GSC or *Garantie Sociale des Chefs d’entreprises*) covering the risk of removal from corporate office and amounting to €5,993, in accordance with the 2021 remuneration policy adopted at the General Meeting of 2 June 2021;
- **an employee savings plan** (profit-sharing, incentive bonus, employer’s contribution) amounting to €21,954 due in respect of the 2021 financial year and to be paid in 2022;
- **the allocation of 4,080 performance shares** allocated free of charge on 28 June 2021, including 2,040 shares under the “2023 Performance-Based Share Plan” and 2,040 shares under the “2024 Performance-Based Share Plan”, for the benefit of certain salaried employees of the company, certain of its corporate officers, as well as certain salaried employees of its subsidiaries (see table 3 above detailing the performance-based conditions related to this plan), in accordance with the remuneration policy adopted at the General Meeting of 2 June 2021 with a book value under IFRS 2 of €471,818.

It should also be noted that Pierre Ribeiro benefits from a defined contribution pension commitment (no amount subject to *ex-post* vote).

**RESOLUTION 21:
FIXED, VARIABLE AND EXCEPTIONAL ITEMS MAKING UP THE
TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID
DURING OR ALLOCATED IN RESPECT OF THE FINANCIAL YEAR
JUST ENDED TO THE CHAIRMAN OF THE SUPERVISORY BOARD
UNTIL 2 JUNE 2021**

Remuneration for the 2021 financial year consists of remuneration of €25,000 gross paid in respect of his role as Chairman of the Supervisory Board and remuneration of €10,000 gross for his participation in specialist Committees.

**RESOLUTION 22:
FIXED, VARIABLE AND EXCEPTIONAL ITEMS MAKING UP THE
TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID
DURING OR ALLOCATED IN RESPECT OF THE FINANCIAL YEAR
JUST ENDED TO THE DEPUTY CHIEF EXECUTIVE OFFICER SINCE
2 JUNE 2021**

The total remuneration paid during or allocated in respect of the financial year just ended consists of:

- **the fixed remuneration allocated in respect of 2021 and paid in 2021**, comprising gross basic remuneration of €220,227 for the term of office as Deputy Chief Executive Officer and the Pension Equivalent Premium amounting to €48,054 gross for the term of office as Deputy Chief Executive Officer, in accordance with the remuneration policy adopted at the General Meeting of 2 June 2021;
- **the variable remuneration allocated in respect of the 2021 financial year**, totalling €165,200 gross for the term of office as Deputy Chief Executive Officer **and to be paid in 2022** following the General Meeting and subject to its approval (see table 2 above detailing the procedure for determining the annual variable remuneration). The quantitative and qualitative criteria used to determine this variable remuneration are described in the section “Remuneration policy for the Deputy Chief Executive Officer” on page 78 of the 2020 Annual Financial Report;
- **a benefit in kind** granted in 2021 and represented by the use of a company car with a book value of €3,199, and Senior Executives’ Insurance (GSC or *Garantie Sociale des Chefs*

d’entreprises) covering the risk of removal from corporate office and amounting to €5,696, in accordance with the 2021 remuneration policy adopted at the General Meeting of 2 June 2021;

- **an employee savings plan** (profit-sharing, incentive bonus, employer’s contribution) amounting to €21,955 due in respect of the 2021 financial year and to be paid in 2022;
- **the allocation of 2,640 performance shares** allocated free of charge on 28 June 2021, including 1,320 shares under the “2023 Performance-Based Share Plan” and 1,320 shares under the “2024 Performance-Based Share Plan”, for the benefit of certain salaried employees of the company, certain of its corporate officers, as well as certain salaried employees of its subsidiaries (see table 3 above detailing the performance-based conditions related to this plan), in accordance with the remuneration policy adopted at the General Meeting of 2 June 2021 with a book value under IFRS 2 of €305,294;
- **the vesting of 843 performance shares** free of charge to Valérie Dixmier, which took place on 30 June 2021 under the performance-based share allocation plan AGAP 2021 agreed by the Management Board on 20 May 2019 (no amount subject to *ex-post* vote). This allocation was granted in respect of her employment contract and prior to her appointment as Deputy Chief Executive Officer.

It should also be noted that Valérie Dixmier benefits from a defined contribution pension commitment (no amount subject to *ex-post* vote).

**INFORMATION ON THE TERMS AND CONDITIONS
FOR THE RETENTION OF SHARES ALLOCATED FREE
OF CHARGE TO EXECUTIVE CORPORATE OFFICERS**

At its meeting of 2 June 2021, the Board of Directors set the number of shares that every corporate officer will be required to retain in registered form until the termination of their duties at 25% of the total shares allocated to them free of charge; this percentage may be reduced to 20% at the end of a period of four years from the allocation, then successively to 15% six years after the allocation, to 10% eight years after the allocation and to 5% until they leave their role.

**INFORMATION ON ELEMENTS LIABLE TO HAVE AN IMPACT IN THE EVENT
OF A PUBLIC OFFERING**

In accordance with existing regulations and to the best of company’s knowledge, the following may have an impact in the event of a public offering:

- the capital structure and all known direct or indirect holdings in Somfy SA and all relevant information is described under “Information on the distribution of share capital and holdings” in the Board’s management report;
- there are no statutory restrictions regarding the exercise of voting rights and share transfers or agreements providing for preferential conditions for the transfer or acquisition of shares, excepting those described in the section “Action in concert and retention agreements” of the Board’s management report;
- there are no securities carrying special voting rights, aside from the existence of double voting rights enjoyed by fully paid shares registered under the same named shareholder for at least four years (see excerpt from Article 27 of the Articles of Association in the Board’s management report);

- voting rights attached to Somfy SA shares held by personnel through FCPE actions Somfy (Somfy Investment Fund Scheme) are exercised by a representative appointed by the Supervisory Board of the FCPE to represent it at the Annual General Meeting;
- commitments signed between shareholders that could lead to restrictions on the transfer of shares and the exercise of voting rights have been referred to in the “Action in concert and retention agreements” section of the Board’s management report;
- rules governing the appointment and replacement of General Management and any amendments to the Articles of Association are respectively provided for in Articles 18 and 29 of the Articles of Association;
- concerning powers, the Board has no delegations except those described under the section “Authorisations” of this report;

- agreements concluded by the company that are amended or terminated upon a change of control of the company are as follows: contracts signed between Somfy SA and credit institutions concerning credit facilities granted require the former to inform said banks of all projects related to a significant change in its shareholding, notably those resulting in a transfer of control to a new company;
- there are no particular agreements providing for compensation to be paid upon termination of the term of office of General Management or employment contract of employees, if they resign or are dismissed without fair or serious cause or if their employment is terminated as a result of a public offering.

The Board of Directors

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CONSOLIDATED FINANCIAL STATEMENTS

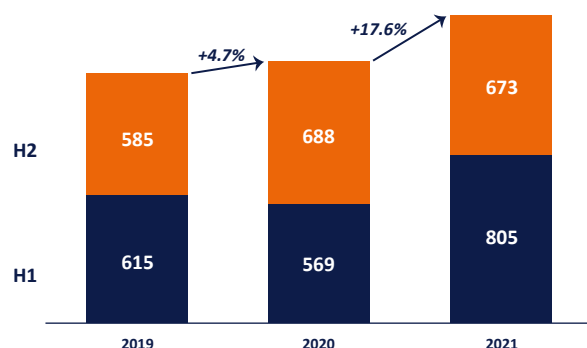
KEY FIGURES

€ millions	31/12/21	31/12/20
Sales	1,477.8	1,257.1
Current operating result	301.1	260.7
Current operating margin	20.4%	20.7%
Consolidated net profit	259.4	213.0
ROCE	31.4%	29.6%
Cash flow	313.1	274.5
Net investments in intangible assets and PPE (including IFRS 16)	70.0	64.1
Shareholders' equity	1,371.2	1,171.0
Net financial debt*	-641.7	-517.7
Non-current assets	681.8	599.8
Workforce at period end	6,878	6,498
Dividend per share (€)	2.15	1.85

* (-) Net financial surplus.

SALES GROWTH BY CUSTOMER LOCATION

Data in € millions	2019	2020	2021	Change 21/20
Sales	1,200.2	1,257.1	1,477.8	+17.6%



Group sales were €1.48 billion for the 2021 financial year, an increase of 17.6% compared with the previous financial year (up 15.7% on a like-for-like basis). They included significant growth of 41.5% over the first six months (up 40.8% on a like-for-like basis), and a decline of 2.2% over the second half (down 5.0% on a like-for-like basis), taking into account atypical comparison bases in 2020 (decline over the first half and strong recovery during the second).

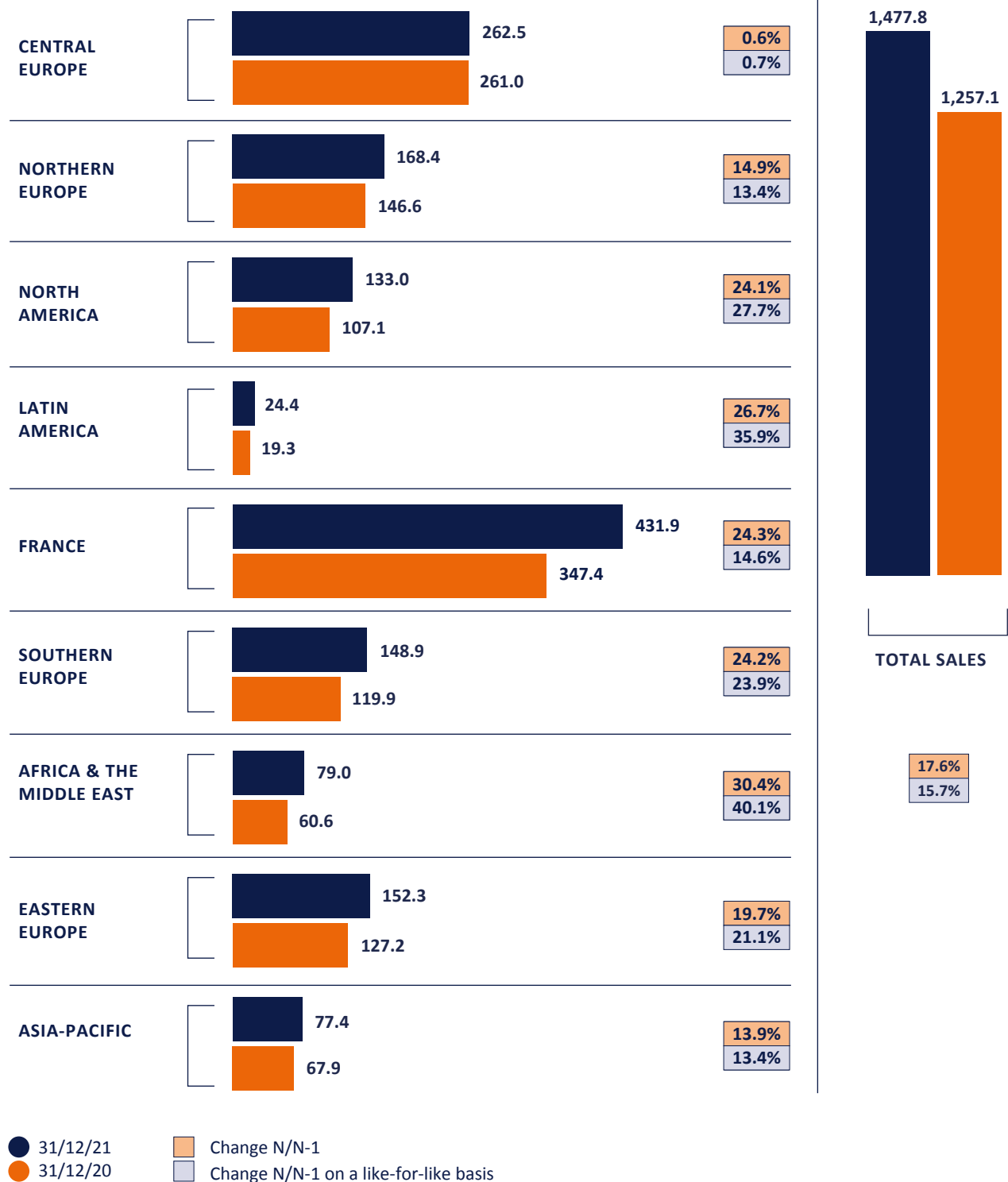
In comparison with the 2019 financial year, which was unaffected by the pandemic, Group sales recorded growth of 23.1% in real terms reflecting the buoyancy of the market.

All regions ended the 2021 financial year recording double-digit growth, except for Central Europe, which nevertheless proved resilient (up 0.7% on a like-for-like basis). This region posted strong growth in 2020 and was particularly impacted by the component shortage due to an unfavourable product mix.

Impressive performances were recorded in North America (up 27.7% on a like-for-like basis), a key region for the development of the Group, and in France (up 14.6% on a like-for-like basis), as well as in Latin America, Southern Europe and Africa & the Middle East (up 35.9%, 23.9% and 40.1% respectively on a like-for-like basis).

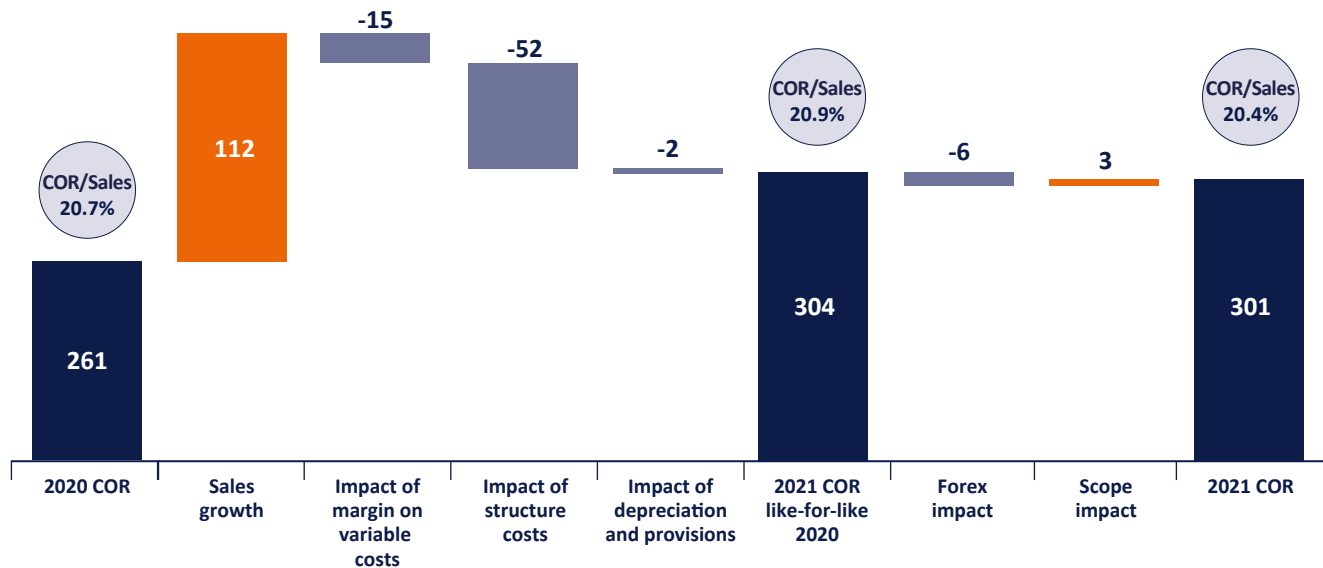
Over the financial year, the currency effect was negligible and the scope effect was €33.8 million, representing the contribution of Répar' stores, consolidated since 1 January 2021.

Sales of the equity-accounted Chinese subsidiary Dooya totalled €275.6 million over the financial year, an increase of 37.1% (up 33.0% on a like-for-like basis, including growth of 43.9% over the first half-year and 25.4% over the second). Sales were driven by both China (up 30.3% on a like-for-like basis) and the rest of the world (up 35.0% on a like-for-like basis).



GROWTH IN CURRENT OPERATING RESULT

Data in € millions	2020	2021	Change 21/20
Current operating result	260.7	301.1	+15.5%
Current operating margin (COR/Sales)	20.7%	20.4%	-36 bps



Current operating result totalled €301.1 million for the financial year, an increase of 15.5%, and represented 20.4% of sales, maintaining the exceptional level of current operating margin of the previous financial year (20.7% in 2020).

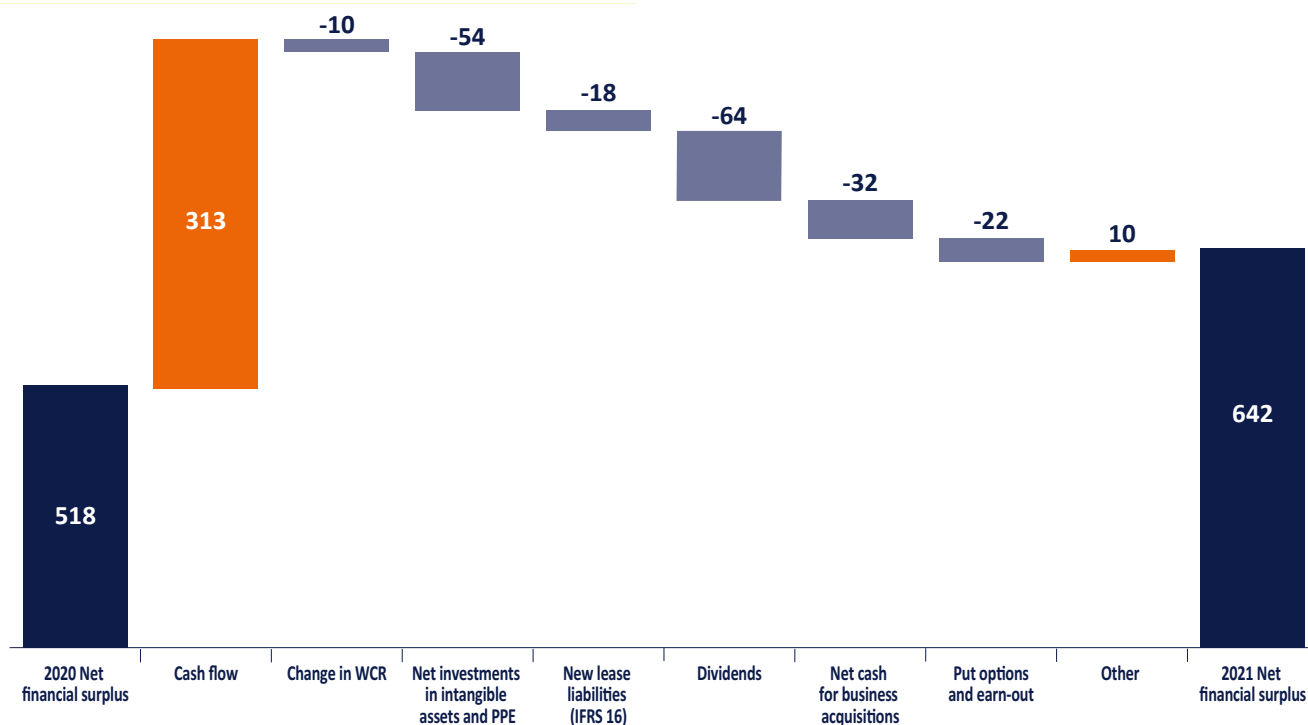
This was driven in particular by the Group's strong growth and by the continuation of certain non-recurring cost savings, the health situation once again restricting the holding of business events and limiting travel. Results for the financial year were conversely negatively impacted by the significant rise in transportation and raw material costs.

GROWTH IN NET PROFIT

The impact of non-recurring items and net financial expense was not material. Corporation tax increased automatically given the level of profits. Share of net profit from associates and joint ventures was €17.0 million, an improvement thanks to Dooya's good results. Consolidated net profit totalled €259.4 million, an increase of 21.8%.

The return on capital employed (ROCE) stood at 31.4%, compared with 29.6% the previous year, testament to these strong results.

NET FINANCIAL DEBT



Shareholders' equity grew from €1,171.0 to €1,371.2 million over the financial year, and the net financial surplus increased from €517.7 million to €641.7 million.

The sound financial structure was maintained, thanks in particular to the high level of cash flow which covered the main requirements.

OUTLOOK

The 2021 financial year confirmed the momentum of the home market and the continuation of the strong trend in favour of the digitalisation of homes and buildings, both indoor and outdoor. The context of ongoing shortages, once again limiting visibility for the coming year, has led the Group to exercise caution. Nevertheless, Somfy forecasts continuing growth in sales over the 2022 financial year. In addition, the Group is significantly ramping up its investments to strengthen its production capabilities in order to support its growth, continue its innovation efforts, adapt its logistics, and accelerate its digitalisation.

It is also monitoring acquisition opportunities on its core markets or in relation to complementary activities such as digital and services, in the key regions of Europe and the United States, as can be seen by the recent signing of an agreement to acquire Teleco Automation, an Italian group, leader in automation systems for bioclimatic pergolas.

By making customers ever more central to its strategy, during this new financial year, the Group will continue all the measures introduced to prevent the impact of shortages, best respond to market demand and support its growth.

Somfy is closely monitoring developments in the crisis between Russia and Ukraine. It is working to protect its employees and safeguard its assets in these countries, which together account for less than 1% of Group sales.

2021 HIGHLIGHTS

PRESSURE ON PROCUREMENT

Covid-19 is still present internationally, but Somfy has modified its organisation in order to deal with it and ensure continuity of service for its customers. The very strong upturn in demand has led to both cyclical pressures on the electronic components and raw materials markets and supply disruptions. These disruptions have had a limited impact on the financial year's results, which have been driven by very strong sales.

CHANGE OF GOVERNANCE

At the Combined General Meeting of 2 June 2021, the company changed its corporate governance structure by adopting the form of a limited company with a Board of Directors. In addition, on 2 June 2021 the Board of Directors decided to separate the roles of Chairman and Chief Executive Officer and made the following appointments:

- Jean Guillaume Despature, Chairman of the Board of Directors;
- Pierre Ribeiro, Chief Executive Officer;
- Valérie Dixmier, Deputy Chief Executive Officer in charge of People, Culture and Organization.

At the same Board meeting, Michel Rollier was appointed Vice-Chairman of the Board of Directors, and four specialist Committees were established: Audit and Risk Committee, Appointment and Remuneration Committee, Sustainable Development Committee and Strategy Committee.

ACQUISITION OF RÉPAR'STORES

The acquisition by Somfy of a majority stake of 60% in the share capital of Répar'stores, a specialist in repair and upgrade services for roller shutters in France, took effect at the start of January 2021 following the lifting of the usual conditions precedent. Répar'stores has since been fully consolidated in Somfy's financial statements. The agreement is accompanied by additional options allowing for the acquisition of Répar'stores' remaining shares at the end of 2026.

The acquisition of Répar'stores is in line with the ten-year strategic plan Ambition 2030 – to consolidate its status as the preferred partner in window and door automation for homes and buildings, while simultaneously securing the necessary resources to capture new market opportunities in the services category and reinforce its commitment to end-users. Beyond the operational synergies brought about by this alliance, this combination allows Somfy to strengthen its commitment to Sustainable Development by investing in the ability to repair roller shutters and in their sustainability.

Roller shutter repairs and upgrades is a niche segment with high growth potential due to the size of the installed base (more than 65 million roller shutters estimated in France, almost half of which are not motorised) and its continued growth (driven by both renovation and new builds). To serve this fast-growing market, Répar'stores will be able to leverage Somfy's strong global presence and its network of European subsidiaries.

The purchase price was €34.7 million for 60% of the share capital. The financial impacts of the transaction are detailed in note 2.3 to the consolidated financial statements.

Over the 2021 financial year, Répar'stores employed 138 people, had 209 franchisees and contributed €33.8 million in sales and €3.0 million to current operating result.

CHANGES TO THE CONSOLIDATION SCOPE

Apart from the transaction discussed above, there were no material changes to the consolidation scope during the 2021 financial year.

CONTINGENT LIABILITIES

In a decision dated 23 June 2021, the highest Court of Appeal, the *Cour de Cassation*, dismissed the appeal by staff of the company **Spirel** in their dispute against **Somfy SA**, thereby concluding the case brought by the employees before the regional court of Albertville, the *Tribunal de Grande Instance*. The ruling issued by the Chambéry Court of Appeal on 21 May 2019 is therefore final. It should be noted that the Court of Appeal dismissed the claims of the employees relating to the alleged deliberate bankruptcy of Spirel and the non-material damage caused as a result of anxiety, disappointment and vexation, and their claims for compensation totalling €8.2 million, as well as the requirement for Somfy SA to repay the advance payments made by the Association that underwrites salary debts (AGS - *Association de Garantie des Créances Salariales*) up to a maximum of €2.9 million sought by the liquidator of Spirel.

The proceedings before the Labour Court of Albertville, dismissed in 2016 and 2018 and involving the employees contesting the grounds for their redundancy and claiming damages of an amount substantially similar to the amount claimed in the proceedings before the regional court are still ongoing.

The Group continues to qualify the risk as a contingent liability and no provision was recognised at 31 December 2021.

In a ruling of 17 December 2021, the Paris Commercial Court dismissed all claims brought by **Alder Holdings SAS** (formerly United Technologies Holdings SAS) in its case against **Somfy SA** concerning the disposal of CIAT shares in 2015. Alder Holdings was also ordered to pay the sellers €100,000 in damages and €300,000 in unrecoverable costs under Article 700 of the Code of Civil Procedure.

For reference, Alder Holdings was claiming a total of €18.4 million from the sellers of the CIAT shares (of which Somfy's portion would have been €8.5 million) under the liability guarantee, in connection with complaints fully contested by the sellers, and also remained liable for deferred payments.

The Court ordered the provisional enforcement of its judgement, such that:

- Alder Holdings should pay the outstanding amounts owed in respect of deferred payments. In February 2021, a judge hearing applications for interim measures had already ordered Alder Holdings to pay a €6.6 million provision (including €2.9 million for Somfy, received in April 2021);
- funds held by the conventional sequestrator in the amount of €10 million should be paid to the sellers in settlement of the balance of the purchase price;
- the total amount remaining to be received by Somfy SA is €6.8 million.

Alder Holdings appealed the ruling on 26 January 2022. The proceeding is thus still ongoing. However, on the strength of this favourable ruling, Somfy SA remains confident as to the outcome of this litigation. It has qualified the risk as a contingent liability and no provision was recognised at 31 December 2021. Similarly, no writedown of receivables in respect of the deferred payment was recognised at 31 December 2021.

POST-BALANCE SHEET EVENTS

AGREEMENT TO ACQUIRE THE ITALIAN GROUP TELECO AUTOMATION

—
Somfy announced the signing on 24 February 2022 of an agreement for the acquisition of a 75% stake in the share capital of Italian group Teleco Automation, a specialist in automation, control and lighting systems for indoor and outdoor residential equipment. This acquisition will enable Somfy to benefit from the Italian group's expertise and innovation capacity in the automation of solar protection equipment for terraces, particularly pergolas and awnings, in order to accelerate the development of its core business and support the digitalisation of outdoor living equipment.

Founded in 1996 and operating in more than 40 countries, Teleco Automation, which has 180 employees, reported dynamic growth in 2021, generating sales of more than €40 million.

The acquisition is expected to close during the second quarter of 2022, subject notably to the waiving of usual conditions precedent. Somfy will finance the acquisition using existing cash resources.

The agreement comes with put and call options relating to the balance of Teleco Automation's share capital exercisable in early 2025.

RUSSIAN-UKRAINIAN CRISIS

—
Somfy is closely monitoring developments in the crisis between Russia and Ukraine. It is working to protect its employees and safeguard its assets in these countries, which together account for less than 1% of Group sales. To date, it is difficult to measure the consequences of this crisis in 2022 on economic activity in general and on the Group in particular.

CONSOLIDATED INCOME STATEMENT

€ thousands	Notes	31/12/21	31/12/20
Sales	(4.1.1)	1,477,834	1,257,128
Other operating income	(4.1.2)	19,319	24,630
Purchases consumed and production stocked		-549,372	-442,999
Employee expenses		-406,345	-367,319
External expenses		-174,711	-149,017
EBITDA		366,725	322,424
Amortisation and depreciation charges	(5.2) & (5.3)	-62,663	-60,471
Charges to/reversal of current provisions		-2,318	-1,080
Gains and losses on disposal of non-current operating assets		-688	-194
CURRENT OPERATING RESULT		301,056	260,678
Other non-current operating income and expenses	(4.2)	-835	-211
Goodwill impairment	(4.2) & (5.1.1)	-	-711
OPERATING RESULT		300,222	259,756
– Financial income from investments		764	947
– Financial expenses related to borrowings		-3,374	-3,228
Cost of net financial debt		-2,610	-2,281
Other financial income and expenses		1,716	-2,832
NET FINANCIAL INCOME/(EXPENSE)	(7.1)	-893	-5,114
PROFIT BEFORE TAX		299,328	254,643
Income tax	(11.1)	-56,932	-52,511
Share of net profit/(loss) from associates and joint ventures	(13.1)	17,027	10,858
CONSOLIDATED NET PROFIT		259,423	212,990
Attributable to Group share		258,049	213,008
Attributable to Non-controlling interests		1,374	-18
Basic earnings per share (€)	(6.2)	7.49	6.19
Diluted earnings per share (€)	(6.2)	7.48	6.18

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ thousands	31/12/21	31/12/20
Consolidated net profit	259,423	212,990
Movement in gains and losses on translation of foreign currency	12,694	-14,279
Movement in fair value of foreign currency hedges	600	452
Movement in tax on items that may be reclassified to profit or loss	-155	-116
Items that may be reclassified to profit or loss	13,139	-13,943
Revaluation of net liabilities of defined benefit plans	1,946	-107
Movement in tax on items that will not be reclassified to profit or loss	-537	25
Items that will not be reclassified to profit or loss	1,409	-82
Items of other comprehensive income	14,548	-14,025
Total comprehensive income for the period	273,971	198,965
Attributable to Group share	272,597	198,983
Attributable to Non-controlling interests	1,374	-18

CONSOLIDATED CASH FLOW STATEMENT

€ thousands	Notes	31/12/21	31/12/20
Consolidated net profit		259,423	212,990
Depreciation, amortisation and impairment loss of assets (excluding current assets)		57,496	58,856
Charges to/reversals of provisions for liabilities (excluding employee benefits)		2,327	1,213
Unrealised gains and losses related to fair value movements		-202	96
Unrealised foreign exchange gains and losses		-1,665	6,884
Income and expenses related to stock options and employee benefits		5,512	5,563
Depreciation, amortisation, provisions and other non-cash items		63,468	72,613
Profit on disposal of assets and others		3,540	-868
Share of net profit/(loss) from associates and joint ventures		-17,027	-10,858
Deferred tax expense		3,703	617
Cash flow		313,108	274,493
Cost of net financial debt (excluding non-cash items)		2,610	2,281
Tax expense (excluding deferred tax)		53,227	51,891
Change in working capital requirements	(8.3)	-4,559	19,333
Tax paid		-58,693	-31,147
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		305,693	316,850
Acquisition-related disbursements:			
– intangible assets and property, plant and equipment	(8.2)	-54,951	-50,885
– non-current financial assets		-1,612	-686
Disposal-related proceeds:			
– intangible assets and property, plant and equipment	(8.2)	615	1,044
– non-current financial assets		187	343
Change in current financial assets		3,890	1,357
Acquisition of companies, net of cash acquired	(8.4)	-28,381	-793
Disposal of companies, net of cash disposed	(8.4)	2,879	-
Interest received		566	701
NET CASH FLOW FROM INVESTING ACTIVITIES (B)		-76,807	-48,919
Increase in loans		48	427
Repayment of borrowings and lease liabilities		-17,856	-14,459
Net increase in subsidiaries shareholders' equity		10	-
Dividends and interim dividends paid		-63,767	-42,976
Movement in treasury shares		393	209
Interest paid		-3,377	-3,234
NET CASH FLOW FROM FINANCING AND CAPITAL ACTIVITIES (C)		-84,549	-60,033
Impact of changes in foreign exchange rates on cash and cash equivalents (D)		3,402	-5,569
NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D)		147,739	202,329
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	(8.1)	588,519	386,190
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	(8.1)	736,258	588,519

CONSOLIDATED BALANCE SHEET – ASSETS

€ thousands	Notes	31/12/21 Net	31/12/20 Net
Non-current assets			
Goodwill	(5.1.1)	119,035	94,390
Net intangible assets	(5.2)	65,500	45,814
Net property, plant and equipment	(5.3)	297,925	288,257
Investments in associates and joint ventures	(13.1)	172,998	145,471
Financial assets	(7.2.1)	4,942	3,653
Other receivables	(4.6.2)	52	7
Deferred tax assets	(11.3)	19,165	20,809
Employee benefits	(10.2.1)	2,222	1,437
Total Non-current assets		681,840	599,839
Current assets			
Inventories	(4.4)	204,174	179,993
Trade receivables	(4.5)	136,612	133,063
Other receivables	(4.6.1)	27,462	29,397
Current tax assets	(11.1)	13,851	9,522
Financial assets	(7.2.1)	394	406
Derivative instruments - assets	(7.2.4)	702	657
Cash and cash equivalents	(7.2.5)	736,665	588,925
Total Current assets		1,119,860	941,963
TOTAL ASSETS		1,801,700	1,541,802

CONSOLIDATED BALANCE SHEET - EQUITY AND LIABILITIES

€ thousands	Notes	31/12/21	31/12/20
Shareholders' equity			
Share capital		7,400	7,400
Share premium		1,866	1,866
Reserves		1,103,847	948,646
Net profit for the period		258,049	213,008
Group share		1,371,162	1,170,919
Non-controlling interests		13	49
Total Shareholders' equity		1,371,175	1,170,968
Non-current liabilities			
Non-current provisions	(9.1.1)	12,039	9,645
Other financial liabilities	(7.2.2)	63,796	40,531
Other liabilities	(4.7.2)	1,206	1,082
Employee benefits	(10.2.1)	27,759	32,573
Deferred tax liabilities	(11.3)	22,774	14,651
Total Non-current liabilities		127,575	98,482
Current liabilities			
Current provisions	(9.1.2)	13,977	11,199
Other financial liabilities	(7.2.2)	31,244	30,817
Trade payables		123,644	112,209
Other liabilities	(4.7.1)	124,956	107,748
Tax liabilities	(11.1)	9,130	9,825
Derivative instruments - liabilities	(7.2.4)	-	554
Total Current liabilities		302,950	272,352
TOTAL EQUITY AND LIABILITIES		1,801,700	1,541,802

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ thousands	Share capital*	Share premium	Reserves	Total shareholders' equity	Non-controlling interests	Total equity (Group share)
AT 31 DECEMBER 2019	7,400	1,866	1,003,583	1,012,849	74	1,012,775
Net profit for the period	-	-	212,990	212,990	-8	212,998
Items of other comprehensive income	-	-	-14,025	-14,025	-10	-14,015
Total comprehensive income for the period	-	-	198,965	198,965	-18	198,983
Treasury share transactions	-	-	1,646	1,646	-	1,646
Dividends	-	-	-42,976	-42,976	-	-42,976
Other movements***	-	-	484	484	-7	491
AT 31 DECEMBER 2020	7,400	1,866	1,161,702	1,170,968	49	1,170,919
Net profit for the period	-	-	259,423	259,423	10	259,413
Items of other comprehensive income	-	-	14,548	14,548	1,364	13,184
Total comprehensive income for the period	-	-	273,971	273,971	1,374	272,597
Treasury share transactions	-	-	2,388	2,388	-	2,388
Dividends	-	-	-63,767	-63,767	-	-63,767
Changes to the consolidation scope**	-	-	-12,350	-12,350	-44	-12,306
Other movements***	-	-	-35	-35	-1,366	1,331
AT 31 DECEMBER 2021	7,400	1,866	1,361,909	1,371,175	13	1,371,162

* Share capital comprises 37,000,000 shares with a par value of €0.20 each.

** The change to the consolidation scope primarily includes the impact related to the Répar'stores entities put options.

*** Other movements include exchange rate differences on transactions involving the share capital, as well as liabilities and subsequent changes in liabilities corresponding to put options granted to holders of non-controlling interests. This item also includes the reclassification in "Equity - Group share" of the portion of comprehensive income attributable to non-controlling interests covered by a put option. In 2021, other movements notably included a change in liabilities corresponding to put options granted to holders of non-controlling interests (see note 7.2.2.1) and the impact of applying the interpretation of IAS 19 (see note 1.4.1).

The liability that corresponds to put options granted to holders of non-controlling interests is recognised in consideration for the non-controlling interests that are the subject of the put option, and for Group Equity, where the balance is concerned. The subsequent changes to liabilities are recognised under "Equity - Group share".

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Somfy SA is a French limited company (*société anonyme*) governed by a Board of Directors and listed on Euronext Paris (Compartment A, ISIN Code: FR0013199916). The company name did not change during the financial year. Founded in 1969 in France, and now operating in 59 countries, Somfy is the world leader in window and door automation for homes and buildings. Pioneer in the connected home, the Group is constantly innovating to guarantee its users comfort, well-being, and security in the home and is fully committed to promoting Sustainable Development. For more than 50 years, Somfy has been using automation to improve living environments and has been committed to creating reliable and sustainable solutions that promote better living and well-being for all. The registered office is located at 50, avenue du Nouveau Monde 74300 Cluses in Haute-Savoie. Its main establishment is in Cluses.

Somfy SA is a 52.65%-subsidiary of the French company J.P.J.S.

On 9 March 2022, the Board of Directors approved the IFRS consolidated financial statements of the **Group** for the 12-month financial year ended 31 December 2021. Total assets were €1,801,700 thousand and consolidated net profit €259,423 thousand (Group share: €258,049 thousand).

All accounting rules and methods are included in the various notes which are grouped by subject and highlighted in colour for greater readability and relevance.

NOTE 1 ACCOUNTING PRINCIPLES

NOTE 1.1 CONSOLIDATED FINANCIAL STATEMENTS – BASIS FOR PREPARATION

The consolidated financial statements are presented in thousands of Euros. All amounts are rounded to the nearest thousand of Euros, unless otherwise specified.

The financial statements have been prepared in accordance with the historical cost principle, except for a number of assets and liabilities that were measured at fair value, in particular in relation to derivative instruments.

Consolidated financial statements include the financial statements of **Somfy SA** and its subsidiaries at 31 December of each year. The financial statements of subsidiaries are prepared for the same reference period as the parent company and on the basis of standard accounting methods.

The financial year-end of all companies is 31 December.

NOTE 1.2 COMPLIANCE WITH ACCOUNTING STANDARDS

In application of European regulation 1606/2002 of 19 July 2002 on international accounting standards, the Group's consolidated financial statements for the financial year ended 31 December 2021 have been prepared in accordance with the international financial reporting standards ("IFRS") applicable at that date, as adopted by the European Union at the date of preparation of these financial statements.

NOTE 1.3 JUDGEMENTS AND ESTIMATES

Note 1.3.1 General principles

The preparation of the consolidated financial statements requires Management to make a number of judgments, estimates and assumptions liable to affect the values of assets, liabilities, and income and expense items in the financial statements, and information provided in the notes to the financial statements. Due to the inherently uncertain nature of the assumptions, actual results may differ from estimates. The Group reviews its estimates and assessments on a regular basis to take past experience into account and incorporate factors considered relevant under current economic conditions.

The major items of the financial statements that may be subject to estimates are as follows:

- the impairment of goodwill and intangible assets and property, plant and equipment, whose measurement is specifically based on future cash flow, discount rate and net realisable value assumptions (note 5.1 to the consolidated financial statements);
- the lease term and discount rate for property leases (note 5.3 to the consolidated financial statements);
- retirement commitments, whose measurement is based on a number of actuarial assumptions (note 10.2.1 to the consolidated financial statements);
- provisions and contingent liabilities (notes 9.1 and 9.2 to the consolidated financial statements);
- the measurement of options associated with stock option plans and free share allocations granted to employees (note 10.3 to the consolidated financial statements);
- the measurement of certain financial instruments used to hedge foreign exchange and raw materials, as well as certain options negotiated on the acquisition of equity investments (notes 7.2.2 and 7.2.4 to the consolidated financial statements).

As part of the preparation of these annual consolidated financial statements, the main judgments made and the main assumptions used by Management have been updated based on the latest indicators available.

At 31 December, the Group reviews its performance indicators and carries out impairment tests if there is any indication that an asset may have been impaired.

Note 1.3.2 Challenges relating to climate risk

Somfy has identified global warming as a risk in relation to the environmental impact of its operations and products and the impact of the environment on its activities (see chapter 3 Non-financial statement). Judgements and estimates include the Group's strategic assumptions aimed at delivering on its own commitments to limit CO₂ emissions under its Ambition 2030 roadmap, which are aligned with European directives such as the Sustainable Finance Disclosure Regulation (SFDR), the EU's Green Taxonomy and the draft Corporate Sustainability Reporting Directive (CSRD). A breakdown of Somfy's commitments and of policies and actions associated with climate risk can be found in chapter 3, Non-financial statement. At present, climate risk may have a marginal impact on the estimated useful life of property, plant and equipment used to calculate depreciation, reviews of estimates and assumptions concerning asset impairment tests and the measurement of risks to determine the amount of provisions for liabilities and charges. However, these climate risk-related estimates remain uncertain by nature and will need to be updated as scientific knowledge of the underlying issues improves.

NOTE 1.4 NEW APPLICABLE STANDARDS AND INTERPRETATIONS

Note 1.4.1 Standards, amendments and interpretations whose application is mandatory for financial years beginning on or after 1 January 2021

The Group has applied the following standards, amendments and interpretations as of 1 January 2021:

Standards	Content	Application date
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	IBOR Reform – Phase 2	Applicable from 1 January 2021
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	Applicable from 1 April 2021

These new standards have not had a material impact on the Group’s results and financial position.

IFRS-IC Interpretation of IAS 38, “Configuration or Customisation Costs in a Cloud Computing Arrangement” (March 2021)

This interpretation clarifies the steps an entity must take to recognise configuration or customisation costs in a cloud computing arrangement. The customer may recognise an intangible asset under a Software as a Service (SaaS) contract if the customer controls the software to be configured or customised and such configuration or customisation creates a resource controlled by the customer that is separate from the software. Otherwise, the costs should be recognised as expenses.

As part of implementing its new enterprise resource planning (ERP) system, the Group entered into a private cloud contract with SAP. This contract offers the Group a degree of adaptability similar to that available under an on-premise licence, as well as a number of hosting options, and provides it with a dedicated environment and the ability to make a number of changes to the source code to customise certain functions to its specific needs. It also gives the Group control over the scheduling of version updates. The configuration undertaken by the integrator to meet Somfy’s specific needs requires cutting-edge expertise and results in the SAP solution being tailored to Somfy, thus giving the latter a competitive edge.

For all these reasons, the Group believes it has control over the SAP application. Expenses incurred in configuring and customising the ERP create a specific asset controlled by Somfy and fall within the scope of IAS 38. Consequently, they are currently capitalised at a gross amount of €17.5 million as at 31 December 2021.

However, this is a complex issue and Somfy may have to review the accounting treatment of this expenditure if and when regulators issue further clarification. The accounting policies for software will be supplemented and clarified based on the latter’s comments.

IFRIC-IC Interpretation of IAS 19 “Attributing Benefit to Periods of Service” (May 2021)

The IFRS Interpretations Committee clarified periods of service to which an entity should attribute defined benefits when:

- employees are entitled to a lump sum benefit on reaching a given retirement age and are still employed by the entity in question at that date;
- the amount of the retirement benefit awarded to an employee depends on that employee’s length of service with the entity and is capped at a number of years’ consecutive service.

IFRS-IC concluded that an entity should attribute the entitlement to retirement benefits to each year during which an employee serves with effect from the date on which the obligation first arises and not over the entire period of employment.

This calls into question the method used by Somfy to spread the liability for the majority of its French entities in the specific case of defined benefit schemes. The impact of this interpretation on pension schemes in place at the Group’s foreign subsidiaries is negligible.

This interpretation has an impact of €3.1 million on the financial statements (€2.3 million net of deferred taxes). This is recognised in the consolidated statement of changes in equity under “Other movements” in the financial year 2021.

Note 1.4.2 Standards, amendments and interpretations whose application is not yet mandatory

Standards	Content	Application date
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current	Applicable from 1 January 2024 according to the IASB, not yet approved by the EU
Amendments to IAS 1	Disclosure of Accounting Policies	Applicable from 1 January 2023 according to the IASB
Amendments to IAS 8	Definition of Accounting Estimates	Applicable from 1 January 2023 according to the IASB
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Applicable from 1 January 2023 according to the IASB, not yet approved by the EU
Amendments to IAS 16	Proceeds before Intended Use	Applicable from 1 January 2022 according to the IASB
Amendments to IAS 37	Cost of Fulfilling a Contract	Applicable from 1 January 2022 according to the IASB
Amendments to IFRS 3	References to the Conceptual Framework	Applicable from 1 January 2022 according to the IASB
Annual improvements to IFRS	2018-2020 cycle (IFRS 1, IFRS 9, IFRS 16, IAS 41)	Applicable from 1 January 2022 according to the IASB

The Group did not opt for the early application of any of these new standards or amendments and is currently assessing the impact resulting from their initial application.

Detailed information is available on the following website: <http://www.ifrs.org>

NOTE 2 CONSOLIDATION SCOPE

NOTE 2.1 CONSOLIDATION METHOD

EXCLUSIVE CONTROL

Companies are fully consolidated when they are controlled by the Group. The concept of control means the power to govern the financial and operational policies of an affiliated company so as to benefit from its operations.

Control is generally deemed to exist where the Group holds more than half of the controlled company's voting rights. Financial statements of subsidiaries are included in the consolidated financial statements from the date of effective control transfer, until control ceases to exist.

Minority shareholders' interests are included in the balance sheet under a separate headline called "Non-controlling interests". Non-controlling interests' share of net profit is presented separately in the income statement as an allocation of profit for the period.

JOINT CONTROL AND SIGNIFICANT INFLUENCE

Companies over which the Group exercises control jointly with a limited number of partners based on a contractual agreement are consolidated using the equity method.

Associates are companies over which the Group has significant influence on their financial and operating policies, but does not control them. Companies over which the Group has significant influence are consolidated using the equity method. Acquisition expenses are recorded in the cost of acquisition of the shares.

The consolidation scope is presented in note 15 to the consolidated financial statements.

NOTE 2.2 FOREIGN EXCHANGE TRANSLATION

The consolidated financial statements at 31 December 2021 have been prepared in Euros, which is the parent company's functional currency. Each Group entity determines its functional currency and items included in the financial statements of each of these entities are measured in this functional currency.

RECOGNITION OF FOREIGN CURRENCY DENOMINATED TRANSACTIONS IN THE FINANCIAL STATEMENTS OF CONSOLIDATED COMPANIES

All foreign currency denominated transactions are translated at the exchange rate applicable on the transaction date. Foreign currency denominated amounts included in the balance sheet are translated at the exchange rate applicable at year-end. Resulting translation differences are recorded in the income statement.

TRANSLATION OF FOREIGN SUBSIDIARIES' FINANCIAL STATEMENTS

The financial statements of Group companies which have a different functional currency to the parent company are translated into Euro, as follows:

- assets and liabilities are converted into Euros at the year-end exchange rate;
- income and expenses are translated at the average exchange rate for the period, provided significant variations in the exchange rates do not call this method into question;

- the resulting translation adjustments are recognised in items of other comprehensive income with a corresponding entry in the translation reserve under shareholders' equity.

Unrealised exchange differences relating to monetary values that are an integral part of the net investment in foreign subsidiaries are recorded in the translation adjustment reserve in equity until the disposal of the investment, at which date they are taken to the income statement.

At 31 December 2021, no Group subsidiary operated in countries whose economy is hyperinflationary, with the exception of Argentina. Given the size of the subsidiary in Argentina, the application of IAS 29 on hyper-inflationary economies did not have a material impact on the Group's financial statements.

NOTE 2.3 BUSINESS COMBINATIONS

When a company is incorporated in the consolidation scope, the identifiable assets, liabilities and contingent liabilities of the acquired entity are measured at fair value measured at the date of acquisition, except for non-current assets classified as assets held for sale, which are recognised at the fair value net of disposal costs.

Goodwill is measured as the difference between total identifiable assets, liabilities and contingent liabilities of the acquired entity, individually estimated at fair value, and the transferred consideration (purchase price) measured at fair value of the assets transferred.

At the date of the acquisition and for each business combination, the Group can opt for the partial goodwill method (limited to the equity interest acquired by the Group) or for the full goodwill method. If it opts for the full goodwill method, minority interests are measured at fair value and the Group recognises goodwill on all identifiable assets and liabilities.

Business combinations prior to 1 January 2010 have been treated in accordance with the partial goodwill method, which was the only method applicable until that date.

In the case of a business combination achieved in stages, the previously held equity interest is remeasured at fair value at the date control is acquired. The difference between the fair value and the net book value of this investment is recognised directly in operating profit.

Restatements of asset and liability values relating to acquisitions recognised on a provisional basis (due to expertise work in progress or supplementary analyses) are recognised as retrospective restatements of goodwill if they occur within 12 months following the acquisition date.

Beyond this deadline, the impacts of restatements are directly recognised in profit or loss for the financial year, except for error corrections.

In addition, earn-out payments are included in the acquisition cost at their fair value at the acquisition date and regardless of their probability. During the valuation period, subsequent adjustments are offset against goodwill where they relate to facts and circumstances that existed at the acquisition date. If not, and after the end of this period, adjustments to earn-out payments are recognised directly in the income statement, unless the earn-out payments are offset against an equity instrument.

Newly-acquired companies are consolidated from the date effective control is assumed.

The financial impact of the acquisition of Répar's stores (see "Highlights") is broken down as follows:

€ thousands	Fair value recognised at the acquisition date
Goodwill	24,813
Other non-current assets	19,125
– of which Allocated intangible assets (brand, customer base and software)	17,071
Current assets	10,477
– of which Inventories	1,875
– of which Trade payables	977
– of which Cash and cash equivalents	7,212
Non-current liabilities excluding put option-related liability	-5,027
– of which Deferred tax liabilities	-4,342
Current liabilities	-7,791
– of which Financial liabilities	-3,638
Put option-related liability	-19,100
Impact of the put option on shareholder's equity	12,239
Shareholders' equity of residual minority interests	-3
Purchase price paid	34,732
Cash acquired	-7,235
ACQUISITION-RELATED CASH FLOW NET OF CASH ACQUIRED	27,497

(+) Cash outflow.

Goodwill on the acquisition, calculated on the percentage interest acquired (*i.e.* using the partial goodwill method), came to €24.8 million after recognising assets and liabilities at fair value, mainly consisting of a customer base measured at €15.5 million amortisable over 15 years. Since the 12-month measurement period is over, the allocation of goodwill is final.

NOTE 2.4 OPERATIONS TREATED IN ACCORDANCE WITH IFRS 5

ASSETS HELD FOR SALE

Pursuant to IFRS 5 – Non-current assets held for sale, a non-current asset or asset group must be classified in the balance sheet as held for sale if its book value will be recovered principally through a sale transaction rather than through continuing use. Within the meaning of the standard, "sale" includes sales, distributions and exchanges against other assets. The non-current asset or asset group held for sale must be available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets and their sale must be highly probable. For a sale to be regarded as highly probable, the following criteria must be met:

- the appropriate level of Management must be committed to a disposal plan;
- an active programme to locate a buyer and complete the plan must have been initiated;
- the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value;
- the disposal must be reliably expected to be completed within 12 months from the reclassification of the assets as held for disposal or exchange;
- the actions required to complete the plan must indicate that it is unlikely that significant changes will be made or that the plan will be withdrawn.

Prior to their reclassification as "Assets held for sale", the non-current asset or assets and liabilities of the disposal group are measured in accordance with their respective applicable standards. Following their reclassification as "Assets held for sale", the non-current asset or group of assets is measured at the lower of its net book value and its fair value less costs to sell, an impairment loss being recognised where relevant.

On reclassification of a non-current asset as held for sale, the depreciation/amortisation of this asset ceases. In the case of a disposal resulting in a loss of control, the assets and liabilities of the entire subsidiary are classified as assets and liabilities "held for sale" in the "Assets held for sale" and "Liabilities related to assets held for sale" balance sheet items, as soon as the disposal meets the classification criteria of IFRS 5.

Pursuant to the application of IFRS 5:

- in the case of balance sheet items reclassified as assets and liabilities held for sale, no adjustments are made to comparative figures for prior periods;
- income statement and cash flow statement items relating to the individual assets held for sale are not restated.

DISCONTINUED OPERATIONS

A discontinued operation is a component of Group activities whose business and cash flows are clearly separate from the remainder of the Group and:

- represents either a separate major line of business or a geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation takes place at the time of sale or earlier if the activity meets the criteria for classification as held for sale.

When an activity is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the entity had met the criteria for classification as a discontinued operation from the start of the comparative period.

The Group did not undertake any transactions falling within the scope of IFRS 5 in 2020 or 2021.

NOTE 3 SEGMENT REPORTING

In accordance with the provisions of IFRS 8 – Operating Segments, the information for each segment set out below is based on the internal reporting process used by General Management to assess performance and allocate resources to the various segments. General Management is the chief operating decision-maker within the meaning of IFRS 8.

Somfy includes the companies whose activities correspond to the business lines “Exterior”, “Window Fashion”, “Access and Security”, “Controls and Sensors” and “Connected Services”, and is structured around two geographic regions.

The geographic location of assets was used as sole segment reporting criterion. Management makes its decisions based on this strategic focus using reporting by geographic region as its key analysis tool.

The two geographic regions being followed are:

- North & West (Central Europe, Northern Europe, North America and Latin America);
- South & East (France, Southern Europe, Africa & the Middle East, Eastern Europe and Asia-Pacific).

AT 31 DECEMBER 2021

€ thousands	North & West	South & East	Intra-regional eliminations	Consolidated
Segment sales	577,938	1,224,707	-324,811	1,477,834
Intra-segment sales	-2,658	-322,153	324,811	-
Segment sales - Contribution to sales	575,280	902,554	-	1,477,834
Segment current operating result	79,491	221,566	-	301,056
Share of net profit/(loss) from associates and joint ventures	-	17,027	-	17,027
Cash flow	51,254	261,854	-	313,108
Net investments in intangible assets and PPE (including IFRS 16)	7,621	62,370	-	69,991
Goodwill	2,775	116,260	-	119,035
Net intangible assets and PPE	37,857	325,568	-	363,425
Investments in associates and joint ventures	-	172,998	-	172,998

AT 31 DECEMBER 2020

€ thousands	North & West	South & East	Intra-regional eliminations	Consolidated
Segment sales	527,372	1,059,028	-329,272	1,257,128
Intra-segment sales	-2,566	-326,706	329,272	-
Segment sales - Contribution to sales	524,806	732,322	-	1,257,128
Segment current operating result	67,725	192,953	-	260,678
Share of net profit/(loss) from associates and joint ventures	-	10,858	-	10,858
Cash flow	49,635	224,858	-	274,493
Net investments in intangible assets and PPE (including IFRS 16)	4,392	59,740	-	64,133
Goodwill	2,619	91,771	-	94,390
Net intangible assets and PPE	36,517	297,554	-	334,071
Investments in associates and joint ventures	-	145,471	-	145,471

NOTE 4 PERFORMANCE-RELATED DATA**NOTE 4.1 SALES**

Revenue recognition is based on an analysis that includes five successive steps, in accordance with IFRS 15 – Revenue from Contracts with Customers:

- identify the contract;
- identify the various performance obligations, *i.e.* list the distinct goods or services the seller is committed to supply to the purchaser;
- determine the total price of the contract;
- allocate the total price to each performance obligation;
- recognise revenue when a performance obligation is satisfied.

With regard to the sale of products, the Group acts on its own behalf and not as an agent.

Product sales are generally the only performance obligation of the contracts. Revenue is recognised when control of the goods is transferred to the purchaser, in this case when the delivery or shipment has been made.

The warranties offered to purchasers cover defects in the design or manufacture of products. They do not provide the

customer with any service other than the assurance that the product is free from defect and therefore continue to be recognised in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.

The amount that Somfy actually receives as consideration for the products delivered, as well as the revenue from sales recorded in the income statement may vary due to deferred discounts agreed by contractual agreements or at the start of commercial campaigns. These discounts will be paid to the customer at the end of the reference period subject to the achievement of the objectives set for the relevant period. Their value is determined using the expected value method.

As for projects combining products and services, except as mentioned below, supplies of goods and services are identified as two separate performance obligations, which must be assessed individually as if they were sold separately. Revenue from products is thus recognised at the date of delivery or shipment, while revenue from services is recognised when the service is provided.

When the products and services relate to a large-scale project whose characteristics are set for each customer individually, they represent a single performance obligation and revenue is recognised on an ongoing basis over the duration of the project as costs are incurred.

Note 4.1.1 Sales by customer location

This presentation by customer location was supplemented by our segment reporting pursuant to IFRS 8, which is based on the geographic regions in which our assets are based, namely the North & West and South & East regions.

€ thousands	31/12/21	31/12/20	Change N/N-1	Change N/N-1 on a like-for-like basis
Central Europe	262,511	261,044	0.6%	0.7%
<i>of which Germany</i>	<i>211,568</i>	<i>212,185</i>	<i>-0.3%</i>	<i>-0.3%</i>
Northern Europe	168,400	146,613	14.9%	13.4%
North America	132,981	107,127	24.1%	27.7%
Latin America	24,427	19,286	26.7%	35.9%
North & West	588,319	534,069	10.2%	10.9%
France	431,883	347,444	24.3%	14.6%
Southern Europe	148,931	119,880	24.2%	23.9%
Africa & the Middle East	79,021	60,604	30.4%	40.1%
Eastern Europe	152,295	127,187	19.7%	21.1%
Asia-Pacific	77,385	67,943	13.9%	13.4%
South & East	889,514	723,059	23.0%	19.3%
TOTAL SALES	1,477,834	1,257,128	17.6%	15.7%

The change N/N-1 on a like-for-like basis is calculated by applying the N-1 exchange rates to the periods compared and using the N-1 scope for both financial years (see note 4.3.1).

As contracts with customers are expected to have an initial term of one year or less, no information is provided regarding any remaining obligations at 31 December 2021 and 31 December 2020, in accordance with the simplification measures of IFRS 15.

Note 4.1.2 Other operating income

Other operating income totalled €19.3 million in 2021 compared with €24.6 million in 2020. This includes refundable tax credits, other miscellaneous rebillings and insurance income receivable.

NOTE 4.2 OTHER NON-CURRENT OPERATING INCOME AND EXPENSES

Current operating result is defined as the difference between:

- operating result including all revenues and charges, except those generated from finance activities, equity-accounted companies, discontinued operations, operations held for disposal or income tax; and
- other non-current operating income and expenses.

Other non-current operating income and expenses relate to factors that are unusual, abnormal, infrequent and particularly significant, which could mislead the understanding of the Group's consolidated performance. These notably include the capital gains and losses on asset disposals, restructuring costs and provisions of a nature liable to affect the understanding of the current operating result.

Current operating result reflects company performance.

The amortisation of intangible assets allocated as part of business combinations is included in current operating result.

€ thousands	31/12/21	31/12/20
Charge to/reversal of non-current provisions	1,058	1,091
Other non-recurring items	-1,889	-1,198
– <i>Non-current income</i>	45	96
– <i>Non-current expenses</i>	-1,934	-1,294
Net gain/(loss) on disposal of non-current assets	-4	-104
OTHER NON-CURRENT OPERATING INCOME AND EXPENSES	-835	-211
GOODWILL IMPAIRMENT	-	-711

At 31 December 2021, other non-current operating income and expenses mainly consisted of restructuring costs associated with the closure of small distribution entities.

At 31 December 2020, the revision of the iHome business plan had led to the recognition of goodwill impairment of €0.7 million.

NOTE 4.3 ALTERNATIVE PERFORMANCE MEASURES**Note 4.3.1 Change N/N-1 on a like-for-like basis**

The change N/N-1 on a like-for-like basis is calculated by applying the N-1 accounting and consolidation methods and exchange rates to the periods compared and using the N-1 scope for both financial years.

The change N/N-1 at actual accounting methods, exchange rates and consolidation scope – or change in real terms – corresponds to the change based on actual accounting and consolidation methods, exchange rates and consolidation scope.

At 31/12/21	Sales	Current operating result
CHANGE N/N-1 ON A LIKE-FOR-LIKE BASIS	+15.7%	+16.6%
Currency effect	-0.8%	-2.2%
Scope effect	+2.7%	+1.1%
Change in accounting method effect	-	-
CHANGE N/N-1 AT ACTUAL ACCOUNTING METHODS, EXCHANGE RATES AND CONSOLIDATION SCOPE	+17.6%	+15.5%

Note 4.3.2 Current operating margin

Current operating margin corresponds to current operating result as a proportion of sales (COR/Sales). It is an interesting performance indicator as it reflects operating profitability.

€ thousands	31/12/21	31/12/20
Current operating result	301,056	260,678
Sales	1,477,834	1,257,128
CURRENT OPERATING MARGIN	20.4%	20.7%

Note 4.3.3 ROCE

ROCE corresponds to the return on capital employed after tax, equating to the ratio, expressed as a percentage, of Current Operating Result after tax applied at a normative rate to capital invested (or employed).

Capital invested corresponds to the sum of shareholders' equity (with the effects of goodwill impairment being excluded) and net financial debt.

€ thousands	Notes	31/12/21	31/12/20
Current operating result		301,056	260,678
<i>Restated effective tax rate</i>	<i>(11.1)</i>	<i>19.02%</i>	<i>20.62%</i>
Current operating result after tax impact		243,795	206,923
Shareholders' equity		1,371,175	1,170,968
Neutralisation of goodwill impairment	(5.1.2)	46,547	45,353
Restated shareholders' equity		1,417,722	1,216,321
Net financial debt	(7.2.3)	-641,717	-517,719
Capital invested (capital employed)		776,005	698,602
ROCE (RETURN ON CAPITAL EMPLOYED)		31.4%	29.6%

Note 4.3.4 Net financial debt

The net financial debt corresponds to the difference between financial assets and financial liabilities. It notably takes into account unlisted bonds receivable, issued by certain companies in which shares are held or related entities, earn-out on acquisitions, liabilities relating to options granted to minority shareholders in fully-consolidated companies and deferred settlements of a financial nature. Not included are securities in non-controlling equity investments, deposits & guarantees and government grants.

Details of the calculation of the net financial debt are provided in note 7.2.3.

NOTE 4.4 INVENTORIES

Inventories are valued at their procurement cost, determined using the weighted average unit cost method.

In particular, inventory cost measurement takes into account the following items:

- the gross value of raw materials and supplies includes the purchase price and ancillary expenses;
- expenses incurred to bring inventories to the place they are located, and in the condition they are in, are integrated in inventory procurement cost;
- manufactured products are measured at production cost, which includes consumables, direct and indirect production expenses and depreciation charges of assets used in the manufacturing process;
- intragroup profits included in inventories are eliminated;
- borrowing costs are not included in the cost of inventory.

The value of inventories and work in progress is impaired when their net realisable value is lower than their book value.

Net realisable value is the estimated selling price under normal business conditions, after deducting estimated completion costs and estimated selling expenses.

€ thousands	31/12/21	31/12/20
Gross values		
Raw materials and other supplies	67,050	54,065
Finished goods and merchandise	151,526	139,390
Total	218,575	193,455
Provisions	-14,401	-13,462
NET VALUES	204,174	179,993

€ thousands	Value 31/12/20	Net charges	Exchange rate movements	Changes in consolidation scope and method	Other movements	Value 31/12/21
Inventory provisions	-13,462	-620	-250	-69	-	-14,401

NOTE 4.5 TRADE RECEIVABLES

Trade receivables are recorded at their nominal value and a provision for writedown is established when receivables are unlikely to be collected.

Customer credit risk is linked to the receivables portfolio and the sometimes challenging economic environment in certain parts of the world.

Nevertheless, customer profile, the Group's international geographic presence and the credit insurance cover help to mitigate this risk.

The Group limits its exposure to credit risk related to trade receivables by implementing internal procedures (creditworthiness study of new customers, permanent monitoring of outstanding amounts, analysis of the economic environment, etc.). Credit insurance contracts, both in France and internationally, also mitigate the consequences of customer default. Approximately 90% of sales are covered by such contracts. In accordance with IFRS 9, expected impairment losses on trade receivables are measured on the basis of an impairment table using impairment rates based on the duration of late payments.

The Group's exposure to credit risk related to trade receivables is therefore mainly influenced by the individual characteristics of each customer. The Group also takes into consideration factors that may influence the assessment of risk, in particular the economic background of certain countries in which customers are located.

€ thousands	31/12/21	31/12/20
Gross value	146,815	144,005
Provision	-10,203	-10,941
NET VALUE	136,612	133,063

€ thousands	Value 31/12/20	Charges	Used reversals	Unused reversals	Exchange rate movements	Changes in consolidation scope and method	Other movements	Value 31/12/21
Provision for bad debts	-10,941	-722	975	611	-103	-22	-	-10,203

At 31 December 2021, the maturity profile of trade receivables was as follows:

€ thousands	Not overdue	Overdue between				Total
		0 to 3 months	3 to 6 months	6 to 9 months	More than 9 months	
Gross value	117,766	18,316	1,830	757	8,147	146,815
Provision	-127	-386	-1,220	-551	-7,919	-10,203

NOTE 4.6 OTHER CURRENT AND NON-CURRENT RECEIVABLES

Note 4.6.1 Other current receivables

€ thousands	31/12/21	31/12/20
Gross values		
Receivables from employees	594	569
Other taxes (including VAT)	10,851	10,434
Prepaid expenses	8,134	7,077
Other receivables	7,882	11,317
TOTAL	27,462	29,397

“Other receivables” notably include current receivables on the disposal of CIAT totalling €6.8 million at 31 December 2021 and €9.7 million at 31 December 2020. This reduction is the result of a €2.9 million partial payment following a court ruling (see “Highlights”).

Note 4.6.2 Other non-current receivables

Other non-current receivables are not material.

NOTE 4.7 OTHER CURRENT AND NON-CURRENT LIABILITIES

Other payables are recognised at their nominal value.

Note 4.7.1 Other current liabilities

€ thousands	31/12/21	31/12/20
Social liabilities	106,780	91,650
Tax liabilities	10,177	12,425
Deferred income	2,042	315
Fixed assets suppliers	5,731	2,868
Other	227	491
TOTAL	124,956	107,748

Note 4.7.2 Other non-current liabilities

€ thousands	31/12/21	31/12/20
Other operating liabilities	-	-
Other non-operating liabilities	1,206	1,082
TOTAL	1,206	1,082

NOTE 5 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT**NOTE 5.1 GOODWILL AND IMPAIRMENT TESTS****Note 5.1.1 Goodwill**

Goodwill is measured using the method described in note 2.3.

Goodwill is subject to impairment tests at least once annually, or more frequently when events or changes in circumstances indicate that the goodwill has been impaired (indication of impairment, see note 5.1.2). Recognised impairment cannot be reversed.

€ thousands	Value
At 1 January 2020	95,553
Impact of changes in consolidation scope and method	-
Impact of changes in foreign exchange rates	-452
Charge for impairment	-711
AT 31 DECEMBER 2020	94,390
Impact of changes in consolidation scope and method	24,813
Impact of changes in foreign exchange rates	-168
Charge for impairment	-
AT 31 DECEMBER 2021	119,035

The impact of changes in consolidation scope is linked to the acquisition of Répar' stores (see note 2.3).

At 31 December 2020, the charge for impairment related to iHome.

Note 5.1.2 Impairment tests

IAS 36 defines the procedures to be applied by a company to ensure that the net book value of its assets does not exceed their recoverable amount, that is the amount to be recovered from the use or the disposal of the assets.

Except for goodwill and intangible assets with an indefinite life, which require systematic annual impairment tests at year-end, the recoverable amount of an asset is estimated every time there is an indication that the asset may be impaired.

A recoverable amount is estimated for each individual asset. If it is not possible to do so, assets are brought together in Cash Generating Units (CGUs), whose recoverable amount is subsequently measured.

A Cash Generating Unit is the smallest group of assets to which the asset belongs, which generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

CGUs have been identified within the Group. They primarily comprise the Group's legal entities that have been acquired through merger and acquisition transactions.

An impairment test involves comparing the recoverable amount of the CGU with its book value. The recoverable amount of an asset is measured at the higher of its fair value, after deduction of disposal costs, and its value in use.

If the recoverable amount exceeds the net book value of the CGU at period end, no impairment is recognised.

However, if this amount is lower than the net book value, an impairment loss equal to the difference is recognised in priority against goodwill. This impairment loss may not be reversed.

Fair value after deduction of disposal costs is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting disposal costs.

Value in use is determined based on cash flows, which are estimated using plans or budgets over a maximum period of five years; the cash flows beyond that date are extrapolated by applying a constant or decreasing rate of change, and are discounted by using long-term post-tax market rates, which reflect the market's estimates of the time value of money and the specific risks inherent to the assets. In certain cases, cash flows can be estimated over longer periods, to be justified CGU by CGU.

Cash flows are evaluated based on budgets and three-year forecasts for companies which operate in a market they know and understand well. Generally, these are companies whose strategies are not expected to change greatly. On the other hand, the period is extended to five years for companies in emerging markets, for which the growth potential and maturity are further away.

These cash flows have been projected over several years using specific growth rates which are consistent with the Group's historical growth rates.

The growth rate used to project cash flows to infinity is consistent with the long-term inflation rate relevant to the countries concerned.

The discount rate used corresponds to the weighted average cost of capital and reflects the expected return on invested capital (equity and liabilities necessary to finance operations). It is calculated based on the financial data extracted from a sample of comparable companies, comprising listed companies operating in the same business segment as the companies to be valued. Risk is mainly taken into account at a cash flow level.

At 31 December 2021, as at every year-end or every time that indications of impairment exist, the Group re-examined the value of goodwill associated with Cash Generating Units.

The first half of 2020 was dominated by the health crisis, followed by a sharp recovery in business in the second half of the year and continuing into 2021. Somfy's business model, which revolves around addressing key housing-related issues, emerged even stronger from the crisis, with households increasingly demanding greater comfort and energy efficiency.

The impairment tests were conducted using the discounted cash flow method and based on the business plans reviewed by the management responsible for the CGUs. General Management, the Board of Directors and the Audit and Risk Committee have also ruled on the findings of these tests.

The main assumptions used are as follows:

- business plan assumptions include Somfy's commitments to Sustainable Development as set out in its Ambition 2030 roadmap;
- in financial year 2022, the market is likely to remain buoyant and sales should grow;
- profitability was exceptional in 2020 and 2021 thanks to non-structural savings. In 2022, as supplies remain tight and investment ramps up, the current operating margin should return to a level slightly higher than pre-crisis;
- the discount rate fell from 10% to 9.5%, while the growth rate to infinity was unchanged from 31 December 2020. The discount rate and the growth rate to infinity used to test the newly acquired Répar'stores CGU for impairment were 11.3% and 3% respectively.

The current environment is uncertain, and the above assumptions represent the Group's current scenario. It is likely to change in line with the health and economic situation, and the consequences of the crisis in Ukraine.

BREAKDOWN OF THE GOODWILL OF THE MAIN CGUS AND DETAILS OF THE MAIN ASSUMPTIONS USED FOR EACH CGU AT 31 DECEMBER 2021

€ thousands	Gross value	Impairment	Net value	Discount rate	Rate of growth to infinity
BFT	100,510	-20,491	80,019	9.5%	2.0%
Domis	1,091	-	1,091	9.5%	2.0%
Axis/Somfy Activités SA/Somfy Protect by Myfox	20,126	-9,700	10,426	9.5%	2.0%
Pujol	4,975	-4,975	-	-	-
Neocontrol	303	-303	-	-	-
Lian Da	9,654	-9,654	-	-	-
iHome	1,424	-1,424	-	-	-
Simu	2,367	-	2,367	9.5%	2.0%
Répar'stores	24,813	-	24,813	11.3%	3.0%
Other	318	-	318	9.5%	2.0%
TOTAL FULLY-CONSOLIDATED COMPANIES	165,582	-46,547	119,035	-	-

Following a review of the value of the goodwill, no impairment charge was recognised during the 2021 financial year.

Furthermore, no impairment was necessary in relation to assets with an unspecified life and the use of which is independent from other assets.

Sensitivity analysis

The Group conducted sensitivity analyses on the results of impairment tests using different assumptions for EBITDA ratio and discount rates.

Analyses of the sensitivity of calculations to assumptions considered individually, including changes deemed reasonably possible in these assumptions, have highlighted scenarios where the recoverable value would fall below the book value of assets subject to the tests, therefore requiring additional impairment of the latter:

- the total impairment of the BFT goodwill at the end of 2021 was €20.5 million. A three-point increase in the discount rate combined with a two-point decrease in the EBITDA to sales ratio in the normative flow used in the calculation of the terminal value would require an additional impairment of €0.7 million;
- a one-point increase in the discount rate combined with a two-point decrease in the EBITDA to sales ratio in the normative flow used in the calculation of the terminal value could lead to the recognition of an impairment of €0.9 million on the goodwill of Répar'stores.

NOTE 5.2 OTHER INTANGIBLE ASSETS

Intangible assets acquired by the Group are recognised at historical cost, after deduction of accumulated amortisation and potential writedown.

Intangible assets primarily comprise:

SOFTWARE

Internally-developed software is recognised on the balance sheet when the following two conditions are met simultaneously:

- it is probable that the future economic benefits attributable to the software will flow to the company; and
- its cost or value can be measured reliably.

Conditions defined by IAS 38 in terms of development cost capitalisation must also be met (including project technical feasibility, intention to complete the software and availability of resources).

The Group owns two major types of software:

- **software subject to a five-stage development project** and rolled out in several countries is amortised on a straight-line basis over ten years.

The five stages characterising the implementation of this type of IT projects are as follows:

- the “initiation” stage, ending in a decision to carry out or not an IT solution research to meet a specific issue;
- the “assessment” stage, ending in the choice of a solution, often the selection of a licence;
- the “study” and “realisation” stages, resulting in a decision to implement the roll-out of the solution;
- the “implementation” stage, ending in the transfer of the application to support services. This is the software roll-out.

This software is particularly related to the roll-out of IT systems.

Development expenses incurred during the “study” and “realisation” stages may be capitalised if all criteria defined by IAS 38 are complied with.

- **ready-to-use software**, that is software whose operation by the Group is not subject to a five-stage project. It is amortised on a straight-line basis over four years.

PATENTS

Only acquired patents and related filing expenses are capitalised.

Patents are amortised on a straight-line basis over their legal protection period.

Costs of renewal of patents are included in costs for the year.

DEVELOPMENT COSTS

Development costs are recognised as balance sheet assets when all criteria defined by IAS 38 are met:

- project technical feasibility;
- intention to complete the intangible asset so that it is available for use or sale;
- ability to use or sell the intangible asset;
- generation of future economic benefits;
- availability of resources;
- ability to reliably measure the expenditure attributable to the intangible asset during its development.

Only development costs generated by projects dedicated to the development of new products and conducted in five stages are capitalised, as follows:

- the “assessment” stage, consisting in the production of assessment elements enabling the Group to make the decision to launch the project or not;
- the “pre-study” stage, whose objective is to select technical solutions, validate product feasibility and the marketing strategy to place the product on the market;
- the “study” stage, which enables to set the definition of the product, as well as industrial and marketing resources;
- the “realisation” stage, which consists in qualifying the product, establishing industrial resources in production facilities, as well as marketing resources. This stage also defines project closing criteria;
- the “launch” stage, featuring product manufacturing and the qualification of industrial and marketing resources.

The first two stages, entitled “assessment” and “pre-study” are research phases. Expenses incurred are thus recognised as costs for the financial year.

Development expenses incurred during the “study” and “realisation” stages may be capitalised if all criteria defined by IAS 38 are complied with.

Capitalised development costs are amortised on a straight-line basis, depending on the useful life of the asset from the date of its commissioning (four to ten years, depending on the type of product developed).

The value of projects in progress is recognised as an intangible asset in progress, until the “launch” stage, which marks the beginning of project roll-out.

No residual value is recognised at Group level to determine the basis for amortisation of intangible assets.

Subsequent expenditures are generally recognised as expenses for the financial year.

CUSTOMER RELATIONSHIPS

Customer relationships are estimated and recorded as an asset on the balance sheet as part of business combinations. These intangible assets are amortised over their estimated value in use.

BRANDS

Brands are estimated and recorded as an asset on the balance sheet as part of business combinations. These intangible assets have indeterminate useful lives and are subject to impairment tests at least once a year or more frequently, when events or changes in circumstances indicate that they have been impaired (indication of impairment).

	Allocated intangible assets	Development costs	Patents and brands	Software	Other intangible assets	In progress and advance payments	Total
€ thousands							
Gross value at 1 January 2021	9,679	35,971	4,149	59,686	2,519	19,499	131,503
Acquisitions	-	10	114	1,070	3	12,732	13,929
Disposals	-	-972	-30	-289	-3	-	-1,294
Impact of changes in foreign exchange rates	-15	-	5	131	-2	-	119
Impact of changes in consolidation scope and method	17,071	1	406	-	306	18	17,802
Other movements	-	5,330	11	14,605	-	-19,946	-
AT 31 DECEMBER 2021	26,735	40,339	4,655	75,203	2,824	12,303	162,059
Accumulated amortisation at 1 January 2021	-8,859	-22,855	-3,915	-48,412	-1,648	-	-85,690
Amortisation charge for the period	-1,911	-4,099	-95	-5,405	-139	-	-11,649
Disposals	-	972	21	287	3	-	1,283
Impact of changes in foreign exchange rates	16	-	-5	-94	-	-	-83
Impact of changes in consolidation scope and method	-	-1	-415	-	-4	-	-420
Other movements	-	-	-	-	-	-	-
AT 31 DECEMBER 2021	-10,754	-25,983	-4,410	-53,624	-1,789	-	-96,559
NET VALUE AT 31 DECEMBER 2021	15,981	14,357	245	21,579	1,035	12,303*	65,500

* Including €5.1 million in development expenses in progress.

	Allocated intangible assets	Development costs	Patents and brands	Software	Other intangible assets	In progress and advance payments	Total
€ thousands							
Gross value at 1 January 2020	9,791	37,045	4,149	56,048	2,393	10,358	119,784
Acquisitions	-	88	52	662	34	16,721	17,557
Disposals	-	-4,870	-41	-433	-179	-	-5,523
Impact of changes in foreign exchange rates	-112	-22	-11	-111	-58	-	-314
Impact of changes in consolidation scope and method	-	-	-	-	-	-	-
Other movements	-	3,730	-	3,521	330	-7,580	-
AT 31 DECEMBER 2020	9,679	35,971	4,149	59,686	2,519	19,499	131,503
Accumulated amortisation at 1 January 2021	-8,030	-22,188	-3,581	-45,059	-1,707	-	-80,566
Amortisation charge for the period	-939	-5,559	-431	-3,814	-139	-	-10,883
Disposals	-	4,870	35	432	142	-	5,479
Impact of changes in foreign exchange rates	110	22	7	83	56	-	278
Impact of changes in consolidation scope and method	-	-	-	-	-	-	-
Other movements	-	-	55	-55	-	-	-
AT 31 DECEMBER 2020	-8,859	-22,855	-3,915	-48,412	-1,648	-	-85,690
NET VALUE AT 31 DECEMBER 2020	820	13,116	234	11,274	871	19,499*	45,814

* Including €7.2 million in development expenses in progress.

The impact of changes in consolidation scope is linked to the acquisition of Répar'stores, mainly resulting in the recognition of a customer base measured at €15.5 million.

Development expenses fulfilling the criteria of IAS 38 are capitalised and deemed as internally-generated intangible assets. At 31 December 2021, the gross value of these assets was €45.5 million, of which €5.1 million was in progress and the net value was €19.5 million. In addition to capitalised expenses, the amount of research and development expenses recognised during the year was €119.7 million. There are no contractual commitments to purchase intangible assets. Net intangible assets recognised in the context of business combinations at 31 December 2021 comprised €1.2 million in brands, €14.5 million in customer base and €0.3 million in software, compared with €0.1 million in customer base and €0.7 million in capitalised research and development expenses at 31 December 2020.

NOTE 5.3 PROPERTY, PLANT AND EQUIPMENT

Except for business combinations, PPE assets are recorded at their acquisition or production cost, which includes the purchase price and all costs necessary to make the assets operational.

Current maintenance costs are recognised as expenses for the financial year.

Straight-line depreciation is used based on the following average useful lives:

- buildings: 20 to 30 years;
- machinery and tools: 5 to 10 years;
- transport vehicles: 3 to 5 years;
- office furniture and equipment: 5 to 10 years;
- fittings and fixtures: 8 to 10 years.

Taking account of the nature of PPE held by the Group, no significant component was identified.

Subsequent expenditures may be capitalised if they comply with asset recognition criteria, as defined by IAS 16, in particular if it is probable that the future economic benefits of the asset will flow to the company. These criteria are considered prior to incurring the cost.

Asset residual values, useful lives and asset depreciation are reviewed, and amended if necessary, at each annual closing.

PPE recoverable amounts are reviewed when events or changes in circumstances indicate that the book value may not be recovered.

PPE are derecognised at disposal or when no future economic benefit is expected from their use or disposal. Any profit or loss resulting from the derecognition of an asset (measured as the difference between the net proceeds of the sale and the book value of the asset) is included in the income statement for the year in which the asset is derecognised.

PRINCIPLES APPLICABLE TO LEASES (IFRS 16)

The Group mainly holds property leases covering Somfy's various locations around the world and vehicle leases. The Group has a number of industrial or IT equipment leases of less significance.

Leases are recognised in the balance sheet with effect from their inception date at the present value of future payments (mainly fixed) based on the lessee's marginal borrowing rate at the date of the lease agreement. This is the rate of interest the lessee would have to pay to borrow the funds needed to acquire the asset over a similar term and in a similar economic environment.

Leases are recognised under "lease liabilities", with a corresponding entry on the asset side under "rights of use in relation to leases", with each item stated in the relevant category of underlying asset. PPE financed through leases are depreciated over the same periods as PPE acquired outright where the Group expects to gain ownership of the asset at the expiry of the contract. If not, the asset is depreciated on the basis of the shorter period of the asset useful life and the duration of the lease. In the income statement, depreciation is recognised within the operating margin and interest expenses in net financial income/(expense). The tax impact of this consolidation adjustment is taken into account through the recognition of deferred taxes.

The lease term is defined on a case-by-case basis and corresponds to the enforceable period of the lease taking into account any optional periods that are reasonably certain to be exercised. The Group applies IFRIC provisions over the enforceable duration of the leases.

The right-of-use asset will in some cases be subject to adjustment when the lease liability is remeasured (e.g. when there is a change of index or interest rate, the lease is extended or terminated or a substantially fixed lease payment is reviewed), and its value will be regularly revised down in the event of impairment losses.

Leases corresponding to assets of low unit value (US\$5,000 or less) and those whose term is short (12 months or less) are recognised directly in operating expenses.

Leases relating to low-value assets mainly concern small items of IT equipment.

Until 1 January 2019, only those leases classed as **finance leases** were recognised – *i.e.* those that transferred substantially all the risks and rewards of ownership to the lessee, in accordance with IAS 17. Such leases continued to be recognised following the adoption of IFRS 16 on 1 January 2019.

	Land	Buildings	Right-of-use Land and buildings	Plant, machinery and tools	Right-of-use Plant, machinery and tools	Other property, plant and equipment	Right-of-use Other property, plant and equipment	In progress and advance payments	Total
€ thousands									
Gross value at 1 January 2021	16,908	165,103	63,047	302,106	1,190	66,441	13,497	21,953	650,246
New right-of-use assets	-	-	12,371	-	201	-	5,106	-	17,678
Acquisitions	2	1,092	-	7,863	-	5,402	-	29,523	43,883
Disposals	-	-354	-4,975	-6,248	-153	-5,647	-2,997	-	-20,374
Impact of changes in foreign exchange rates	-27	-52	1,444	662	-	746	28	80	2,883
Impact of changes in consolidation scope and method	-	-	622	300	15	959	308	-	2,204
Other movements	3	1,243	-	17,244	-	2,991	-	-21,481	-
AT 31 DECEMBER 2021	16,885	167,032	72,510	321,927	1,253	70,893	15,943	30,076	696,520
Accumulated depreciation at 1 January 2021	-1,414	-91,746	-16,951	-197,020	-446	-47,961	-6,451	-	-361,989
Depreciation charge for the period	-248	-6,044	-9,435	-23,183	-296	-7,014	-4,829	-	-51,049
Disposals	-	329	3,119	5,335	109	5,311	2,852	-	17,056
Impact of changes in foreign exchange rates	9	-92	-470	-590	-	-478	-53	-	-1,672
Impact of changes in consolidation scope and method	-	-56	-	-257	-	-626	-1	-	-941
Other movements	-	-256	312	-	-	-56	-	-	-
AT 31 DECEMBER 2021	-1,652	-97,864	-23,425	-215,715	-632	-50,823	-8,483	-	-398,595
NET VALUE AT 31 DECEMBER 2021	15,233	69,167	49,085	106,213	621	20,069	7,460	30,076	297,925

	Land	Buildings	Right-of-use Land and buildings	Plant, machinery and tools	Right-of-use Plant, machinery and tools	Other property, plant and equipment	Right-of-use Other property, plant and equipment	In progress and advance payments	Total
€ thousands									
Gross value at 1 January 2020	16,623	150,903	71,505	293,647	1,178	69,136	10,998	19,355	633,344
New right-of-use assets	-	-	10,067	-	193	-	5,015	-	15,275
Acquisitions	-	947	-	6,424	-	3,067	-	22,260	32,699
Disposals	-5	-701	-2,247	-12,276	-179	-5,358	-2,274	-	-23,040
Impact of changes in foreign exchange rates	-393	-1,392	-1,556	-2,829	-2	-1,363	-242	-254	-8,031
Impact of changes in consolidation scope and method	-	-	-	-	-	-	-	-	-
Other movements	684	15,346	-14,721*	17,140	-	959	-	-19,408	-
AT 31 DECEMBER 2020	16,908	165,103	63,047	302,106	1,190	66,441	13,497	21,953	650,246
Accumulated depreciation at 1 January 2020	-1,227	-79,077	-17,216	-186,063	-290	-48,120	-4,037	-	-336,030
Depreciation charge for the period	-252	-6,021	-9,187	-22,520	-337	-6,784	-4,490	-	-49,591
Disposals	1	649	1,569	11,206	180	5,158	1,996	-	20,760
Impact of changes in foreign exchange rates	64	131	447	1,311	-	838	80	-	2,872
Impact of changes in consolidation scope and method	-	-	-	-	-	-	-	-	-
Other movements	-	-7,428	7,436	-955	-	947	-	-	-
AT 31 DECEMBER 2020	-1,414	-91,746	-16,951	-197,020	-446	-47,961	-6,451	-	-361,989
NET VALUE AT 31 DECEMBER 2020	15,494	73,357	46,096	105,086	744	18,481	7,045	21,953	288,257

* Exercise of a finance lease option on land and a building.

The impact of changes in consolidation scope is linked to the acquisition of Répar's stores.

At 31 December 2021, uncapitalised lease expenses relating to services and short-term or low-value leases are broken down as follows: €1.0 million in respect of property lease expenses, €1.3 million in respect of vehicle lease expenses and €1.0 million in respect of other lease expenses.

At 31 December 2020, uncapitalised lease expenses relating to services and short-term or low-value leases were broken down as follows: €1.2 million in respect of property lease expenses, €1.4 million in respect of vehicle lease expenses and €0.9 million in respect of other lease expenses.

There is no significant property, plant and equipment (buildings, machinery and tools) in continuing use, with a net book value of zero.

There are no contractual commitments to purchase property, plant and equipment.

NOTE 6 EQUITY AND EARNINGS PER SHARE**NOTE 6.1 EQUITY****Note 6.1.1 Transactions between shareholders**

In the event of acquisition of additional interests in a subsidiary, the difference between the price paid and the book value of non-controlling interests acquired and any related acquisition costs is recognised as a reduction of the Group's consolidated shareholders' equity, and vice versa in case of disposal of interests without loss of control.

Note 6.1.2 Treasury shares

The Group holds treasury shares for the following purposes:

- to stimulate the secondary market or ensure the liquidity of the Somfy SA share, by way of an investment services provider within a liquidity contract that complies with practices recognised by regulations;
- to retain the shares purchased and subsequently exchange them or use them as payment within the framework of potential acquisitions;
- to ensure the coverage of stock option plans and/or free share allocation plans (or similar) granted to employees and/or corporate officers of the Group, as well as all other shares allocated under a company or group savings scheme (or similar), in relation to employee profit-sharing and/or any other form of allocation to employees and/or corporate officers of the Group;
- to cover marketable securities giving right to the allocation of shares in the company, in accordance with current regulations;
- to proceed with the possible cancellation of shares acquired.

Treasury shares directly held by the Group or through a liquidity contract are recognised as a reduction from equity.

On their disposal, the consideration received for the disposal of treasury shares is directly recognised as an increase of Group equity, no gain or loss is thus recognised in net profit/loss for the financial year.

Note 6.1.3 Proposed dividends

	31/12/21	31/12/20
Total number of shares	37,000,000	37,000,000
Treasury shares	2,560,045	2,616,125
Par value	€0.20	€0.20
Proposed dividends	€2.15	€1.85

The voting right attached to shares is proportional to the capital that they represent. Each share carries the right to a single vote.

Certain shares are entitled to a double voting right, providing they are fully paid up and have been registered in nominative form for at least four years in the name of the same shareholder at the end of the calendar year preceding each General Meeting.

NOTE 6.2 EARNINGS PER SHARE

Net earnings per share is calculated by dividing the net profit for the financial period by the average number of shares in issue over the period net of treasury shares held.

Only treasury shares held by the Group and allocated at the closing to stock options plans or free shares allocations guarantee a dilutive effect on the calculation of diluted earnings per share. The Group has not issued any securities giving future access to capital.

Basic earnings per share	31/12/21	31/12/20
Net profit - Group share (€ thousands)	258,049	213,008
Total number of shares (1)	37,000,000	37,000,000
Treasury shares* (2)	2,560,045	2,616,125
Number of shares used in calculation (1) – (2)	34,439,955	34,383,875
BASIC EARNINGS PER SHARE (€)	7.49	6.19

* Representing all treasury shares held by Somfy SA.

Diluted earnings per share	31/12/21	31/12/20
Net profit - Group share (€ thousands)	258,049	213,008
Total number of shares (1)	37,000,000	37,000,000
Treasury shares** (2)	2,497,483	2,551,620
Number of shares used in calculation (1) – (2)	34,502,517	34,448,380
DILUTED EARNINGS PER SHARE (€)	7.48	6.18

** Free shares are excluded.

Diluted earnings per share take into account shares allocated free of charge in determining the "number of shares used in calculation".

NOTE 7 FINANCIAL ITEMS

NOTE 7.1 NET FINANCIAL INCOME/(EXPENSE)

Net financial income/(expense) comprises the following two items:

– cost of net financial debt.

Includes all income/expense from net financial debt or financial surplus constituents over the period, including income/loss on interest rate hedges;

– other financial income and expenses.

These include income and expenses of a financial nature but neither of an operational nature nor a constituent of the cost of net financial debt.

€ thousands	31/12/21	31/12/20
Cost of net financial debt	-2,610	-2,281
– <i>Financial income from investments</i>	764	947
– <i>Financial expenses related to borrowings</i>	-3,374	-3,228
• <i>of which financial charges related to IFRS 16</i>	-851	-934
Effect of foreign currency translation	-567	-6,242
Other	2,283	3,409
NET FINANCIAL INCOME/(EXPENSE)	-893	-5,114

Net financial expense was €0.9 million for the year to 31 December 2021, compared with a net expense of €5.1 million for the year to 31 December 2020. This increase was mainly the result of more favourable unrealised currency effects on foreign currency receivables and payables (notably those in Brazilian real, which had depreciated significantly in 2020) and the negotiated repayment of Garen's financial assets, which gave rise to a net gain of €3.6 million (reversal of a €2.3 million provision against Garen's financial assets in 2020).

NOTE 7.2 FINANCIAL ASSETS AND LIABILITIES

Note 7.2.1 Financial assets

Financial assets are classified into the following categories based on the asset ownership business model and the characteristics of its contractual cash flows:

- assets measured at amortised cost;
- assets measured at fair value through items of other comprehensive income;
- assets measured at fair value through the income statement.

Financial assets are initially recognised at historical cost, which corresponds to the fair value of the price paid, plus transaction costs, with the exception of assets measured at fair value through the income statement, whose transaction costs are recognised in the income statement.

ASSETS MEASURED AT AMORTISED COST

Fixed income securities purchased with the intent of holding them until maturity are classified in this category. They are measured at amortised cost using the effective interest rate method. Amortised cost is measured by taking into account any discount received or premium paid at acquisition, over the period running from the acquisition to the maturity date. Profits and losses are recognised in the income statement when assets are derecognised or their value is impaired. The same applies to writedown charges.

This category also includes deposits and guarantees and other non-current receivables, trade receivables, certain other current receivables and cash and cash equivalents not classified as assets held for trading (term deposits). They are measured at amortised cost using the effective interest rate method. Long-term loans and receivables, non-interest bearing or bearing a lower interest rate than market interest rate, are discounted if amounts are significant. Potential impairment losses are recognised in the income statement.

In addition, writedown charges are established when there is an objective indication that the value of the asset may have been impaired as a result of an event arising after its initial recognition.

This account primarily comprises guarantees and deposits paid to various lenders.

ASSETS MEASURED AT FAIR VALUE THROUGH ITEMS OF OTHER COMPREHENSIVE INCOME OR THROUGH THE INCOME STATEMENT

Group investments in companies over which it neither has control, nor significant influence, nor joint control, are recognised as financial assets measured at fair value according to two possible accounting treatments:

- changes in fair value are recognised in Items of other comprehensive income in the statement of comprehensive income, and in Other reserves in shareholders' equity, with no possibility of transferring them to the income statement in the event of disposal. In the latter case, only dividends are recognised in the income statement;
- changes in fair value, as well as the disposal gain or loss are recognised in the income statement.

The choice between these two methods must be made for each investment from initial recognition and is irreversible.

Assets held for trading purposes, meaning assets acquired by the company with a view to dispose of them in the short term, are measured at fair value and fair value movements are recognised in the income statement.

In particular, marketable securities complying with the definition of financial assets held for transaction purposes are measured at fair value at year-end and recognised as current financial assets. Fair value variances are recognised in the income statement.

€ thousands	Equity investments	Loans	Deposits and guarantees	Other	Current and non-current financial assets	Realisable within 1 year	Non-current financial assets
At 1 January 2021	1,929	142	1,986	3	4,060	406	3,653
Increase	1,384	-	228	-	1,612	-	1,612
Decrease	-212	-6,498	-192	-22	-6,924	-6,738	-186
Net change in impairment	-	5,198	3	-	5,201	-	5,201
Impact of changes in foreign exchange rates	-	1,023	7	-	1,030	11	1,019
Impact of changes in consolidation scope and method	58	-	81	22	162	-	162
Fair value recognised in items of other comprehensive income	-	-	-	-	-	-	-
Other movements	-	196	-	-	196	6,715	-6,519
AT 31 DECEMBER 2021	3,160	61	2,113	3	5,336	394	4,942
Non-current financial assets	3,160	-	1,782	-	4,942	-	-
Current financial assets	-	61	331	3	394	-	-

The decrease in financial assets is mainly related to the effects of the negotiation of Garen's loans (repayment of €3.6 million in particular). The impact of changes in consolidation scope is linked to the acquisition of Répar's stores. Financial assets realisable within one year mainly comprise short-term deposits.

Note 7.2.2 Financial liabilities

BORROWINGS AND BORROWING COSTS

Upon initial recognition, loans and other interest-bearing debts are measured at fair value, increased by transaction costs that are directly attributable to the issuance of the liability. Fair value generally equals the amount of cash received.

Issuing charges and premiums are taken into consideration in measuring amortised cost according to the effective rate method. Therefore, they are recognised in the income statement on an actuarial basis over the duration of the liability.

Interest on loans is recognised as an expense of the period.

Note 7.2.2.1 Analysis by category

€ thousands	Borrowings from credit institutions	Lease liabilities	Other borrowings and financial liabilities	Total liabilities from financing activities	Bank overdrafts	Current and non-current financial liabilities	Due within 1 year	Non-current financial liabilities
At 1 January 2021	599	50,792	19,551	70,942	405	71,348	30,817	40,531
Increase in loans	-	-	48	48	701	749	749	-
Repayment of borrowings and lease liabilities	-2,973	-14,546	-338	-17,856	-21	-17,878	-17,878	-
Other movements related to business acquisitions	-	-	-769	-769	-	-769	-769	-
Total cash movements	-2,973	-14,546	-1,059	-18,577	680	-17,897	-17,897	-
Impact of the revaluation of put options	-	-	2,195	2,195	-	2,195	-	2,195
Impact of changes in foreign exchange rates	-	1,086	86	1,173	-657	516	-486	1,002
New lease liabilities	-	17,675	-	17,675	-	17,675	-	17,675
Adjustments to lease liabilities with no cash impact	-	-2,023	-	-2,023	-	-2,023	-2,023	-
Impact of changes in consolidation scope and method	3,205	944	19,100	23,249	-22	23,227	3,638	19,589
Other movements	-	-	-	-	-	-	17,196	-17,196
Total non-cash movements	3,205	17,683	21,381	42,269	-679	41,590	18,325	23,265
AT 31 DECEMBER 2021	831	53,929	39,874	94,634	406	95,040	31,244	63,796
Non-current financial liabilities	49	40,507	23,240	63,796	-	63,796	-	-
Current financial liabilities	782	13,422	16,634	30,838	406	31,244	-	-

The impact of changes in consolidation scope is linked to the acquisition of Répar's stores.

Other borrowings and financial liabilities mainly include the fair value of the put option granted to the Dooya partners, the amount of which is equal to the difference between the estimated contractual value that would result from the exercise of the put option and the fair value of the portion corresponding to the underlying assets. The amount of this liability derivative remains stable at 31 December 2021 and 2020 at €16.6 million. The balance of other borrowings and financial liabilities include the debt relating to the put options granted to the holders of non-controlling interests, whose variations are recognised in equity, and earn-outs, whose variations are recognised in the income statement. This item increased by €21.4 million as a result of the acquisition of Répar's stores.

Note 7.2.2.2 Analysis by maturity

€ thousands	31/12/21	31/12/20
1 year or less	31,244	30,817
Between 1 and 5 years	49,897	29,095
5 years or more	13,900	11,436
TOTAL	95,040	71,348

The maturity profile of non-discounted and discounted minimum payments on leases is as follows:

€ thousands	Undiscounted 2021 liability	Discounted 2021 liability
1 year or less	14,264	13,422
Between 1 and 5 years	28,287	26,657
5 years or more	14,359	13,851
TOTAL	56,910	53,929

€ thousands	Undiscounted 2020 liability	Discounted 2020 liability
1 year or less	13,566	12,648
Between 1 and 5 years	28,596	26,757
5 years or more	11,972	11,387
TOTAL	54,134	50,792

Note 7.2.2.3 Analysis by rate

€ thousands	31/12/21	31/12/20
Variable rate	3,005	3,481
Fixed rate	43,591	40,537
Non-interest bearing	48,444	27,330
TOTAL	95,040	71,348

Non-interest-bearing financial liabilities mainly include put options granted to holders of non-controlling interests and earn-outs.

Note 7.2.2.4 Analysis by currency

€ thousands	31/12/21	31/12/20
Euro	56,339	33,241
Other	38,701	38,107
TOTAL	95,040	71,348

Note 7.2.2.5 Secured liabilities

The Group had no liabilities secured by collateral at 31 December 2021.

Note 7.2.2.6 Covenants

At 31 December 2021, Somfy SA had a total of €178.0 million undrawn medium-term loan facilities (confirmed credit lines) with six banks. Funds made available by the credit institutions are subject to Somfy SA commitment to comply with financial covenants based on the Group's financial structure (net financial debt/shareholder's equity) and its ability to repay (net financial debt/EBITDA). Somfy SA was in compliance with all of these covenants at 31 December 2021.

Somfy SA also had undrawn overdraft facilities totalling €45.0 million at 31 December 2021.

Note 7.2.3 Analysis of net financial debt

The net financial debt is defined in note 4.3.4.

€ thousands	31/12/21	31/12/20
Financial liabilities included in net financial debt calculation	95,040	71,348
– of which liabilities related to lease agreements (IFRS 16)	53,929	50,792
Financial assets included in net financial debt calculation	93	142
– Marketable securities	32	-
– Loans	61	142
– Miscellaneous	-	-
Cash and cash equivalents	736,665	588,925
NET FINANCIAL DEBT	-641,717	-517,719
Liabilities related to put options and earn-outs	39,739	19,137
RESTATED NET FINANCIAL DEBT	-681,456	-536,856

(-) Net financial surplus.

Note 7.2.4 Classification and fair value of financial instruments

DERIVATIVE FINANCIAL INSTRUMENTS

All derivative financial instruments are measured at their fair value. Fair value is either the market value for listed instruments, or a value provided by financial institutions in accordance with usual criteria (over-the-counter market).

Derivative financial instruments primarily comprise options related to business acquisitions, foreign exchange contracts, raw material hedging contracts and interest rate swaps.

For derivatives designated as cash flow hedge instruments, the effective portion of fair value movements of the derivatives is recognised in items of other comprehensive income and accumulated in the hedging reserve. Any ineffective portion in the fair value movement of derivatives is immediately recognised through net profit.

The fair value movements in foreign currency, raw material and interest rate hedging instruments ineligible for hedge accounting are recognised in net financial income/expense.

The fair value of derivative instruments is recognised in the balance sheet under specific items: "current and non-current asset derivative instruments" or "current and non-current liability derivative instruments" depending on the nature of the hedged good.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurements are specified by level in accordance with the following fair value hierarchy:

- the instrument is quoted on an active market (Level 1);
- measurement requires the use of valuation techniques drawing on observable data, either directly (prices) or indirectly (as derived from prices) (Level 2);
- at least one significant component of fair value is based on non-observable data (Level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency, and those prices represent regularly occurring market transactions. These instruments are classified as Level 1.

The fair values of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) are determined using valuation techniques. These different valuation techniques maximise the use of observable market data, where available, and rely little on the Group's estimates. The instrument is classified as Level 2 if all elements required to calculate the fair value of an instrument are observable.

If one or more of the principal pricing elements is not based on observable market prices, the instrument is classified as Level 3.

	Amount at 31 December 2021	Assets and liabilities at amortised cost (Fair value equal to net book value)	Financial assets and liabilities (Fair value recognised in items of other comprehensive income)	Financial assets and liabilities (Fair value recognised in the income statement)	Fair value hierarchy
€ thousands					
Assets					
Non-current financial assets	4,942	1,782	3,160	-	Level 3
Trade receivables	136,612	136,612	-	-	Level 3
Current financial assets	394	394	-	-	Level 3
Current derivative instruments	702	-	778	-76	Level 2
Cash and cash equivalents	736,665	611,595	-	125,070	Levels 1 & 2
Liabilities					
Non-current financial liabilities	63,796	40,657	23,139	-	Level 3
Current financial liabilities	31,244	14,644	-	16,600	Level 3
Trade payables	123,644	123,644	-	-	Level 3
Current derivative instruments	-	-	-	-	Level 2

€ thousands	Amount at 31 December 2020	Assets and liabilities at amortised cost (Fair value equal to net book value)	Financial assets and liabilities (Fair value recognised in items of other comprehensive income)	Financial assets and liabilities (Fair value recognised in the income statement)	Fair value hierarchy
Assets					
Non-current financial assets	3,653	1,724	1,929	-	Level 3
Trade receivables	133,063	133,063	-	-	Level 3
Current financial assets	406	406	-	-	Level 3
Current derivative instruments	657	-	657	-	Level 2
Cash and cash equivalents	588,925	588,840	-	85	Level 2
Liabilities					
Non-current financial liabilities	40,531	38,763	1,768	-	Level 3
Current financial liabilities	30,817	13,448	-	17,369	Level 3
Trade payables	112,209	112,209	-	-	Level 3
Non-current derivative instruments	554	-	276	278	Level 2

The net book value of current assets and liabilities is deemed to be a reasonable approximation of their fair value due to their short-term nature.

For variable rate borrowings and debt, net book value is deemed to be a reasonable approximation of their fair value.

The fair value of derivative instruments and cash equivalents is established with reference to observable market data (Level 2).

Non-consolidated equity investments, as well as earn-outs and options related to business acquisitions are measured at their balance sheet fair value, based in particular on the future earnings prospects of the businesses acquired (Level 3).

There has been no change in the method of determining fair value for any category during the period.

Note 7.2.5 Cash and cash equivalents

Cash includes bank balances (bank assets and overdrafts) and cash in hand.

Cash equivalents are short-term and very liquid deposits, easily convertible into a known amount of cash and subject to a negligible risk of unfavourable change in value.

€ thousands	31/12/21	31/12/20
Cash	501,052	439,460
Cash equivalents	235,613	149,464
CASH AND CASH EQUIVALENTS	736,665	588,925

Cash equivalents are mainly interest-bearing current accounts and financial investments presumed to be eligible as cash equivalents in keeping with the joint position issued by the *Autorité des Normes Comptables* (French Accounting Standards Authority) and the *Autorité des Marchés Financiers* (French Financial Markets Authority).

NOTE 7.3 FINANCIAL RISK MANAGEMENT POLICY

Foreign exchange risk

The Group's exposure to foreign exchange risk is primarily related to its operational activities (intragroup sales of manufactured products distributed by commercial subsidiaries outside the Euro zone, these sales being denominated in local currencies and purchases denominated in local currencies).

Almost 70% of consolidated Group sales were generated in the Euro zone in the year to 31 December 2021, unchanged from 31 December 2020.

Foreign currency denominated assets represent 12.3% of total assets at 31 December 2021, compared with 11.5% at 31 December 2020. Consequently, a variation in foreign exchange rates would not have a significant effect on total assets.

At comparable terms and conditions, the Group gives priority to natural hedges (foreign currency purchases related to sales in the same currency). The derivative financial instruments put into place are forward foreign exchange contracts for the main currencies.

The Group is cautious in its assessment of the foreign exchange risk within a challenging market environment, due in particular to the Russian-Ukrainian crisis. Currency hedging continues to be adjusted in line with forecasts and market trends.

Since 1 July 2010, the Group has been applying hedge accounting to foreign currency hedging instruments. The effective portion of fair value movements is therefore taken to items of other comprehensive income and the ineffective portion is recognised in net financial income/(expense). Foreign exchange hedges are adjusted in line with forecasts.

The impact of the effective portion of hedges at 31 December 2021 was €0.6 million on items of other comprehensive income and was not material on profit and loss (transfer) at a positive €0.2 million. Since indirect exposure to exchange rate fluctuations is low, implementation of amendments to IFRS 9, IAS 39 and IFRS 7 (IBOR reform) had no material impact on the hedging instruments used.

The ineffective portion of hedges was nil at 31 December 2021 and 2020.

Foreign exchange hedges by currency

31/12/21	Contract nominal value		Net total	Total fair value	Of which fair value recognised under items of other comprehensive income
	Sales	Purchases			
€ thousands					
USD	-	-15,186	-15,186	377	377
CNY	-	-10,911	-10,911	461	461
CHF	6,170	-4,234	1,936	-100	-100
CAD	3,265	-	3,265	-88	-88
ILS	3,498	-	3,498	-218	-218
NOK	3,524	-	3,524	29	29
AUD	5,764	-	5,764	14	14
GBP	9,580	-	9,580	-162	-162
Other currencies	11,428	-2,729	8,700	-80	-80
	43,230	-33,060	10,170	232	232

31/12/20	Contract nominal value		Net total	Total fair value	Of which fair value recognised under items of other comprehensive income
	Sales	Purchases			
€ thousands					
CNY	-	-17,451	-17,451	262	262
USD	-	-8,475	-8,475	-342	-342
CZK	-	-4,001	-4,001	29	29
CHF	4,073	-1,203	2,870	43	43
CAD	3,262	-	3,262	7	7
ILS	3,929	-	3,929	-29	-29
GBP	10,122	-4,173	5,949	-28	-28
AUD	7,367	-	7,367	-186	-186
Other currencies	18,207	-593	17,613	-309	-309
	46,961	-35,897	11,064	-554	-554

Foreign exchange hedges by type

31/12/21 € thousands	Contract nominal value		Net total	Fair value
	Sales	Purchases		
Fair Value Hedges	21,960	-15,297	6,663	232
Cash Flow Hedges	21,270	-17,763	3,507	
Net Investment Hedges	-	-	-	-
Trading	-	-	-	-
	43,230	-33,060	10,170	232

31/12/20 € thousands	Contract nominal value		Net total	Fair value
	Sales	Purchases		
Fair Value Hedges	13,103	-9,056	4,047	-554
Cash Flow Hedges	33,858	-26,842	7,016	
Net Investment Hedges	-	-	-	-
Trading	-	-	-	-
	46,961	-35,897	11,064	-554

Interest rate risk

The Group is exposed to interest rate risks. Management of the interest rate relative to Group debt is based on consolidated position and market conditions. The primary objective of the rate risk management policy is to control Group financing costs.

The majority of the Group companies' financial liabilities is at fixed rate.

The Group applies hedge accounting to interest rate hedge instruments. The effective portion of fair value movements is therefore taken to items of other comprehensive income and the ineffective portion is recognised in net financial income/(expense). The Group did not use any interest-rate hedging instruments during the 2021 financial year, as was also the case in 2020.

Liquidity risk

The Group must have permanent access to the necessary financial resources to allow it to finance its day-to-day activities and its investments. The Group's liquidity risk primarily arises from the obligation to repay its existing debt, the funding of its future requirements and observance of its financial ratios.

The granting of credit facilities is subject to Somfy SA's commitments to its banking partners to comply with financial covenants.

The Group has specifically reviewed its liquidity risk and believes that it is in a position to meet its future commitments, particularly those falling due in the next 12 months, despite the uncertain economic environment stemming from the health crisis, supply difficulties and the Russian-Ukrainian crisis.

External Group financing essentially relies upon leases and medium-term credit facilities.

Some debts are subject to compliance with covenants. The covenants are detailed in note 7.2.2.6.

The Group does not finance itself using revolving loans, securitisation or reverse factoring.

The Group has access to both confirmed and unconfirmed (overdrafts) medium-term bank facilities, which are undrawn to date (see note 7.2.2.6).

Credit risk

The Group's exposure to credit risk is related to its cash surplus deposited with banks.

Given the composition of its marketable securities portfolio (interest-bearing current accounts, subscription to investments of an investment grade type and term deposits) and the credit risk of its main banking partners, which are rated between A and A+, the Group's exposure to investment risk is considered low, and is closely monitored given the uncertain economic environment stemming from the health crisis, supply difficulties and the Russian-Ukrainian crisis.

Raw material risk

The Group is exposed to fluctuations in the price of the raw materials used in the manufacture of its products (copper and zinc in particular).

To maintain its profitability, the Group must be able to cover for or offset this risk or pass it on to its customers.

The Group has nevertheless implemented procedures to limit its exposure to risks related to changes in raw material prices.

Somfy protects against movements in raw material prices by placing firm orders with its suppliers (**physical hedges** for copper) and *via* hedging agreements for materials on the financial markets (copper and zinc **paper hedges**) on components that cannot be physically hedged.

The Group is cautious in its assessment of the risk related to the supply within a challenging market environment, due in particular to difficulties in the supply of raw materials and electronic components and to the Russian-Ukrainian crisis. Raw material hedging continues to be adapted in line with forecasts and market trends.

In accordance with IFRS 9, the Group is in a position to apply hedge accounting to a material component of a non-financial item. As such, the effective portion of financial instruments implemented is therefore taken to items of other comprehensive income and the ineffective portion is recognised in net financial income/(expense). Raw material hedges are adjusted in line with forecasts.

The negative impact of efficient hedges on items of other comprehensive income was €0.1 million net of deferred tax at 31 December 2021. The ineffective portion of hedges was nil at 31 December 2021 and 2020.

31/12/21	Tonnes	Hedging of items off-balance sheet € thousands	Fair value € thousands	Types
Copper	250	1,979	154	Swap
Zinc	695	1,839	315	Swap
	945	3,818	470	

31/12/20	Tonnes	Hedging of items off-balance sheet € thousands	Fair value € thousands	Types
Copper	170	830	250	Swap
Zinc	1,300	2,520	407	Swap
	1,470	3,350	657	

NOTE 8 ANALYSIS OF CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method: this method presents the reconciliation of net profit with the net cash generated by operations over the year. Cash and cash equivalents at the beginning and end of the year include cash and cash equivalents, which consist of investment instruments, less bank overdrafts and outstanding items.

NOTE 8.1 CASH AND CASH EQUIVALENTS

€ thousands	31/12/21	31/12/20
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	588,519	386,190
Cash and cash equivalents at the start of the period	588,925	387,547
Bank overdrafts	-405	-1,357
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	736,258	588,519
Cash and cash equivalents at the end of the period	736,665	588,925
Bank overdrafts	-406	-405

NOTE 8.2 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Receivables and liabilities related to intangible assets and property, plant and equipment are included in investing activities in the cash flow statement and increased by €2.9 million in the year ended 31 December 2021 compared with a decrease of €0.6 million in 2020.

During 2021, the Group acquired intangible assets and property, plant and equipment totalling €57.8 million, compared with €50.3 million in 2020.

Net of cash receipts related to disposals of intangible assets and property, plant and equipment, investments totalled €54.3 million in 2021 compared with €49.8 million in 2020.

New right-of-use assets and associated new lease liabilities are not considered cash flows.

NOTE 8.3 CHANGE IN WORKING CAPITAL REQUIREMENTS

€ thousands	31/12/21	31/12/20
Net decrease/(increase) in inventory	-20,871	-15,120
Net decrease/(increase) in trade receivables	-1,951	-261
Net (decrease)/increase in trade payables	8,592	25,282
Net movement in other receivables and payables	9,671	9,432
CHANGE IN WORKING CAPITAL REQUIREMENTS	-4,559	19,333

NOTE 8.4 BUSINESS ACQUISITIONS AND DISPOSALS, NET OF CASH ACQUIRED OR DISPOSED OF

In 2021, net cash flows from acquisitions included €27.5 million from the acquisition of Répar'stores (see note 2.3), €0.8 million from payment of the last earn-out on Somfy Protect by Myfox and €0.1 million arising from the buyout of non-controlling interests from BFT India.

In 2020, net cash flow from acquisitions mainly consisted of the part payment of one of the Somfy Protect by Myfox earn-outs for €0.8 million.

In 2021, net cash flows from disposals corresponded to the partial payment of current receivables on the CIAT disposal (see "Highlights").

NOTE 9 PROVISIONS AND CONTINGENT LIABILITIES**NOTE 9.1 PROVISIONS**

This includes commitments with an uncertain maturity date or amounts resulting from restructuring operations, litigations or other risks.

A provision is established when the Group has a current obligation (legal or constructive) resulting from a past event and when future cash outflows can be measured reliably.

The Group is party to a number of litigation and arbitration proceedings with third parties or with the tax authorities of certain countries in the normal course of its business. Provisions are recorded for these proceedings when a legal, contractual or constructive obligation exists at the end of the reporting period with respect to a third party, it is probable that an outflow of resources embodying economic benefits will be required in order to settle the obligation with no consideration in return, and a reliable estimate can be made of this obligation.

Similarly, if the Group has uncertainties concerning the tax treatment it has adopted in respect of certain events or transactions, provisions are recognised if it is probable that the Group's tax liabilities would be reassessed in the event of a tax audit.

A provision for restructuring is recognised when there is an obligation toward third parties, originating from a Management decision materialised before year-end by the existence of a

detailed and formal plan, which has been announced to the personnel affected or their representatives.

When the Group expects full or part repayment of an expense that was the subject of a provision, by way of the existence of an insurance contract for instance, the repayment is recognised as a separate asset but only if repayment is virtually certain.

The provision charge is taken to the income statement, net of any repayment.

In order to cover costs inherent in guarantees given to customers, the Group recognises a provision for charges. This provision represents the estimated amount, based on statistics of charges recognised in the past, as a result of repairs during the guarantee period. At each year-end, this provision is reversed for the actual amount of services rendered recorded as expenses for the financial year.

If the impact of the time value of money is significant, provisions are discounted on the basis of a rate after tax which reflects the specific risks of the liability.

Where a provision is discounted, the increase in the provision relating to the discounting is recorded as an operating expense.

Note 9.1.1 Non-current provisions

€ thousands	Provisions for guarantees	Provisions for litigation	Provision for agents	Provisions for liabilities and charges	Total 2021
At 1 January 2021	4,825	2,730	443	1,647	9,645
Charges	347	3,524	38	22	3,930
Used reversals	-290	-539	-52	-177	-1,058
Unused reversals	-	-545	-	-	-545
Impact of foreign exchange rates	56	-	-	10	67
Impact of changes in consolidation scope and method	-	-	-	-	-
Other movements	-	-	-	-	-
AT 31 DECEMBER 2021	4,937	5,170	429	1,503	12,039

Note 9.1.2 Current provisions

€ thousands	Provisions for guarantees	Provisions for litigation	Provisions for liabilities and charges	Total 2021
At 1 January 2021	4,600	2,810	3,790	11,199
Charges	1,052	430	4,896	6,378
Used reversals	-272	-621	-821	-1,714
Unused reversals	-	-513	-1,588	-2,101
Impact of foreign exchange rates	28	23	163	214
Impact of changes in consolidation scope and method	-	-	-	-
Other movements	-	-	-	-
AT 31 DECEMBER 2021	5,407	2,129	6,441	13,977

NOTE 9.2 CONTINGENT LIABILITIES

Contingent liabilities correspond to potential obligations arising from past events, whose existence will only be confirmed by the occurrence of uncertain future events that are beyond the entity's control, or from current obligations for which no cash outflow is likely to occur. Except for those resulting from business combinations, they are not recognised but disclosed in the notes to the financial statements.

The Group has contingent liabilities relating to legal action and arbitration or regulatory proceedings arising in the normal course of its business. Each known dispute or proceeding in progress involving Somfy or any of the Group companies was reviewed at the balance sheet date. After advice from legal counsel, all provisions deemed necessary were made to cover the estimated risks. All the Group's contingent liabilities are listed in the Highlights.

NOTE 10 EMPLOYEE INFORMATION**NOTE 10.1 WORKFORCE**

Somfy Group's workforce at 31 December 2021, including temporary and part-time employees recorded on a full-time equivalent basis, was as follows:

	31/12/21	31/12/20
Average workforce	6,906	6,460
Workforce at period end	6,878	6,498

NOTE 10.2 EMPLOYEE BENEFITS**Note 10.2.1 Pensions and other long-term benefits**

In respect of pension plan commitments, the Group contributes to pension plans or grants benefits to employees on retirement in compliance with the rules and regulations in place in each country. These benefits have been measured.

Contributions paid in respect of plans analysed as defined contribution plans, for which the Group has no other obligation than paying contributions, are recognised as expenses for the financial year.

For defined benefit plans relating to post-employment benefits, the cost of benefits is measured using the projected unit credit method.

According to this method, the rights to benefits are allocated to periods of service depending on the plans' specificities for acquisition of rights, by taking account of a straight-line effect where the rate of acquisition of rights is not uniform to the periods of subsequent service.

The amount of future payments corresponding to benefits granted to employees are measured on the basis of salary increase, retirement age and death rate assumptions, and then discounted to their present value on the basis of long term bond interest rates of prime issuers.

These plans are either financed – their assets being managed separately and independently from the Group – or not, with their commitments being recognised in the balance sheet under "Employee benefits".

The provision recognised in the balance sheet corresponds to the present value of the obligations calculated as described above, less the fair value of plan assets.

The different defined benefit plans are the following:

- retirement benefit plans (IFC) for all French companies, in compliance with applicable collective agreements;
- defined benefit pension plans in international subsidiaries (United States in particular).

Re-measurements of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding amounts accounted for in the calculation of net interest on the net liability) and, if applicable, the change in the effect of assets ceiling (excluding amounts accounted for in the calculation of net interest on the net liability) are recognised immediately in other comprehensive income.

The past service cost resulting from a plan amendment or curtailment of an existing plan is immediately expensed.

Expenses relating to this type of plan are recognised under employee expenses and, with regard to the accretion expense, under financial expense.

Long service awards are treated as long-term benefits granted to employees and provided for on the basis of an actuarial evaluation at every year-end. Actuarial gains and losses are recognised as expenses.

Also, the severance pay provision (TFR) applicable to Italian companies is treated as a long-term benefit.

At 31 December 2021, actuarial losses recognised in reserves amounted to a negative €7.6 million (i.e. a negative €10.0 million in "Employee benefits" and a positive €2.5 million in deferred tax).

Movements between 2020 and 2021 can be analysed as follows:

RETIREMENT BENEFITS

€ thousands	2021			2020		
	France	Other countries	Total	France	Other countries	Total
GROSS COMMITMENTS						
Opening balance	23,580	21,039	44,619	21,690	21,968	43,658
Net expense for the period:	1,035	925	1,960	1,835	968	2,803
– <i>current service cost and financial cost</i>	1,035	925	1,960	1,835	968	2,803
– <i>return on plan assets</i>	-	-	-	-	-	-
– <i>employee contributions</i>	-	-	-	-	-	-
Contributions paid	-	-	-	-	-	-
Benefits paid	-159	-373	-532	-32	-354	-386
Actuarial gains & losses/Past service cost	-2,296	-6	-2,302	87	-	87
IFRIC-IC interpretation of IAS 19	-2,901	-200	-3,101	-	-	-
Changes in foreign exchange rates	-	1,244	1,244	-	-1,543	-1,543
Changes in consolidation scope	136	-	136	-	-	-
Closing balance	19,395	22,629	42,024	23,580	21,039	44,619
PLAN ASSETS						
Opening balance	-534	-17,778	-18,312	-560	-18,070	-18,630
Net expense for the period:	-3	-382	-385	-3	-425	-428
– <i>current service cost and financial cost</i>	-	-	-	-	-	-
– <i>return on plan assets</i>	-3	-382	-385	-3	-425	-428
– <i>employee contributions</i>	-	-	-	-	-	-
Contributions paid	-600	-981	-1,581	-	-876	-876
Benefits paid	159	-	159	32	-	32
Actuarial gains & losses	6	257	263	-3	25	22
Changes in foreign exchange rates	-	-1,452	-1,452	-	1,568	1,568
Changes in consolidation scope	-	-	-	-	-	-
Closing balance	-972	-20,336	-21,308	-534	-17,778	-18,312
OPENING BALANCE OF PROVISION	23,046	3,261	26,307	21,130	3,898	25,028
CLOSING BALANCE OF PROVISION	18,423	2,293	20,716	23,046	3,261	26,307
TOTAL MOVEMENTS RECOGNISED AS EXPENSES FOR THE PERIOD	-1,032	-544	-1,576	-1,833	-541	-2,374

LONG SERVICE & JUBILEE AWARDS AND TFR – TRATTAMENTO DI FINE RAPPORTO

€ thousands	2021			2020		
	Actuarial liabilities Long service and jubilee awards	TFR liability	Total	Actuarial liabilities Long service and jubilee awards	TFR liability	Total
OPENING BALANCE	2,845	1,985	4,830	2,812	1,984	4,796
Cost	73	1,174	1,247	118	1,133	1,251
Benefits paid	-76	-1,278	-1,354	-76	-1,132	-1,208
Changes in consolidation scope & foreign exchange rates	12	86	98	-9	-	-9
CLOSING BALANCE	2,854	1,967	4,821	2,845	1,985	4,830

The main actuarial assumptions used are as follows:

At 31 December	2021	2020
Discount rate		
France	1.0%	0.5%
Germany	1.0%	0.7%
United States	3.3%	3.3%
Other	1.0-5.0%	1.0-5.0%
Future salary increases		
France	2.0%	2.0%
Germany	2.0%	2.0%
United States	3.0%	3.0%
Other	1.0-5.0%	1.0-3.0%

The sensitivity of the gross retirement benefit commitment based on a variation of +0.5%/-0.5% in discount rate is -6.40%/+7.03%, respectively.

Note 10.2.2 Gross compensation allocated to executives

€ thousands	31/12/21	31/12/20
Short-term benefits	2,452	2,167
Post-employment benefits	70	22

Executives were the Chief Executive Officer, the Deputy Chief Executive Officer and the Chairman of the Board of Directors in 2021 and the members of the Management Board in 2020 (see details of the change of governance under “Highlights”).

Post-employment benefits correspond to retirement benefits associated with the employment contracts of executives.

NOTE 10.3 SHARE-BASED PAYMENTS

Some Group employees, including senior executives, may be entitled to the allocation of free shares, subject to the achievement of certain employment and performance conditions, and options entitling them to acquire Somfy SA shares at a price fixed in advance. The Group does not grant warrants to subscribe for shares.

Effective allocation of options and free shares is subject to conditions being fulfilled. Each beneficiary must be employed by the Group at the date options are exercised or free shares vested. For some employees, the ability to exercise options may also be governed by the achievement of predetermined objectives.

Options were valued using the Black & Scholes model, which calculates the fair value of the benefit granted to date and takes account of various parameters such as the share price, exercise price, expected volatility, expected dividends, risk free interest rate and the life of the option. The fair value of free shares is determined using an approach that faithfully replicates the methodology that would be used by a bank's trading room should beneficiaries request a price from the latter to monetise their shares.

During the rights vesting period, the fair value of options and free shares thus determined is split in proportion to the acquisition of rights. This expense is posted to personnel expenses and offset by an increase in equity. Upon exercise of the options, the exercise price received is recorded under cash and offset in equity.

The dilutive impact of outstanding options and free shares is reflected in the calculation of diluted earnings per share.

In accordance with IFRS 2, share options are valued at market value at the date of allocation and subsequently amortised through the income statement over the vesting period for all plans granted since 7 November 2002.

At 31 December 2021, no more stock option plans existed.

During 2020, the Management Board of Somfy SA agreed on the following allocations of Somfy SA performance shares:

- at its meeting of 31 August 2020, allocation of Somfy performance shares to 52 beneficiaries. The vesting of these performance shares is subject to the condition that they must remain employed by the Group. Final vesting will take place on 15 September 2022. The shares vested will be available from 16 September 2022 and will not be subject to a retention obligation;
- at its meeting of 25 November 2020, allocation of Somfy performance shares to 3 beneficiaries. The vesting of these performance shares is subject to the condition that they must remain employed by the Group. Final vesting will take place on 28 November 2022. The shares vested will be available from 29 November 2022 and will not be subject to a retention obligation.

During 2021, the Board of Directors of Somfy SA agreed on the following allocations of Somfy SA performance shares:

- at its meeting of 28 June 2021, allocation of Somfy performance shares to 69 beneficiaries. The vesting of these performance shares is subject to the condition that they must remain employed by the Group. Final vesting will take place on 30 June 2023. The shares vested will be available from 1 July 2023 and will not be subject to a retention obligation;
- at its meeting of 28 June 2021, allocation of Somfy performance shares to 122 beneficiaries. The vesting of these performance shares is subject to the condition that they must remain employed by the Group. Final vesting will take place on 30 June 2024. The shares vested will be available from 1 July 2024 and will not be subject to a retention obligation;
- at its meeting of 7 December 2021, allocation of Somfy performance shares to 4 beneficiaries. The vesting of these performance shares is subject to the condition that they must remain employed by the Group. Final vesting will take place on 30 June 2023. The shares vested will be unavailable until midnight, 11 December 2023, since they will be subject to a retention obligation;
- at its meeting of 7 December 2021, allocation of Somfy performance shares to 4 beneficiaries. The vesting of these performance shares is subject to the condition that they must remain employed by the Group. Final vesting will take place on 30 June 2024. The shares vested will be available from 1 July 2024 and will not be subject to a retention obligation.

At 31 December 2021, the free share position was as follows:

Plan date	Plan name	Number of beneficiaries	Number of shares allocated	Price per share (€)	Allocation date	Vesting date	Revision of share number related to presence and performance conditions	Number of shares definitely allocated in 2021	Number of shares potentially vested at 31/12/21
31/08/20	2022 Free Performance Share Plan	52	17,340	100.83	15/09/22	16/09/22	-	-	17,340
25/11/20	2022 Free Performance Share Plan n°2	3	516	126.24	28/11/22	29/11/22	-	-	516
28/06/21	2023 Free Performance Share Plan	69	19,236	140.15	30/06/23	01/07/23	-641	-	18,595
28/06/21	2024 Free Performance Share Plan	122	24,444	137.39	30/06/24	01/07/24	-815	-	23,629
07/12/21	2023 Free Performance Share Plan n°2	4	1,284	165.80	30/06/23	11/12/23	-43	-	1,241
07/12/21	2024 Free Performance Share Plan n°2	4	1,284	162.93	30/06/24	01/07/24	-43	-	1,241

NOTE 11 CURRENT AND DEFERRED TAX

CURRENT TAX

The tax consolidation agreement signed between Somfy SA and its direct and indirect subsidiaries was renewed on 1 January 2013 for an indefinite period of time.

The following companies are party to this agreement at 31 December 2021: Somfy SA, Somfy Activités SA, Simu, CMC, SEM-T, Domis SA, Opendoors, Automatismes BFT France, Overkiz and Somfy Protect by Myfox.

Under this agreement, the difference between the sum of income taxes calculated for each company and the total of the tax integrated group is accounted for as income in the income statement of the Group's holding company.

Should a subsidiary cease to be a member of the tax consolidation, it will be compensated by Somfy SA in accordance with a jointly-agreed exit methodology, taking account of the situation at that date.

DEFERRED TAX

Deferred tax assets and liabilities are measured at the income tax rate expected to apply to the financial year when the asset

will be realised or the liability settled, on the basis of income tax rates (and tax regulations) adopted or virtually adopted at year-end.

Deferred tax is recognised for the temporary differences between the book value of assets and liabilities and its tax value and restatements made on consolidation to conform to Group accounting standards (extended concept of deferred tax calculation).

Deferred tax relating to tax losses of companies not included in the tax consolidation or that have arisen prior to their inclusion in the tax consolidation are recognised when the conditions defined by IAS 12 are met:

- the entity has sufficient taxable temporary differences with a single tax authority and for the same entity, which will generate taxable amounts against which unused tax losses and tax credits can be offset before they expire;
- it is likely that the entity will generate taxable profits before unused tax losses and tax credits expire;
- unused tax losses result from identifiable causes, which will probably not reoccur;

– opportunities related to the entity tax management will generate taxable profits for the financial year during which unused tax losses and tax credits can be allocated.

If it is unlikely that the entity will make sufficient profits to allocate unused tax losses or tax credits, deferred tax assets are not recognised.

CVAE

The CVAE tax charge is classified as income tax charge in order to provide more relevant information for comparison, given prevailing market practice.

INVESTMENT TAX CREDIT

The treatment of investment tax credits is not specifically addressed under IFRS.

A number of criteria need to be assessed on a case-by-case basis to ascertain whether to recognise the investment tax credit as income tax (IAS 12) or as a grant (IAS 20).

These criteria include the non-refundable nature or not of the tax credit should future taxable profits be sufficient, the specific nature or not of the investment, the taxable nature or not of the tax credit and the number of requirements for eligibility for the tax credit.

The CIR tax credit is recognised as an IAS 20 operating grant in other operating income.

The analysis of the accounting treatment of SOPEM's investment tax credit, carried out in accordance with the criteria set out above, led the Group to conclude that it falls within the scope of IAS 12. This tax credit was therefore recognised as a tax income. In order to avail of this tax credit, SOPEM has to comply with a number of commitments, such as a minimum investments value, a minimum number of people employed at the site and a deadline for completion of the investments.

NOTE 11.1 TAX PROOF

€ thousands	31/12/21	31/12/20
Profit before tax	299,328	254,643
<i>Share of expenses on dividends</i>	3,556	1,525
<i>Goodwill impairment</i>	-	711
<i>Reclassification of CVAE to Income tax</i>	-2,771	-4,783
<i>Reclassification of CIR to Other operating income</i>	-4,505	-5,966
<i>Other</i>	4,232	2,355
Permanent differences	512	-6,159
Net profit taxed at reduced rate	-40,639	-37,096
Net profit taxable at standard rate	259,201	211,388
<i>Tax rate in France</i>	28.41%	32.02%
Tax charge recalculated at the French standard rate	73,633	67,693
Tax at reduced rate	4,198	3,832
<i>Difference in standard rate in foreign countries</i>	-19,585	-25,143
<i>Tax losses for the year, unrecognised in previous periods, deficits used</i>	-766	-126
Effect of the rate difference	-20,350	-25,269
Tax credits	-4,546	-950
Other taxes and miscellaneous	3,998	7,205
GROUP TAX	56,932	52,511
Effective rate	19.02%	20.62%

The results taxed at a **reduced rate** in France involve patent royalties taxed at 10.33%.

In France, the ordinary taxation rate fell from 32.02% in 2020 to 28.41% in 2021, in line with the gradual reduction in the normal rate of corporate income tax.

The main countries that contributed to the **difference in the tax rate** were Tunisia (€10.5 million), other European countries (€3.5 million), Poland (€3.3 million), Middle Eastern countries (€1.1 million), and the United States (€0.7 million).

Tax credits were mainly affected by incentives in Italy measuring -€2.9 million at 31 December 2021 and investment-related tax credits measuring -€2.2 million in 2021, compared with -€1.5 million in 2020.

In 2021, the **"Other taxes and miscellaneous"** item notably included €2.8 million in respect of the CVAE corporate value-added contribution (down 50%) and €0.6 million in respect of the impact of the change in the taxation rate, less a €0.8 million gain relating to tax claims. In 2020, they notably included €4.8 million in respect of the CVAE contribution and €0.9 million in respect of the impact of the change in the taxation rate.

Current tax assets and liabilities

The change in tax liabilities and receivables was due to the effect of tax instalments and to the change in tax expense from one financial year to another.

Retained losses capitalised or used

Deferred tax relating to tax losses was not capitalised where it was deemed unlikely that future taxable profits will be sufficient to absorb unused previous tax losses. The total amount of these losses was €41.6 million at the end of 2021, based on the standard tax rate, compared with €50.0 million at the end of 2020.

No significant deferred tax assets were recognised in 2021 in relation to tax losses arising during the financial year or in previous years.

NOTE 11.2 DEFERRED TAX RECOGNISED IN ITEMS OF OTHER COMPREHENSIVE INCOME

€ thousands	31/12/21	31/12/20
Deferred tax assets		
– actuarial gains and losses on employee benefits	2,482	3,012
– foreign currency hedges	-	143
– raw material hedges	-	-
Deferred tax liabilities		
– foreign currency hedges	60	-
– raw material hedges	121	169
NET DEFERRED TAX	2,301	2,986

NOTE 11.3 ANALYSIS BY TYPE

€ thousands	31/12/21	31/12/20	Of which income statement impact	Of which impact of changes to the consolidation scope
Deferred tax on restatements related to IFRS standards and temporary differences, including:	-11,707	-2,699	-2,819	-4,081
– restatements to employee benefits	4,789	6,194	-101	35
– restatements resulting from provision methods	4,157	5,299	-1,251	-
– restatements due to tax and social liabilities	4,159	3,850	315	-
– restatements due to SOPEM tax credits	3,196	8,232	-5,005	-
– restatements on the fair value of hedge instruments	9	143	9	-
– restatements resulting from acquisition expenses	236	255	-18	-
– restatements related to the fair value of non-current assets	-4,183	-349	378	-4,400
– restatements related to leases (IFRS 16)	-6,066	-6,537	471	-
– restatements related to differences in amortisation and depreciation	-11,029	-10,634	-318	-
– restatements from the capitalisation of development costs	-4,527	-4,686	160	-
– other	-2,448	-4,465	2,542	283
Deferred tax on intragroup margins	8,157	8,917	-886	-
Miscellaneous	-60	-60	-	-
TOTAL	-3,610	6,158	-3,705	-4,081
DEFERRED TAX ASSETS	19,165	20,809	-	319
DEFERRED TAX LIABILITIES	-22,774	-14,651	-	-4,400

Deferred tax assets and liabilities by jurisdiction or entity are offset in accordance with IAS 12.

NOTE 12 OFF-BALANCE SHEET COMMITMENTS

The Group's commitments comprise the following:

NOTE 12.1 COMMITMENTS GIVEN

€ thousands	31/12/21	31/12/20
Guarantees & deposits granted and liability guarantee on CIAT disposal, Dooya put option	147,599	105,356
Interest over the remaining terms of loans and lease liabilities	2,997	3,356
Copper forward purchase	3,818	3,350
Foreign currency forward sale and purchase	10,170	11,064
TOTAL	164,583	123,125

The put option granted to Dooya's co-owners has constituted an off-balance sheet commitment since the end of 2018 (the year the consolidation method of Dooya changed). This option has been exercisable since end 2015.

Interest over the remaining terms of loans and lease liabilities is calculated only on those loans and lease liabilities with known maturities and not on short-term credit facilities with *ad-hoc* drawings.

NOTE 12.2 COMMITMENTS RECEIVED

€ thousands	31/12/21	31/12/20
Guarantees & deposits received, liability guarantees	5,000	7,663
Unused credit lines	178,000	174,500
TOTAL	183,000	182,163

NOTE 12.3 COMMITMENTS TO ACQUIRE ADDITIONAL SHARES IN COMPANIES NOT FULLY-CONSOLIDATED

Due to the lack of specific IFRS provisions and in accordance with the recommendation issued by the AMF on 4 November 2009, the Group opted for the following accounting treatment in relation to commitments to acquire non-controlling interests. Upon initial recognition, these commitments are recognised as financial debt at the discounted acquisition value and offset by a reduction in the book value of non-controlling interests. The difference between the book value of the non-controlling interests due to be acquired and the value of the estimated liability is recognised in equity.

NOTE 13 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES AND RELATED PARTIES**NOTE 13.1 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES**

The value of investments in associates and joint ventures corresponds to the proportion of shareholders' equity held.

The recoverable amount of an equity investment is measured at the higher of its fair value, after deduction of disposal costs, and its value in use.

If the recoverable amount exceeds the net book value of the investment in the associate at the end of the period, no impairment is recognised.

However, if this amount is lower than the net book value, an impairment loss equal to the difference is recognised in priority against goodwill.

Goodwill related to equity-accounted companies is posted to the "Investments in associates and joint ventures" account.

Impairment recorded on the equity-accounted value may be reversed in the event of a significant recovery in the value of the equity investment.

Fair value after deduction of disposal costs is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting disposal costs.

Value in use is determined based on cash flows, which are estimated using plans or budgets over a maximum period of five years; the cash flows beyond that date are extrapolated by applying a constant or decreasing rate of change, and are discounted by using long-term post-tax market rates, which reflect the market's estimates of the time value of money and the specific risks inherent to the assets. In certain cases, cash flows can be estimated over longer periods, to be justified equity investment by equity investment.

Percentage ownership of associates and joint ventures is set out in note 15 to the consolidated financial statements.

Note 13.1 Value of investments in associates and joint ventures

€ thousands	31/12/21	31/12/20
Investments in associates and joint ventures - opening balance	145,471	136,549
Changes in consolidation scope and method	-	-
Share of profit/(loss) from associates	17,027	10,858
Dividends paid	-	-
Changes in foreign exchange rates	10,400	-1,834
Other	101	-102
INVESTMENTS IN ASSOCIATES AND JOINT VENTURES - CLOSING BALANCE	172,998	145,471

“Investments in associates and joint ventures” mainly consist of the investment in Dooya (€172.3 million in 2021, compared with €144.8 million in 2020), major aggregates for which are as follows:

€ thousands	31/12/21	31/12/20
Income statement		
Sales	278,628	204,052
Current operating result	29,640	20,305
Net profit	24,329	15,517
Share of profit/(loss) attributable to Somfy	17,030	10,862

€ thousands	31/12/21	31/12/20
Balance sheet		
Non-current assets	40,162	34,884
Current assets	154,562	114,272
Non-current liabilities	4,069	3,708
Current liabilities	100,356	88,119
Shareholders' equity	90,300	57,329

€ thousands	31/12/21	31/12/20
Consolidated cash flow statement		
Net cash flow from operating activities	2,344	34,212
Net cash flow from investing activities	-7,382	-2,309
Net cash flow from financing and capital activities	-56	-11,029

Note 13.1.2 Impairment test and sensitivity analysis

At 31 December 2021, the Group reviewed the value of equity-accounted investments.

Following exceptional profitability in 2020 and 2021, Dooya's sales are expected to grow in 2022, with the current operating margin returning to pre-crisis levels in a buoyant market, albeit with pressure on supplies and investment continuing.

For the purposes of the impairment test on the investment in Dooya, a discount rate of 12.0% (compared with 12.5% at 31 December 2020) and a growth rate to infinity of 2.3% (unchanged from 31 December 2020) were used.

No impairment charge was recorded during the 2021 financial year.

A five and a half-point increase in the discount rate combined with a five and a half-point decrease in the EBITDA to sales ratio in the normative flow used in the calculation of the terminal value could lead to a €10 million impairment loss on equity-accounted securities.

NOTE 13.2 RELATED-PARTY DISCLOSURES

Related parties include:

- the parent company;
- companies which exert joint control or a significant influence over the company;
- subsidiaries;
- associates;
- joint ventures;
- members of General Management, the Board of Directors and the Management Committee.

Transactions with associates

Associates are companies over which the Group has a significant influence or joint control and which are consolidated using the equity method. Transactions with related parties are made on arm's length terms.

Group purchases from Dooya totalled €2.9 million for the year to 31 December 2021 and €3.0 million for the year to 31 December 2020. Group trade payables with Dooya stood at €0.7 million at 31 December 2021 and €0.3 million at 31 December 2020.

Transactions with other related parties involved negligible amounts.

NOTE 14 STATUTORY AUDITORS' FEES

Pursuant to regulation n°2016-09 issued by the *Autorité des Normes Comptables* (ANC), the following table indicates the fees net of tax (excluding disbursements) paid by the parent company and its subsidiaries to the Statutory Auditors for their terms of office:

€ thousands	Ernst & Young		KPMG		Total	
	2021	2020	2021	2020	2021	2020
Certification of financial statements						
Issuer	129	115	120	117	249	232
Subsidiaries	693	660	442	413	1,135	1,072
SUB-TOTAL	823	775	561	530	1,384	1,305
Other services*						
Issuer	21	-	18	18	39	18
Subsidiaries	157	131	23	20	180	151
SUB-TOTAL	177	131	41	38	218	169
TOTAL	1,000	906	602	568	1,602	1,474

* These services cover services required by law and regulations (reports on capital increases, comfort letters, etc.) as well as services provided at the request of Somfy and its subsidiaries (due diligence, legal and tax assistance and various certifications).

NOTE 15 LIST OF CONSOLIDATED AND EQUITY-ACCOUNTED ENTITIES

Company name	Head office	% control 31/12/21	% interest 31/12/21	% interest 31/12/20
Somfy SA	74300 Cluses (France)	(parent company)	(parent company)	(parent company)
Fully-consolidated companies				
Somfy Activités SA	Cluses (France)	100.00	100.00	100.00
CMC	Cluses (France)	100.00	100.00	100.00
Somfybat	Cluses (France)	100.00	100.00	100.00
Domis SA	Rumilly (France)	100.00	100.00	100.00
SITEM	Zaghouan (Tunisia)	100.00	100.00	100.00
SITEM Services	Zaghouan (Tunisia)	100.00	100.00	100.00
SOPEM spolka z ograniczona odpowiedzialnoscia	Niepolomicie (Poland)	100.00	100.00	100.00
Somfy Eastern Europe Area sp zoo	Warsaw (Poland)	100.00	100.00	100.00
Somfy Ltd	Yeadon (UK)	100.00	100.00	100.00
Somfy PTY. Limited	Rydalmere (Australia)	100.00	100.00	100.00
Somfy Automation Services PTY Ltd (wound up)	Rydalmere (Australia)	-	-	100.00
N.V Somfy S.A	Zaventem (Belgium)	100.00	100.00	100.00
Somfy Brasil LTDA	Osasco (Brazil)	100.00	100.00	100.00
Neocontrol Soluções em Automação LTDA	Belo Horizonte (Brazil)	100.00	100.00	100.00
Neocontrol US LLC (wound up)	Plantation (US)	-	-	100.00
Somfy Colombia SAS	Bogota (Colombia)	100.00	100.00	100.00
Somfy Argentina S.R.L.	San Fernando (Argentina)	100.00	100.00	100.00
GABR Participações LTDA	São Paulo (Brazil)	100.00	100.00	100.00
Somfy GmbH (Germany)	Rottenburg (Germany)	100.00	100.00	100.00
HIMOTION BV	Leiden (Netherlands)	100.00	100.00	100.00
Somfy GmbH (Austria)	Elsbethen-Glasenbach (Austria)	100.00	100.00	100.00
Somfy Kereskedelmi Kft	Vecsés (Hungary)	100.00	100.00	100.00
Somfy spolka z ograniczona odpowiedzialnoscia	Warsaw (Poland)	100.00	100.00	100.00
Somfy spol s.r.o.	Prague (Czech Republic)	100.00	100.00	100.00
Somfy S.R.L.	Târlungeni (Romania)	100.00	100.00	100.00
Somfy Limited Liability Company	Moscow (Russia)	100.00	100.00	100.00
Somfy SIA	Riga (Latvia)	100.00	100.00	100.00
Limited Liability Company Somfy	Kiev (Ukraine)	100.00	100.00	100.00
Somfy Bulgaria AD	Sofia (Bulgaria)	100.00	100.00	100.00
Chusik Hoesa Somfy	Seongnam (Korea)	100.00	100.00	100.00
Somfy Italia SRL	Milan (Italy)	100.00	100.00	100.00
Somfy Nederland BV	Hoofddorp (Netherlands)	100.00	100.00	100.00
Somfy España SA	Barcelona (Spain)	100.00	100.00	100.00
Automatismos Pujol SL	Sant Fruitos de Bages (Spain)	100.00	100.00	100.00
Automatismos Pujol Portugal Lda	Coimbra (Portugal)	100.00	100.00	100.00
Somfy Systems Inc	Dayton (US)	100.00	100.00	100.00
Somfy SA (Suisse)	Bassersdorf (Switzerland)	100.00	100.00	100.00
Somfy Sweden Aktiebolag	Malmö (Sweden)	100.00	100.00	100.00
Somfy Norway AS	Skedsmokorset (Norway)	100.00	100.00	100.00
Somfy PTE Ltd	Singapore	100.00	100.00	100.00
Somfy (Thailand) Co., Ltd	Bangkok (Thailand)	100.00	100.00	100.00

Company name	Head office	% control 31/12/21	% interest 31/12/21	% interest 31/12/20
Somfy Taiwan Co Ltd	Taipei (Taiwan)	100.00	100.00	100.00
Asian Capital International Limited	Hong Kong	100.00	100.00	100.00
Sino Global International Holdings Limited	Hong Kong	100.00	100.00	100.00
Sino Link Trading Limited	Hong Kong	100.00	100.00	100.00
Somfy Asia-Pacific Co Ltd	Hong Kong	100.00	100.00	100.00
Somfy Co Limited	Hong Kong	100.00	100.00	100.00
Somfy China Co Ltd	Shanghai (China)	100.00	100.00	100.00
Zhejiang Lian Da Science and Technology Co., Ltd.	Huzhou (China)	95.00	95.00	95.00
Somfy Middle East Co. Ltd	Limassol (Republic of Cyprus)	100.00	100.00	100.00
Somfy Egypt	New Cairo (Egypt)	100.00	100.00	100.00
Sisa Home Automation Ltd	Rishon Le Zion (Israel)	100.00	100.00	100.00
Somfy Maroc	Casablanca (Morocco)	100.00	100.00	100.00
Somfy Hellas SA	Acharnae (Greece)	100.00	100.00	100.00
Somfy EV Otomasyon Sistemleri Ticaret Ltd Sti	Istanbul (Turkey)	100.00	100.00	100.00
Somfy South Africa PTY Limited	Cape Town (South Africa)	100.00	100.00	100.00
Somfy Tunisie	Tunis (Tunisia)	100.00	100.00	100.00
Somfy Services	Tunis (Tunisia)	50.00	50.00	50.00
Somfy Mexico, S.A. DE C.V.	Tlalnepantla (Mexico)	100.00	100.00	100.00
Syservmex SRL DE CV (merged into Somfy Mexico, S.A. DE C.V.)	Tlalnepantla (Mexico)	-	-	100.00
Somfy Kabushiki Kaisha	Tokyo (Japan)	100.00	100.00	100.00
Somfy India Pvt Ltd	New Dehli (India)	100.00	100.00	100.00
Somfy Saudi Arabia	Jeddah (Saudi Arabia)	75.00	75.00	75.00
PROMOFI BV	Hoofddorp (Netherlands)	100.00	100.00	100.00
FIGEST BV	Hoofddorp (Netherlands)	100.00	100.00	100.00
Somfy LLC (wound up)	Dover (US)	-	-	100.00
Somfy ULC	Halifax (Canada)	100.00	100.00	100.00
Simu	Arc-les-Gray (France)	100.00	100.00	100.00
Simu GmbH	Iserlohn (Germany)	100.00	100.00	100.00
Window Automation Industry SRL	Galliera (Italy)	100.00	100.00	100.00
Overkiz	Épagny Metz-Tessy (France)	98.51	98.51	96.63
Overkiz Asia Co. Limited	Hong Kong	98.51	98.51	96.63
Opendoors	Cluses (France)	100.00	100.00	100.00
IHome Systems (Asia) Limited	Hong Kong	100.00	100.00	100.00
IHome Systems (Thailand) Co. Ltd	Bangkok (Thailand)	100.00	100.00	100.00
Somfy Automation Malaysia Sdn. Bhd	Kuala Lumpur (Malaysia)	100.00	100.00	100.00
Somfy Protect by Myfox	Labège (France)	100.00	100.00	100.00
RS FRANCHISE (acquisition)	Saint-Jean-de-Védas (France)	60.00	60.00	-
RS BOUTIQUE (acquisition)	Saint-Jean-de-Védas (France)	60.00	60.00	-
ABIPEC FORMATION (acquisition)	Saint-Jean-de-Védas (France)	60.00	60.00	-
VOLETS SERVICES MONTPELLIER (acquisition)	Saint-Jean-de-Védas (France)	60.00	30.60	-
VOLETS SERVICES NANTES (acquisition)	La Guyonnière (France)	60.00	30.60	-
VOLETS SERVICES TOULOUSE (acquisition)	Saint-Geniès-Bellevue (France)	60.00	30.60	-
VOLETS SERVICES LUXEMBOURG (formation)	Luxembourg (Luxembourg)	60.00	30.60	-
VOLETS SERVICES IDF (acquisition)	Cormeilles-en-Parisis (France)	60.00	60.00	-

Company name	Head office	% control 31/12/21	% interest 31/12/21	% interest 31/12/20
EUROSTORES (acquisition)	Frontignan (France)	60.00	30.00	-
SEM-T	Cluses (France)	100.00	100.00	100.00
DSG Coordination Center SA	Geneva (Switzerland)	100.00	100.00	100.00
BFT SpA	Schio (Italy)	100.00	100.00	100.00
Automatismes BFT France	Saint-Priest (France)	100.00	100.00	100.00
BFT Group Italiberica de Automatismos SL	Granollers (Spain)	100.00	100.00	100.00
BFT Antriebssysteme GmbH	Oberasbach (Germany)	100.00	100.00	100.00
BFT Automation UK Ltd	Stockport (UK)	100.00	100.00	100.00
BFT Benelux SA	Nivelles (Belgium)	100.00	100.00	100.00
BFT Adria d.o.o.	Drazice (Croatia)	100.00	100.00	100.00
BFT Polska sp zoo	Zielonka (Poland)	100.00	100.00	100.00
BFT Americas Inc.	Boynton Beach (US)	100.00	100.00	100.00
BFT Portugal SA	Coimbra (Portugal)	100.00	100.00	100.00
BFT Automation (South) Ltd	Swindon (UK)	100.00	100.00	100.00
BFT Automation Australia PTY	Wetherill Park (Australia)	100.00	100.00	100.00
BFT CZ Sro	Prague (Czech Republic)	100.00	100.00	100.00
BFT Veneto SRL	Schio (Italy)	100.00	100.00	100.00
BFT Otomasyon Kapi	Istanbul (Turkey)	100.00	100.00	100.00
BFT Istanbul	Kocaeli (Turkey)	100.00	100.00	100.00
BFT Greece	Athens (Greece)	100.00	100.00	100.00
BFT Automation Ireland	Dublin (Ireland)	100.00	100.00	100.00
BFT Automation Systems PTL	Hyderabad (India)	100.00	100.00	51.00
BFT Middle East FZO	Dubai (United Arab Emirates)	100.00	100.00	100.00
BFT Auto Gate and Door (Shanghai) Co. Ltd	Shanghai (China)	100.00	100.00	100.00
BFT Gates and Doors SRL	Bucharest (Romania)	100.00	100.00	100.00
BFT Automation New Zealand	Auckland (New Zealand)	100.00	100.00	100.00
BFT Sud-Est (merged into Automatismes BFT France)	Saint Laurent du Var (France)	-	-	100.00
Equity-accounted companies				
Arve Finance	Cluses (France)	50.17	50.17	50.17
Hong Kong CTLT Trade Co., Limited	Hong Kong	70.00	70.00	70.00
Ningbo Dooya Mechanic and Electronic Technology Co Ltd	Ningbo (China)	70.00	70.00	70.00
Shanghai Zhengshang Co., Ltd	Shanghai (China)	70.00	70.00	70.00
Shanghai Branch (wound up)	Shanghai (China)	-	-	70.00
Hui Gong Intelligence Technology Ltd	Shanghai (China)	70.00	70.00	70.00
New Unity Limited	Hong Kong	70.00	70.00	70.00
Dooya Sun Shading Technology Co. Ltd. (wound up)	Ningbo (China)	-	-	70.00
Ningbo Sleepwell Co Ltd	Ningbo (China)	70.00	70.00	70.00
Baixing Co Ltd	Ningbo (China)	70.00	70.00	70.00
Shanghai Goodnight	Ningbo (China)	70.00	70.00	70.00

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PARENT COMPANY FINANCIAL STATEMENTS

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

€ thousands	31/12/21	31/12/20
Net sales	4,591	3,862
Other revenue	267	-57
Other charges:	-14,345	-12,810
<i>Personnel expenses</i>	-3,579	-2,065
<i>Taxes and duties</i>	-360	-261
<i>Net operating expenses</i>	-10,406	-10,484
Amortisation, depreciation and provision charges/reversals	-392	-
OPERATING PROFIT	-9,879	-9,004
Net financial income	192,126	107,677
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	182,247	98,673
Extraordinary result	4	-58
PROFIT BEFORE TAX	182,251	98,615
Income tax	2,223	2,345
NET PROFIT	184,474	100,960

BALANCE SHEET AT 31 DECEMBER 2021

BALANCE SHEET - ASSETS

€ thousands	31/12/21 Net	31/12/20 Net
Non-current assets		
Intangible assets	1	1
Property, plant and equipment	-	-
Financial assets	436,102	398,213
Total Non-current assets	436,103	398,214
Current assets		
Inventories and work-in progress	-	-
Trade receivables	962	1,050
Other receivables and accruals	50,127	53,007
Marketable securities and term deposits	282,406	139,576
Cash and cash equivalents	471,428	447,470
Total Current assets	804,924	641,104
TOTAL ASSETS	1,241,026	1,039,318

BALANCE SHEET - EQUITY AND LIABILITIES

€ thousands	31/12/21	31/12/20
Shareholders' equity		
Share capital	7,400	7,400
Merger and issue premium	1,866	1,866
Reserves	642,936	605,586
Net profit	184,474	100,960
Total Shareholders' equity	836,676	715,812
Provisions for liabilities and charges	3,466	9,717
Liabilities		
Borrowings and financial liabilities	6,131	5,883
Trade payables	1,704	1,710
Other payables and accruals	393,049	306,195
Total Liabilities	400,884	313,788
TOTAL EQUITY AND LIABILITIES	1,241,026	1,039,318

PROPOSED ALLOCATION OF 2021 PROFIT

€	€	
Source	Allocation	
Retained earnings from prior years	4,839,461.25	
Net profit for the year	184,474,270.23	
	189,313,731.48	
	Dividends	79,550,000.00
	Optional reserves	109,763,731.48
		189,313,731.48

NOTES TO THE SOMFY SA FINANCIAL STATEMENTS

The financial statements have been prepared for the 12-month period from 1 January 2021 to 31 December 2021.

A – SIGNIFICANT EVENTS OF THE FINANCIAL YEAR

CHANGE OF GOVERNANCE

At the Combined General Meeting of 2 June 2021, the company changed its corporate governance structure by adopting the form of a limited company with a Board of Directors. In addition, on 2 June 2021 the Board of Directors decided to separate the roles of Chairman and Chief Executive Officer and made the following appointments:

- Jean Guillaume Despature, Chairman of the Board of Directors;
- Pierre Ribeiro, Chief Executive Officer;
- Valérie Dixmier, Deputy Chief Executive Officer in charge of People, Culture and Organization.

At the same Board meeting, Michel Rollier was appointed Vice-Chairman of the Board of Directors, and four specialist Committees were established: Audit and Risk Committee, Appointment and Remuneration Committee, Sustainable Development Committee and Strategy Committee.

ACQUISITION OF RÉPAR'STORES

The acquisition by Somfy SA of a majority stake of 60% in the share capital of Répar'stores, a specialist in repair and upgrade services for roller shutters in France, took effect at the start of January 2021 following the lifting of the usual conditions precedent.

The purchase price was €34.7 million for 60% of the share capital.

B – CONTINGENT LIABILITIES

In a decision dated 23 June 2021, the highest Court of Appeal, the *Cour de Cassation*, dismissed the appeal by staff of the company **Spirel** in their dispute against **Somfy SA**, thereby concluding the case brought by the employees before the regional court of Albertville, the *Tribunal de Grande Instance*. The ruling issued by the Chambéry Court of Appeal on 21 May 2019 is therefore final. It should be noted that the Court of Appeal dismissed the claims of the employees relating to the alleged deliberate bankruptcy of Spirel and the non-material damage caused as a result of anxiety, disappointment and vexation, and their claims for compensation totalling €8.2 million, as well as the requirement for Somfy SA to repay the advance payments made by the Association that underwrites salary debts (AGS - *Association de Garantie des Créances Salariales*) up to a maximum of €2.9 million sought by the liquidator of Spirel.

The proceedings before the Labour Court of Albertville, dismissed in 2016 and 2018 and involving the employees contesting the grounds for their redundancy and claiming damages of an amount substantially similar to the amount claimed in the proceedings before the regional court are still ongoing.

Somfy SA continues to qualify the risk as a contingent liability and no provision was recognised at 31 December 2021.

In a ruling of 17 December 2021, the Paris Commercial Court dismissed all claims brought by **Alder Holdings SAS** (formerly United Technologies Holdings SAS) in its case against **Somfy SA** concerning the disposal of CIAT shares in 2015. Alder Holdings was also ordered to pay the sellers €100,000 in damages and €300,000 in unrecoverable costs under Article 700 of the Code of Civil Procedure.

For reference, Alder Holdings was claiming a total of €18.4 million from the sellers of the CIAT shares (of which Somfy's portion would have been €8.5 million) under the liability guarantee, in connection with complaints fully contested by the sellers, and also remained liable for deferred payments.

The Court ordered the provisional enforcement of its judgement, such that:

- Alder Holdings should pay the outstanding amounts owed in respect of deferred payments. In February 2021, a judge hearing applications for interim measures had already ordered Alder Holdings to pay a €6.6 million provision (including €2.9 million for Somfy, received in April 2021);
- funds held by the conventional sequestrator in the amount of €10 million should be paid to the sellers in settlement of the balance of the purchase price;
- the total amount remaining to be received by Somfy SA is €6.8 million.

Alder Holdings appealed the ruling on 26 January 2022. The proceeding is thus still ongoing. However, on the strength of this favourable ruling, Somfy SA remains confident as to the outcome of this litigation. It has qualified the risk as a contingent liability and no provision was recognised at 31 December 2021. Similarly, no writedown of receivables in respect of the deferred payment was recognised at 31 December 2021.

C – POST-BALANCE SHEET EVENTS

AGREEMENT TO ACQUIRE THE ITALIAN GROUP TELECO AUTOMATION

Somfy SA announced the signing on 24 February 2022 of an agreement for the acquisition of a 75% stake in the share capital of Italian group Teleco Automation, a specialist in automation, control and lighting systems for indoor and outdoor residential equipment.

The acquisition is expected to close during the second quarter of 2022, subject notably to the waiving of usual conditions precedent. Somfy SA will finance the acquisition using existing cash resources. The agreement comes with put and call options relating to the balance of Teleco Automation's share capital exercisable in early 2025.

RUSSIAN-UKRAINIAN CRISIS

Somfy SA is closely monitoring developments in the crisis between Russia and Ukraine. To date, it is difficult to measure the consequences of this crisis in 2022 on economic activity in general and on Somfy SA in particular. The value of Somfy SA's assets (equity investments) related to its Russian and Ukrainian subsidiaries represents €1.5 million.

D – ACCOUNTING RULES AND METHODS

The 2021 financial statements have been prepared in accordance with the general accounting rules prescribed by the French Chart of Accounts derived from ANC regulations.

The general bases of accounting have been applied in respect of the principle of prudence, in accordance with the following basic assumptions:

- going concern;
- consistency of accounting methods from one year to the next;
- separate accounting periods;
- and in compliance with the general rules for the preparation and presentation of annual financial statements.

The method used to value the items in the accounts is the historical cost method.

EQUITY INVESTMENTS

The gross value of equity investments comprises their acquisition cost less related expenses. Writedown is recognised when the book value falls below historical cost. Book value is determined based on several assessment items, such as year-end net assets, profitability level, future prospects and share price for listed companies.

OTHER SECURITIES

The initial value of other securities comprises their acquisition cost less associated expenses. When the estimated realisable value is lower than cost, an impairment provision is recorded for the difference.

MARKETABLE SECURITIES AND TERM DEPOSITS

The gross value of marketable securities comprises their purchase price less related expenses or their transfer value, calculated using the first in, first out method. Marketable securities are valued at their average quoted stock exchange price over the month of December 2021 and are impaired when this is lower than cost.

At 31 December 2021, marketable securities totalled €95.0 million, comprising:

- treasury shares of €97.0 million;
 - a provision of €2.0 million for the writedown of treasury shares.
- Financial investments presumed to be eligible as cash equivalents in keeping with the joint position issued by the *Autorité des Normes Comptables* (French Accounting Standards Authority) and the *Autorité des Marchés Financiers* (French Financial Markets Authority) represent a net amount of €124.5 million.

TREASURY SHARES

The company has implemented several successive share buyback programmes. The most recent buyback programme was launched in 2021; it was authorised by the Combined General Meeting of 2 June 2021, and had the following objectives:

- to stimulate the secondary market or ensure the liquidity of the Somfy share, by way of an investment services provider within a liquidity contract that complies with practices recognised by regulations, it being specified that within this framework the number of shares considered for the calculation of the limit specified above corresponds to the number of shares purchased less the number of shares resold;
- to retain the shares purchased and subsequently exchange them or use them as payment within the framework of potential acquisitions;
- to ensure the coverage of stock option plans and/or free share allocation plans (or similar) granted to employees and/or corporate officers of the Group, as well as all other shares allocated under a company or group savings scheme (or similar), in relation to employee profit-sharing and/or any other form of allocation to employees and/or corporate officers of the Group;
- to cover marketable securities giving right to the allocation of company shares, in accordance with applicable regulations;
- to proceed with the possible cancellation of shares acquired, in accordance with the authorisation granted or to be granted by the Extraordinary General Meeting.

Such share purchases could be effected by all means, including by means of acquiring blocks of shares and at any times considered appropriate by the Board of Directors.

The company reserved the right to use options or derivative instruments, in accordance with applicable regulations.

These shares are classified in account 502 “Treasury shares”. Income or losses on treasury share transactions are thus recognised as financial income/expenses.

Treasury shares to be granted to employees and allocated to stock option or free share plans are valued on a plan by plan basis at the lower of acquisition cost or exercise price of the call option.

Shares not yet allocated to plans or which have lapsed are valued at the lower of the average purchase price of all these shares or the average quoted stock exchange price over the month of December 2021.

Allocations are valued based on the first in, first out method.

Shares bought and sold to ensure the liquidity and to stimulate the secondary market and shares purchased to be retained and subsequently exchanged are valued at the lower of the average purchase price of all these shares or the average quoted stock exchange price over the month of December 2021.

Disposals are valued based on the first in, first out method.

SOMFY SA STOCK OPTION AND FREE SHARE ALLOCATION PLANS

At 31 December 2021, no more stock option plans existed.

During 2020, the Management Board of Somfy SA agreed on the following allocations of Somfy SA performance shares:

- at its meeting of 31 August 2020, allocation of Somfy performance shares to 52 beneficiaries. The vesting of these performance shares is subject to the condition that they must remain employed by the Group. Final vesting will take place on 15 September 2022. The shares vested will be available from 16 September 2022 and will not be subject to a retention obligation;
- at its meeting of 25 November 2020, allocation of Somfy performance shares to 3 beneficiaries. The vesting of these performance shares is subject to the condition that they must remain employed by the Group. Final vesting will take place on 28 November 2022. The shares vested will be available from 29 November 2022 and will not be subject to a retention obligation.

During 2021, the Board of Directors of Somfy SA agreed on the following allocations of Somfy SA performance shares:

- at its meeting of 28 June 2021, allocation of Somfy performance shares to 69 beneficiaries. The vesting of these performance shares is subject to the condition that they must remain employed by the Group. Final vesting will take place on 30 June 2023. The shares vested will be available from 1 July 2023 and will not be subject to a retention obligation;
- at its meeting of 28 June 2021, allocation of Somfy performance shares to 122 beneficiaries. The vesting of these performance shares is subject to the condition that they must remain employed by the Group. Final vesting will take place on 30 June 2024. The shares vested will be available from 1 July 2024 and will not be subject to a retention obligation;
- at its meeting of 7 December 2021, allocation of Somfy performance shares to 4 beneficiaries. The vesting of these performance shares is subject to the condition that they must remain employed by the Group. Final vesting will take place on 30 June 2023. The shares vested will be unavailable until midnight, 11 December 2023, since they will be subject to a retention obligation;

– at its meeting of 7 December 2021, allocation of Somfy performance shares to 4 beneficiaries. The vesting of these performance shares is subject to the condition that they must remain employed by the Group. Final vesting will take place on 30 June 2024. The shares vested will be available from 1 July 2024 and will not be subject to a retention obligation.

ACCOUNTS RECEIVABLE FROM EQUITY INVESTMENTS, BONDS RECEIVABLE AND OTHER RECEIVABLES

Receivables are carried at their nominal value. A provision for impairment is recorded when their estimated realisable value falls below carrying value and based upon the probability of their recovery.

When the equity of investments becomes negative, a provision for impairment is recorded with reference to the above estimated realisable value.

Accrued interest on bonds receivables are capitalised at each year-end.

FOREIGN CURRENCY DENOMINATED TRANSACTIONS

Foreign currency denominated income and expenses are recorded at their equivalent value at the transaction date. Foreign currency denominated debts, receivables and cash are recognised in the balance sheet at their exchange rate on the balance sheet date. The difference resulting from the translation of foreign currency debts and receivables at the balance sheet date exchange rate is recognised in the balance sheet as a “Translation adjustment”.

At 31 December 2021, “Asset” and “Liability” translation adjustments of €2,949 thousand and €6 thousand respectively, were classified under “Other receivables and accruals” and “Other liabilities and accruals”, respectively.

Unrealised foreign exchange losses resulting from the net exchange position by currency recorded on assets and liabilities at the balance sheet date are recorded as a provision for foreign exchange losses.

BORROWINGS AND DEBTS FROM CREDIT INSTITUTIONS

Borrowings and debts from credit institutions are recorded on the balance sheet at their net value. Accrued interest is recorded on the balance sheet with the related borrowings.

At 31 December 2021, the company complied with all financial covenants imposed by banks on its borrowing facilities.

HEDGING TRANSACTIONS

Somfy SA has been applying the new ANC 2015-05 regulation relating to forward financial instruments and hedging transactions since 1 January 2017.

In the context of relationships qualifying as hedges, the company recognises the impacts of the hedging instrument on the income statement on a symmetric basis, together with the income or expense related to the hedged item, irrespective of the market in which the hedging instruments are traded.

In the case of isolated open positions, the company records changes in the value of derivatives on the balance sheet and provisions are recognised for unrealised losses on these derivatives.

At 31 December 2021, all financial instruments entered into by the company qualified as hedging instruments.

PROVISIONS FOR RETIREMENT BENEFITS

In 2021, Somfy SA for the first time recognised in its parent company financial statements a provision for retirement benefits in accordance with the terms set out in ANC recommendation 2013-02, which allow for the application of rules laid down in IAS 19, “Employee benefits”. The company is bound by the national collective bargaining agreement for the metallurgical industry.

Similarly, in accordance with the possibilities offered by the ANC, the company decided to apply the decision of the IFRS Interpretations Committee (IFRS-IC) clarifying periods of service to which an entity should attribute defined benefits when:

- employees are entitled to a lump sum benefit on reaching a given retirement age and are still employed by the entity in question at that date;
- the amount of the retirement benefit awarded to an employee depends on that employee’s length of service with the entity and is capped at a number of years’ consecutive service.

IFRS-IC concluded that an entity should attribute the entitlement to retirement benefits to each year during which an employee serves with effect from the date on which the obligation first arises and not over the entire period of employment.

These provisions apply in full to the national collective bargaining agreement for the metallurgical industry.

In light of the above and of actuarial assumptions appropriate to Somfy SA, the provision for retirement benefits stood at €392 thousand at 31 December 2021.

E – CONSOLIDATING ENTITY

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Somfy SA is a 52.65%-subsidiary of the company J.P.J.S. which is the consolidating parent company.

F - NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2021

NOTE 1 OPERATING ITEMS

Somfy SA sales for the year to 31 December 2021 were €4.6 million, an increase compared with the previous year. The operating loss was €9.9 million, compared with a loss of €9.0 million in 2020.

NOTE 1.1 SALES BREAKDOWN

€ thousands	
France	2,621
European Union	1,326
Non-EU	644
TOTAL	4,591

NOTE 1.2 DIRECTORS' REMUNERATION

€ thousands	
Remuneration allotted	
– to members of management bodies	1,678
– to members of supervisory and administrative bodies	546
Pension commitments subscribed	392

NOTE 1.3 WORKFORCE AT 31 DECEMBER 2021

	Male	Female	Total
Managers & executives	8	3	11

In respect of 2021, the average headcount of managers and executives was 11, as was the case in 2020.

NOTE 2 FINANCIAL ITEMS

The net financial income of the Somfy SA holding company was €192.1 million, compared with €107.7 million in 2020, an increase of €84.4 million. Dividends received amounted to €189.3 million and increased by €83.5 million.

NOTE 3 EXTRAORDINARY ITEMS

Net extraordinary income was €4 thousand compared with a loss of €58 thousand in 2020.

NOTE 4 INCOME TAX

An income tax gain of €2.2 million was recognised, including a €2.6 million tax consolidation profit.

NOTE 4.1 BREAKDOWN OF INCOME TAX AT 31 DECEMBER 2021

€ thousands	Tax		
	Base	Rate	Amount at
1. Current result			
Net profit for the year	182,247	28.41%	-51,777
Tax adjustments:			
– long-term capital gains and losses	-	-	-
– income from equity investments	-186,819	28.41%	53,075
– other	-952	28.41%	270
Subtotal Current result	-5,523	28.41%	1,569
2. Extraordinary result			
Net profit for the year	4	28.41%	-1
Tax adjustments:			
– long-term capital gains and losses	-	-	-
– deductions	-	-	-
– reinstatements	-	-	-
Subtotal Extraordinary result	4	28.41%	-1
Subtotal Total theoretical tax	-5,520	28.41%	1,568
3. Other tax items			
Tax paid by group tax consolidation companies	-	-	19,951
Tax charge/income for the tax consolidation group (excluding total theoretical tax)	-	-	-18,961
Contribution on distributed earnings	-	-	-435
Tax charge/relief from previous periods	-	-	100
Subtotal Other tax items	-	-	655
TOTAL INCOME TAX	-	-	2,223
	Before tax	Tax	After tax
Current result	182,247	1,569	183,817
Extraordinary result	4	-1	3
Other tax items	-	655	655
ACCOUNTING RESULT	182,251	2,223	184,474

NOTE 4.2 TAX CONSOLIDATION

The tax consolidation agreement signed between Somfy SA and its direct and indirect subsidiaries was renewed on 1 January 2013 for an indefinite period of time.

In accordance with the agreement, the difference calculated between the income tax chargeable on the combined profits of the tax consolidation and the sum of the Group companies' individual tax charges is credited to Somfy SA, the Group's parent company. At 31 December 2021, tax savings resulting from the transfer of losses from subsidiaries are considered to be tax income. Should a subsidiary cease to be a member of the tax consolidation, it will be compensated by Somfy SA in accordance with a jointly-agreed exit methodology, taking account of the situation at that date.

Currently there are no available Group tax losses to be used.

List of companies included in tax consolidation

Somfy SA	Parent company	Cluses
Somfy Activités SA		Cluses
Simu		Arc-les-Gray
CMC		Cluses
Domis SA		Rumilly
Automatismes BFT France		Saint-Priest
SEM-T		Cluses
Opendoors		Cluses
Overkiz		Épagny Metz-Tessy
Somfy Protect by Myfox		Labège

NOTE 5 NET PROFIT

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Net profit totalled €184.5 million.

NOTE 6 NON-CURRENT ASSETS

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NOTE 6.1 GROSS NON-CURRENT ASSETS

€ thousands	Gross value 31/12/20	Increase	Decrease	Merger movements	Other movements	Gross value 31/12/21
Intangible assets	215	-	-	-	-	215
Property, plant and equipment	2	-	-	-	-	2
Financial assets	430,051	39,997	-6,482	-1,800	-	461,767
Equity investments*	405,871	38,474	-	-	-	444,346
Receivables from equity investments**	15,566	31	-1,014	-1,800	-	12,783
Other financial assets	3,333	1,492	-186	-	-	4,639
Bonds***	5,282	-	-5,282	-	-	-

* Increases correspond to the acquisition of Répar'stores shares for €34,732 thousand, the buyback of Somfy Mexico shares for €318 thousand as well as the capitalisation of an Asian Capital receivable for €3,424 thousand.

** Movements in receivables from equity investments is linked to the refunding or granting of financial advances made to certain subsidiaries.

*** Following renewed negotiations with Garen, the bond receivable was repaid for €3.6 million and written off for €2.8 million, generating an impact on the financial income of -€0.9 million.

It should be noted that the value of the equity investment in the jointly controlled entity Dooya, indirectly held by Somfy SA, stood at €119,526 thousand at 31 December 2021.

NOTE 6.2 AMORTISATION AND DEPRECIATION

€ thousands	Amount at 31/12/20	Charges	Reversals	Merger movements	Other movements	Amount at 31/12/21
Intangible assets	214	-	-	-	-	214
Concessions, patents and licences	214	-	-	-	-	214
Property, plant and equipment	2	-	-	-	-	2
	216	-	-	-	-	216

NOTE 6.3 WRITEDOWN OF NON-CURRENT ASSETS

€ thousands	Amount at 31/12/20	Charges	Reversals used	Reversals unused	Merger movements	Other movements	Amount at 31/12/21
Equity investments*	25,791	190	-	-4,354	-	-	21,627
Receivables from equity investments	5,078	24	-	-1,064	-	-	4,038
Other financial assets**	969	-	-969	-	-	-	-
	31,839	214	-969	-5,418	-	-	25,666

* Net reversals for the financial year primarily relate to shares in Lian Da.

** These reversals primarily relate to Garen's bond loan.

NOTE 7 ANALYSIS OF MATURITY OF RECEIVABLES

€ thousands	Total amount	Less than 1 year	More than 1 year
Non-current receivables			
Receivables from equity investments	12,783	12,070	713
Other financial assets	4,639	-	4,639
Bonds	-	-	-
Current receivables			
Trade receivables	962	962	-
Miscellaneous receivables	47,142	47,142	-
Prepaid expenses and translation adjustment	2,984	2,984	-
	68,510	63,158	5,352

Other receivables mainly comprise €33,250 thousand of intragroup current accounts, primarily originating from the implementation of cash pooling at Group level. This item includes receivables on the disposal of CIAT totalling €6,773 thousand, compared with €9,652 thousand at 31 December 2020, *i.e.* a decrease of €2,879 thousand taking into account a partial payment received in 2021 following a court ruling (see "Significant events of the financial year").

NOTE 8 DEFERRED INCOME AND OTHER RECEIVABLES

€ thousands	
Dividends	-
Accrued interest on cash accounts	5
Trade receivables, invoices to be issued	78
Government, tax and duties	7,938
Other (incl. CIAT)	6,778

The balance of the item "Government, tax and duties" mainly includes tax credits not yet allocated.

NOTE 9 ASSET TRANSLATION ADJUSTMENTS IN FOREIGN CURRENCY DENOMINATED DEBTS AND RECEIVABLES

€ thousands	Asset side impact	
	Total	Provision for liability
Bonds	-	-
Receivables from equity investments	2,553	2,553
Miscellaneous receivables	381	381
Financial debts	14	14
	2,949	2,949

NOTE 10 SHAREHOLDERS' EQUITY

NOTE 10.1 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

€ thousands	Balance at 31/12/20 before allocation of net profit	Allocation of net profit 31/12/20	2021 movements	Balance at 31/12/21 before allocation of net profit	Proposed allocation of 2021 net profit	Balance at 31/12/21 after allocation of net profit
Share capital	7,400	-	-	7,400	-	7,400
Share premium	1,866	-	-	1,866	-	1,866
Revaluation reserve	5,929	-	-	5,929	-	5,929
Legal reserve	740	-	-	740	-	740
Regulated reserves	-	-	-	-	-	-
Other reserves	595,644	35,784	-	631,428	109,764	741,191
Retained earnings	3,274	-3,274	4,839	4,839	-4,839	-
Net profit	100,960	-100,960	184,474	184,474	-184,474	-
Regulated provisions	-	-	-	-	-	-
	715,812	-68,450	189,314	836,676	-79,550	757,126

The €4.8 million change in 2021 "Retained earnings" corresponds to dividends not paid to treasury shares.

NOTE 10.2 COMPOSITION OF SHARE CAPITAL

€	Number of shares	Par value
– Shares		
At the start of the year	37,000,000	0.2
At the end of the year	37,000,000	0.2
– Convertible bonds and similar securities	-	-

NOTE 10.3 TREASURY SHARES

€ thousands		31/12/20	Increase	Decrease	Transfer	31/12/21
Stock options and free shares	€ thousands	49,348	-	-	-1,311	48,037
	number	1,387,241	-	-	-54,551	1,332,690
Liquidity contract	€ thousands	945	8,225	-8,219	-	951
	number	7,114	53,332	-54,861	-	5,585
Shares retained for potential acquisitions and cancellation	€ thousands	48,056	-	-	-	48,056
	number	1,221,770	-	-	-	1,221,770
Treasury shares	€ thousands	-	-	-	-	-
	number	-	-	-	-	-
TOTAL TREASURY SHARES	€ thousands	98,349	8,225	-8,219	-1,311	97,045
	number	2,616,125	53,332	-54,861	-54,551	2,560,045

NOTE 10.4 FREE SHARE PLANS

Plan date	Plan name	Number of beneficiaries	Number of shares allocated	Price per share (€)	Allocation date	Vesting date	Revision of share number related to presence and performance conditions	Number of shares definitely allocated in 2021	Number of shares potentially vested at 31/12/21
31/08/20	2022 Free Performance Share Plan	52	17,340	100.83	15/09/22	16/09/22	-	-	17,340
25/11/20	2022 Free Performance Share Plan n°2	3	516	126.24	28/11/22	29/11/22	-	-	516
28/06/21	2023 Free Performance Share Plan	69	19,236	140.15	30/06/23	01/07/23	-641	-	18,595
28/06/21	2024 Free Performance Share Plan	122	24,444	137.39	30/06/24	01/07/24	-815	-	23,629
07/12/21	2023 Free Performance Share Plan n°2	4	1,284	165.80	30/06/23	11/12/23	-43	-	1,241
07/12/21	2024 Free Performance Share Plan n°2	4	1,284	162.93	30/06/24	01/07/24	-43	-	1,241

NOTE 11 BALANCE SHEET PROVISIONS

€ thousands	Amount at 31/12/20	Charges	Reversals used	Reversals unused	Merger movements	Other movements	Amount at 31/12/21
Regulated provisions	-	-	-	-	-	-	-
Provisions for liabilities and charges (incl. exchange losses)	9,717	392	-6,643	-	-	-	3,466
	9,717	392	-6,643	-	-	-	3,466

NOTE 12 ANALYSIS OF MATURITY OF PAYABLES

€ thousands	Total amount	Less than 1 year	More than 1 year and less than 5 years	More than 5 years
Liabilities				
Borrowings and debts from credit institutions	6,131	323	5,808	-
Miscellaneous loans and borrowings	-	-	-	-
Operating liabilities				
Trade payables and related items	1,704	1,704	-	-
Tax and social security payable	2,270	2,270	-	-
Other liabilities	390,773	390,773	-	-
Deferred income and translation adjustment	6	6	-	-
	400,884	395,076	5,808	-

Other liabilities mainly comprise €390,748 thousand of intragroup current accounts, primarily originating from the implementation of cash pooling at Group level.

NOTE 13 ACCRUED EXPENSES

€ thousands	
Accrued loan interest	-
Trade payables, invoices not received	297
Employees, statutory bodies, government, duties and taxes	525
Miscellaneous	-
Attendance fees	-

NOTE 14 OFF-BALANCE SHEET COMMITMENTS**NOTE 14.1 FINANCIAL COMMITMENTS**

€ thousands	31/12/21	31/12/20
– Guarantees and deposits received	5,000	6,729
– Unused credit facilities	178,000	174,000
TOTAL COMMITMENTS RECEIVED	183,000	180,729

€ thousands	31/12/21	31/12/20
– Guarantees and deposits given	-	-
– Interest on outstanding loans	-	-
– Liability guarantee on CIAT disposal	17,796	17,796
– Other	-	-
TOTAL COMMITMENTS GIVEN	17,796	17,796

NOTE 14.2 SECURITISED DEBT

€ thousands	
Borrowings and debts from credit institutions	-

NOTE 15 MARKET VALUE OF DERIVATIVES**NOTE 15.1 FOREIGN EXCHANGE RISK**

The Group's exposure to foreign exchange risk is primarily related to its operational activities (intragroup sales of manufactured products distributed by commercial subsidiaries outside the Euro zone, these sales being denominated in local currencies and purchases denominated in local currencies). Subsidiaries' hedges in these areas are made through the parent company Somfy SA. Commercial transactions are covered for a period of less than 12 months. The main hedging instruments usually used by the company are forward purchases and sales.

Foreign exchange hedges by currency

31/12/21 € thousands	Contract nominal value			Total fair value	Of which fair value recognised under items of other comprehensive income
	Sales	Purchases	Net total		
USD	-	-15,186	-15,186	377	377
CNY	-	-10,911	-10,911	461	461
CHF	6,170	-4,234	1,936	-100	-100
CAD	3,265	-	3,265	-88	-88
ILS	3,498	-	3,498	-218	-218
NOK	3,524	-	3,524	29	29
AUD	5,764	-	5,764	14	14
GBP	9,580	-	9,580	-162	-162
Other currencies	11,428	-2,729	8,700	-80	-80
	43,230	-33,060	10,170	232	232

31/12/20 € thousands	Contract nominal value			Total fair value	Of which fair value recognised under items of other comprehensive income
	Sales	Purchases	Net total		
CNY	-	-17,451	-17,451	262	262
USD	-	-8,475	-8,475	-342	-342
CZK	-	-4,001	-4,001	29	29
CHF	4,073	-1,203	2,870	43	43
CAD	3,262	-	3,262	7	7
ILS	3,929	-	3,929	-29	-29
GBP	10,122	-4,173	5,949	-28	-28
AUD	7,367	-	7,367	-186	-186
Other currencies	18,207	-593	17,613	-309	-309
	46,961	-35,897	11,064	-554	-554

Foreign exchange hedges by type

31/12/21 € thousands	Contract nominal value		Net total	Fair value
	Sales	Purchases		
Fair Value Hedges	21,960	-15,297	6,663	232
Cash Flow Hedges	21,270	-17,763	3,507	
Net Investment Hedges	-	-	-	-
Trading	-	-	-	-
	43,230	-33,060	10,170	232

31/12/20 € thousands	Contract nominal value		Net total	Fair value
	Sales	Purchases		
Fair Value Hedges	13,103	-9,056	4,047	-554
Cash Flow Hedges	33,858	-26,842	7,016	
Net Investment Hedges	-	-	-	-
Trading	-	-	-	-
	46,961	-35,897	11,064	-554

NOTE 15.2 RAW MATERIAL RISK

Somfy SA protects its manufacturing subsidiaries against fluctuations in the price of raw materials *via* hedging agreements for materials on the financial markets (copper and zinc paper hedging) on components that cannot be physically covered.

Income and expenses on completed hedging transactions have been invoiced in full to the subsidiaries concerned.

The unrealised loss resulting from the recognition at fair value of the financial instruments, whose nature as a hedge cannot be demonstrated, was recognised at the end of the financial year.

At 31 December 2021, the effective portion of hedges was valued at €0.5 million and the ineffective portion was nil.

31/12/21	Tonnes	Hedging of items off-balance sheet € thousands	Fair value € thousands	Types
Copper	250	1,979	154	Swap
Zinc	695	1,839	315	Swap
	945	3,818	470	

31/12/20	Tonnes	Hedging of items off-balance sheet € thousands	Fair value € thousands	Types
Copper	170	830	250	Swap
Zinc	1,300	2,520	407	Swap
	1,470	3,350	657	

NOTE 16 STATUTORY AUDITORS' FEES

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The amount of the Statutory Auditors' fees, excluding tax and disbursements, paid by Somfy SA (issuer) is provided in note 14 to the consolidated financial statements.

NOTE 17 SUBSIDIARIES AND INVESTMENTS

€ thousands	Share capital and premium	Reserves and retained earnings before allocation of net profit	Share of capital held (%)	Profit/(loss) for the last financial year	Sales	Dividends received
<i>Subsidiaries (at least 34% of share capital held by the company)</i>						
DSG Coordination Center SA	668	33	100.00%	290	-	-
Somfy Activités SA	35,000	152,880	100.00%	77,840	558,174	173
CMC	8	842	100.00%	368	-	-
Somfybat	6,830	13,318	100.00%	1,850	-	-
Somfy Ltd	146	656	100.00%	1,301	18,764	-
Somfy PTY. Limited	306	3,158	100.00%	1,736	21,011	-
N.V Somfy S.A	348	207	100.00%	4,149	44,854	-
Somfy Brasil LTDA	11,188	-11,360	99.99%	407	5,572	-
Somfy GmbH (Germany)	1,500	5,443	100.00%	15,678	195,717	2,900
Somfy Kereskedelmi Kft	787	660	100.00%	715	6,182	-
Somfy spol s.r.o.	177	112	100.00%	2,058	33,833	-
Somfy spolka z ograniczona odpowiedzialnoscia	132	346	100.00%	4,434	69,332	-
Somfy S.R.L.	307	200	100.00%	256	3,631	-
Chusik Hoesa Somfy	314	2,035	100.00%	557	8,263	-
Somfy Italia SRL	2,000	19,799	95.00%	2,319	34,841	-
Somfy España SA	10,010	92,029	100.00%	16,533	37,360	15,000
Somfy Systems Inc	8,786	19,111	100.00%	6,909	114,247	-
Somfy SA (Suisse)	30	2,237	100.00%	2,601	34,244	-
Somfy Sweden Aktiebolag	71	1,147	100.00%	1,248	9,760	-
Somfy PTE Ltd	533	-314	100.00%	461	4,115	-
Somfy Co Limited	10,423	1,715	100.00%	1,360	2,074	206
Zhejiang Lian Da Science and Technology Co., Ltd.	6,960	2,122	95.00%	3,409	55,335	-
Somfy Middle East Co. Ltd	62	6,587	100.00%	2,983	28,619	-
Somfy Mexico, S.A. DE C.V.	63	1,852	99.21%	508	4,604	-
Somfy Kabushiki Kaisha	205	2,305	100.00%	470	12,665	-
PROMOFI BV	91	713	100.00%	62,990	-	63,000
Simu	5,000	12,486	100.00%	11,797	117,377	2,000
Somfy ULC	904	1,696	100.00%	1,370	17,735	-
Arve Finance	3,010	-1,629	50.17%	-7	-	-
Somfy SIA	521	467	100.00%	366	5,918	-
Somfy South Africa PTY Limited	410	217	100.00%	657	2,814	-
Somfy Colombia SAS	28	-63	100.00%	-72	848	-
Domis SA	1,115	2,461	100.00%	-598	15,607	-
Somfy Limited Liability Company	1,104	336	100.00%	1,019	10,371	-
Sisa Home Automation Ltd	249	5,324	100.00%	1,792	14,172	-
Somfy EV Otomasyon Sistemleri Ticaret Ltd Sti	801	1,745	99.86%	1,502	15,137	-
Asian Capital International Limited	117,052	13,761	100.00%	948	-	-
Somfy Maroc	60	-10	100.00%	589	7,077	-
Somfy Hellas SA	750	427	100.00%	993	11,912	-
Somfy India Pvt Ltd	1,706	-317	100.00%	123	4,290	-
Somfy Bulgaria AD	102	432	99.90%	349	2,171	-
Somfy (Thailand) Co., Ltd	306	853	99.98%	151	2,965	-
Limited Liability Company Somfy	370	69	100.00%	150	701	-
Somfy Services	99	-55	50.00%	-3	-	-
Somfy Egypt	140	-190	99.91%	147	-	-

€ thousands	Share capital and premium	Reserves and retained earnings before allocation of net profit	Share of capital held (%)	Profit/(loss) for the last financial year	Sales	Dividends received
SOPEM spolka z ograniczona odpowiedzialnoscia	90,325	-6,835	100.00%	23,671	170,991	-
GABR Participações LTDA	3,139	-5,068	99.99%	-3	-	-
Somfy Argentina S.R.L.	1,246	-1,238	99.77%	432	3,670	-
Somfy Norway AS	67	409	100.00%	896	11,426	-
Somfy Eastern Europe Area sp Zoo	36	295	100.00%	103	-	-
Somfy Asia-Pacific Co Ltd	76	516	100.00%	112	-	-
Opendoors	500	-1,548	100.00%	18	-	-
Somfy Protect by Myfox	583	-2,925	100.00%	-3,261	18,552	-
Somfy Saudi Arabia	6,350	-290	75.00%	418	11,292	-
RS FRANCHISE	800	14,336	60.00%	1,189	5,281	1,039

€ thousands	
Loans and advances granted to the companies above, not yet repaid	2,653
Total guarantees granted to the companies above	-
Dividends received from the above companies during the year	189,250

NOTE 18 EQUITY INVESTMENTS AT 31 DECEMBER 2021

€ thousands		Gross value	Net value	Quoted value
Equity investments				
500,000	DSG Coordination Center SA shares	468	468	-
119,994	Vimart shares	63	23	-
1,749,999	Somfy Activités SA shares	23,286	23,286	-
30,000	Somfy GmbH (Germany) shares	4,555	4,555	-
3,000	Somfy Sweden Aktiebolag shares	534	534	-
394	PROMOFI BV shares	1,084	1,084	-
230	Somfy Systems Inc shares	10,167	10,167	-
1,900,000	Somfy Italia SRL shares	2,271	2,271	-
50	Somfy SA (Suisse) shares	152	152	-
660	Somfy Kabushiki Kaisha shares	194	194	-
35,000	Somfy España SA shares	93,161	93,161	-
13,995	N.V Somfy S.A shares	334	334	-
35,999	Somfy Middle East Co. Ltd shares	72	72	-
100,000	Somfy Ltd shares	144	144	-
500,000	Somfy PTY. Limited shares	350	350	-
80,000	Chusik Hoesa Somfy shares	460	460	-
1,100,000	Somfy PTE Ltd shares	514	514	-
500	CMC shares	8	8	-
2,099,990	Somfy Co Limited shares	10,734	10,734	-
1	Somfy spol s.r.o. share	1,012	1,012	-
676	Somfy spolka z ograniczona odpowiedzialnoscia shares	1,423	1,423	-
1	Somfy Kereskedelmi Kft share	1,865	1,865	-
1,255	Somfy Mexico, S.A. DE C.V. shares	362	362	-

€ thousands		Gross value	Net value	Quoted value
36,378,338	Somfy Brasil LTDA shares	11,933	-	-
250,000	Simu shares	23,937	23,937	-
3,744,299	Somfy India Pvt Ltd shares	1,696	1,511	-
52,250	Zhejiang Lian Da Science and Technology Co., Ltd. shares	7,307	7,307	-
124,274	Somfy S.R.L. shares	311	311	-
100,000	Somfy ULC shares	333	333	-
1,510,000	Arve Finance shares	1,510	688	-
521,197	Somfy SIA shares	822	822	-
4,728,000	Somfy South Africa PTY Limited shares	387	387	-
71,409	Somfy Colombia SAS shares	416	-	-
2,499,999	Somfy Hellas SA shares	750	750	-
6,974	Somfy Maroc shares	650	650	-
85,827	Domis SA shares	3,068	3,068	-
1	Somfy Limited Liability Company share	1,152	1,152	-
14,000,000	Sisa Home Automation Ltd shares	270	270	-
16,776	Somfy EV Otomasyon Sistemleri Ticaret Ltd Sti shares	875	875	-
1,251,092,652	Asian Capital International Limited shares	110,793	110,793	-
999	Somfy Bulgaria AD shares	102	102	-
9,998	Somfy (Thailand) Co., Ltd shares	304	304	-
1	Limited Liability Company Somfy share	381	381	-
1,000	Somfy Services shares	52	52	-
1,099	Somfy Egypt shares	153	-	-
107,000	SOPEM spolka z ograniczona odpowiedzialnoscia shares	40,983	40,983	-
8,999,100	GABR Participações LTDA shares	3,016	-	-
7,684,372	Somfy Argentina S.R.L. shares	563	-	-
500	Somfy Norway AS shares	57	57	-
1,500	Somfy Eastern Europe Area sp Zoo shares	36	36	-
650,000	Somfy Asia-Pacific Co Ltd shares	77	77	-
50,000	Opendoors shares	4,500	-	-
777,724	Somfy Protect by Myfox shares	24,954	24,954	-
400,005	Somfy Saudi Arabia shares	4,730	4,730	-
600	RS FRANCHISE shares	34,732	34,732	-
379,449	Somfybat shares	10,280	10,280	-
		444,346	422,719	-

€ thousands	Gross value	Net value	Quoted value
Portfolio investments	-	-	-
Marketable securities			
Treasury shares	97,044	95,023	451,080
Marketable securities	-	-	-
	97,044	95,023	451,080

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LEGAL DOCUMENTS

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- 197 Statutory Auditors' report on the share capital reduction
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- 199 Draft resolutions to the Combined General Meeting of 1 June 2022
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07 LEGAL DOCUMENTS

STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

To the General Meeting of Somfy SA,

OPINION

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying parent company financial statements of Somfy SA for the year ended 31 December 2021.

In our opinion, the parent company financial statements provide a true and fair view of the assets and liabilities and of the financial position of the company at 31 December 2021 and of the results of its operations for the year then ended in accordance with French accounting principles and methods.

The audit opinion expressed above is consistent with the content of our report to the Audit and Risk Committee.

BASIS FOR OPINION

AUDIT FRAMEWORK

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

Our responsibilities under those standards are further described herein in the section "Statutory Auditors' responsibilities for the audit of the parent company financial statements" of this report.

INDEPENDENCE

We have conducted our audit engagement in compliance with the independence rules set out by the Commercial Code and the Code of Ethics for Statutory Auditors, for the period from 1 January 2021 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of regulation (EU) n°537/2014.

OBSERVATION

Without qualifying the opinion expressed above, we draw your attention to the paragraph "Provisions for retirement benefits" in note D "Accounting rules and methods" to the parent company financial statements, which describes:

- the change in accounting method relating to the first time recognition of a provision for retirement benefits in accordance with the terms set out in ANC recommendation 2013-02, which allow for the application of rules laid down in IAS 19 "Employee Benefits", as well as its impacts on the financial statements;
- the consequential application of IFRIC-IC's decision, which clarified periods of service to which an entity should attribute defined benefits.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

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

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement which, in our professional judgement, were of most significance in our audit of the parent company financial statements for the financial year just ended, as well as how we addressed those risks.

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

MEASUREMENT OF THE EQUITY INVESTMENTS IN THE JOINTLY CONTROLLED ENTITY DOOYA

Risk identified	Our response
<p>The net value of the equity investments in the jointly controlled entity Dooya, indirectly held by Somfy SA, stood at €119.5 million with total assets of €1,241.0 million at 31 December 2021. As specified in note D “Equity Investments” to the parent company financial statements, the carrying value of these equity investments is determined on the basis of several measurement factors, including net assets at the year-end, the level of profitability, the future outlook, and the share price in the case of listed companies. This carrying value is then compared with the net book value, in order to assess the need to record an impairment charge or not.</p> <p>We have considered that the measurement of these equity investments in the jointly controlled entity Dooya is a key audit matter because the determination of their carrying value requires the use of estimates or judgements on the part of Management in determining the carrying value used and the assessment of the market outlook of the entity concerned.</p>	<p>Our work as part of the audit of the parent company financial statements specifically consisted of, with the support of our valuation specialists:</p> <ul style="list-style-type: none"> – reviewing the procedures for implementing the impairment test of the equity investments in the jointly-controlled entity Dooya; – assessing the consistency of the assumptions in relation to the historic performances and operating budgets approved by the Board of Directors of Dooya, incorporating growth forecasts for subsequent years, in particular by taking into account the potential impacts of the Covid-19-related health crisis in these forecasts; – performing sensitivity analyses on impairment tests; – comparing the carrying value of the equity investments in the jointly controlled entity Dooya with their net book value and, where applicable, verifying the impairment amount recorded.

CLASSIFICATION OF LITIGATIONS AS CONTINGENT LIABILITIES

Risk identified	Our response
<p>Your company has contingent liabilities relating to legal action and arbitration or regulatory proceedings arising in the normal course of its business. Each known dispute or proceeding in progress involving your company was reviewed at the balance sheet date. After advice from legal counsel, all provisions deemed necessary were made to cover the estimated risks.</p> <p>Some of these risks are classified as contingent liabilities, as described in note B “Contingent Liabilities” to the parent company financial statements and, in this regard, no provision has been made for them in your company’s financial statements. We have considered that the classification of litigations as contingent liabilities is a key audit matter in view of the amounts in question, and the level of judgement required from Management to determine them.</p>	<p>Our work as part of the audit of the parent company financial statements specifically consisted of:</p> <ul style="list-style-type: none"> – reviewing the procedures implemented by your company to identify and assess these risks; – familiarising ourselves with the risk assessment performed by Management and the corresponding documentation, and reviewing the written consultations provided by external advisers, where applicable; – analysing the answers provided to our requests for confirmation, forwarded to the company’s external advisers; – assessing the main risks identified, and reviewing the assumptions used by Management to classify these risks as contingent liabilities; – assessing the appropriate nature of the information presented in note B “Contingent Liabilities” to the parent company financial statements.

SPECIFIC VERIFICATIONS

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

INFORMATION PROVIDED REGARDING THE FINANCIAL POSITION AND THE PARENT COMPANY FINANCIAL STATEMENTS IN THE MANAGEMENT REPORT AND IN THE OTHER DOCUMENTS SENT TO SHAREHOLDERS

We have no observations to make concerning the fairness and consistency with the parent company financial statements of the information given in the Board of Directors’ management report and in the other documents sent to the shareholders concerning the financial situation and the parent company financial statements.

We certify that the information relating to payment terms mentioned in Article D. 441-6 of the Commercial Code is true and fair, and consistent with the parent company financial statements.

REPORT ON CORPORATE GOVERNANCE

We hereby certify that the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the Commercial Code is included in the Board of Directors’ report on corporate governance.

Concerning the information provided in accordance with provisions of Article L. 22-10-9 of the Commercial Code on remuneration and benefits paid or allocated to corporate officers as well as commitments given in their favour, we have verified their consistency with the financial statements or with the data used in the preparation of these financial statements and if necessary, with data collected by your company from entities under its control and included in the scope of consolidation. On

the basis of this work, we confirm the accuracy and the fairness of this information.

In the case of the information relating to the elements that your company has considered as likely to have an impact in the event of a public tender or exchange offer, and provided pursuant to the provisions of Article L. 22-10-11 of the Commercial Code, we checked the consistency of this information with the documents from which it was derived, and which were disclosed to us. On the basis of this work, we have no observations to make on this information.

OTHER INFORMATION

As required by law, we ensured that the information concerning equity investments, controlling interests and the identity of holders of the share capital and voting rights was provided to you in the management report.

OTHER VERIFICATION OR INFORMATION PROVIDED FOR BY LEGAL AND REGULATORY DOCUMENTS

FORMAT OF PRESENTATION OF THE PARENT COMPANY FINANCIAL STATEMENTS INTENDED TO BE INCLUDED IN THE ANNUAL FINANCIAL REPORT

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the Statutory Auditor relating to the parent company and consolidated financial statements presented in the European single electronic format, that the presentation of the parent company financial statements intended to be included in the Annual Financial Report mentioned in paragraph I of Article L. 451-1-2 of the Monetary and Financial Code, prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European delegated regulation n°2019/815 of 17 December 2018.

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

It is not our responsibility to verify that the parent company financial statements that will ultimately be included by your company in the Annual Financial Report filed with the AMF are in agreement with those on which we have performed our work.

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as Statutory Auditors of Somfy SA by your General Meetings of 24 May 2016 for KPMG SA and 12 May 2010 for ERNST & YOUNG et Autres.

At 31 December 2021, KPMG SA was in its sixth year of uninterrupted engagement and ERNST & YOUNG et Autres in its twelfth year.

Previously, ERNST & YOUNG Audit had also been Statutory Auditor from 1993.

RESPONSIBILITIES OF MANAGEMENT AND INDIVIDUALS IN CHARGE OF CORPORATE GOVERNANCE IN RELATION TO THE PARENT COMPANY FINANCIAL STATEMENTS

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

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

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures. The parent company financial statements have been prepared by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE PARENT COMPANY FINANCIAL STATEMENTS

AUDIT OBJECTIVES AND APPROACH

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

As specified in Article L. 823-10-1 of the Commercial Code, our statutory audit does not include assurance on the viability of the company or the quality of management of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgement throughout the audit. Furthermore, the Statutory Auditor:

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

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

REPORT TO THE AUDIT AND RISK COMMITTEE

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

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

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

Lyon, 13 April 2022
The Statutory Auditors

KPMG Audit
A Department of KPMG SA

Stéphane Devin
Partner

Sara Righenzi de Villers
Partner

ERNST & YOUNG et Autres

Sylvain Lauria
Partner

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

To the General Meeting of Somfy SA,

As Statutory Auditors to your company, we hereby present our report on regulated agreements.

It is our responsibility to inform you, based on the information that has been given to us, of the key features and terms and conditions, as well as the grounds for the company's interest, of the agreements of which we have been made aware or that we may have discovered as part of our assignment, without having to comment on their usefulness and validity or to search for other such agreements. Pursuant to the provisions of Article R. 225-31 of the Commercial Code, it is your role to assess the interest in concluding these agreements, with a view to approving them.

Furthermore, it is our responsibility, if applicable, to inform you of disclosures required by Article R. 225-31 of the Commercial Code relative to the implementation during the year just ended of agreements already approved by the General Meeting.

We have performed the due diligence we deemed necessary with regard to the professional standards of the Compagnie Nationale des Commissaires aux Comptes in relation to this assignment.

AGREEMENTS SUBMITTED FOR APPROVAL TO THE GENERAL MEETING

—

We hereby inform you that we have not been advised of any agreements authorised and concluded during the financial year that required approval from the General Meeting pursuant to Article L. 225-38 of the Commercial Code.

AGREEMENTS ALREADY APPROVED BY THE GENERAL MEETING

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We were not made aware of any agreement, previously approved by the General Meeting and which continued to be executed during the financial year just ended.

Lyon, 13 April 2022
The Statutory Auditors

KPMG Audit
A Department of KPMG SA

Stéphane Devin
Partner

Sara Righenzi de Villers
Partner

ERNST & YOUNG et Autres

Sylvain Lauria
Partner

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the General Meeting of Somfy SA,

OPINION

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying consolidated financial statements of Somfy SA for the year ended 31 December 2021.

In our opinion, the consolidated financial statements provide a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with the content of our report to the Audit and Risk Committee.

BASIS FOR OPINION

AUDIT FRAMEWORK

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

Our responsibilities under those standards are further described herein in the section "Statutory Auditors' responsibilities for the audit of the consolidated financial statements" of this report.

INDEPENDENCE

We have conducted our audit engagement in compliance with the independence rules set out by the Commercial Code and the Code of Ethics for Statutory Auditors, for the period from 1 January 2021 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of regulation (EU) n°537/2014.

MEASUREMENT OF THE JOINTLY CONTROLLED SHAREHOLDING IN DOOYA

Risk identified	Our response
<p>At 31 December 2021, the jointly controlled shareholding in the Dooya company was valued at €172.3 million, as specified in note 13.1 "Investments in associates and joint ventures" to the consolidated financial statements. At the balance sheet date, your Group reassessed the value of this jointly controlled shareholding, in accordance with the policies described in said note to the consolidated annual statements.</p> <p>This impairment test involves comparing the recoverable amount of this shareholding in the Dooya company with its book value. The recoverable amount of a shareholding is measured at the higher of its fair value after deduction of disposal costs and its value in use. If the recoverable amount exceeds the net book value of the shareholding at year-end, no impairment is recognised. However, if this amount is lower than the net book value, an impairment loss equal to the difference is recognised.</p> <p>We considered the valuation of the jointly controlled shareholding in the Dooya company to be a key audit matter since determining the value in use is based on discounted forecast cash flows which require the use of assumptions, estimates or judgements by Management.</p>	<p>Our work as part of the audit of your Group's consolidated financial statements specifically consisted of, with the support of our valuation specialists:</p> <ul style="list-style-type: none"> – reviewing the procedures for implementing the impairment test in relation to the shareholding in the Dooya company; – assessing the consistency of the assumptions in relation to the historic performances and operating budgets approved by the Board of Directors of Dooya, incorporating growth forecasts for subsequent years, in particular by taking into account the potential impacts of the Covid-19-related health crisis in these forecasts; – performing sensitivity analyses on impairment tests; – comparing the recoverable amount of the shareholding in Dooya with the net book value.

OBSERVATION

Without qualifying the opinion expressed above, we draw your attention to note 1.4.1 "Standards, amendments and interpretations whose application is mandatory for financial years beginning on or after 1 January 2021" to the consolidated financial statements, which describes the impacts of the change in accounting method related to the application of the interpretation of IAS 19 "Attributing Benefit to Periods of Service" published by IFRIC-IC in May 2021.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

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

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement which, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year just ended, as well as how we addressed those risks.

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

CLASSIFICATION OF LITIGATIONS AS CONTINGENT LIABILITIES

Risk identified	Our response
<p>Your Group has contingent liabilities relating to legal action and arbitration or regulatory proceedings arising in the normal course of its business.</p> <p>As specified in notes “2021 Highlights”, 1.3 and 9.2 to the consolidated financial statements, the Management of your Group exercises its judgement, and uses estimates and assumptions when measuring these risks. Some of these risks are classified as contingent liabilities, as described in notes “2021 Highlights”, 1.3 and 9.2 to the consolidated financial statements and, in this regard, no provision has been made for them in the Group’s financial statements.</p> <p>We have considered that the classification of litigations as contingent liabilities is a key audit matter in view of the amounts in question, and the level of judgement required from Management to determine them.</p>	<p>Our work as part of the audit of your Group’s consolidated financial statements specifically consisted of:</p> <ul style="list-style-type: none"> – reviewing the procedures implemented by your Group to identify and assess these risks; – familiarising ourselves with the risk assessment performed by Management and the corresponding documentation, and reviewing the written consultations provided by external advisers, where applicable; – assessing the written confirmations obtained from your Group’s external advisers; – assessing the main risks identified, and reviewing the assumptions used by Management to classify these risks as contingent liabilities; – assessing the appropriateness of the information presented in notes “2021 highlights”, 1.3 and 9.2 to the consolidated financial statements.

SPECIFIC VERIFICATIONS

—

In accordance with the professional standards applicable in France, we have also performed the specific verifications required by law and regulations on the information relating to the Group given in the Board of Directors’ management report.

We have no observation to make with regard to the fairness of such information and its consistency with the consolidated financial statements.

We certify that the consolidated non-financial statement provided for by Article L. 225-102-1 of the Commercial Code is included in the information relating to the Group given in the management report, it being specified that in accordance with the provisions of Article L. 823-10 of said Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained in this statement which has to be subject to a report by an Independent Third Party.

OTHER VERIFICATION OR INFORMATION PROVIDED FOR BY LEGAL AND REGULATORY DOCUMENTS

FORMAT OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS INTENDED TO BE INCLUDED IN THE ANNUAL FINANCIAL REPORT

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the Statutory Auditor relating to the parent company and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the Annual Financial Report mentioned in paragraph I of Article L. 451-1-2 of the Monetary and Financial Code, prepared under the responsibility of the Chief Executive Officer, complies with the single electronic format defined in the European delegated regulation n°2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to

be included in the Annual Financial Report complies, in all material respects, with the European single electronic format.

It is not our responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the Annual Financial Report filed with the AMF are in agreement with those on which we have performed our work.

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as Statutory Auditors of Somfy SA by your General Meetings of 24 May 2016 for KPMG SA and 12 May 2010 for ERNST & YOUNG et Autres.

At 31 December 2021, KPMG SA was in its sixth year of uninterrupted engagement and ERNST & YOUNG et Autres in its twelfth year.

Previously, ERNST & YOUNG Audit had been Statutory Auditor from 1993.

RESPONSIBILITY OF MANAGEMENT AND INDIVIDUALS IN CHARGE OF CORPORATE GOVERNANCE IN RELATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

—

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

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

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures. The consolidated financial statements have been prepared by the Board of Directors.

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

AUDIT OBJECTIVES AND APPROACH

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

As specified in Article L. 823-10-1 of the Commercial Code, our statutory audit does not include assurance on the viability of the company or the quality of management of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgement throughout the audit. Furthermore, the Statutory Auditor:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements;
- assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to

events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to issue a qualified or adverse opinion.

- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

REPORT TO THE AUDIT AND RISK COMMITTEE

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

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

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

Lyon, 13 April 2022
The Statutory Auditors

KPMG Audit
A Department of KPMG SA

Stéphane Devin
Partner

Sara Righenzi de Villers
Partner

ERNST & YOUNG et Autres

Sylvain Lauria
Partner

REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON-FINANCIAL STATEMENT

This is a free English translation of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Annual General Meeting,

In our capacity as Statutory Auditor of your company (hereinafter the "entity"), appointed as Independent Third Party, and accredited by the COFRAC under number 3-1049⁽¹⁾, we have undertaken a limited assurance engagement on the historical financial information (actual or extrapolated) of the consolidated non-financial statement, prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), for the year ended 31 December 2021 (hereinafter, respectively, the "Information" and the "Statement"), included in the Group's management report pursuant to the requirements of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de Commerce*).

LIMITED ASSURANCE CONCLUSION

Based on the procedures performed, as set out in the "Nature and scope of our work" section of this report, and the information collected, nothing has come to our attention that causes us to believe that the Statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

PREPARATION OF THE STATEMENT

The absence of a commonly used generally accepted reporting framework or established practice on which to draw to evaluate and measure the Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information needs to be read and understood together with the Guidelines, the main elements of which are presented in the Statement and available on request from the entity's registered office.

INHERENT LIMITATIONS IN PREPARING THE INFORMATION

The Information may be subject to inherent uncertainty because of incomplete scientific and economic knowledge and the quality of external data used. Some information is sensitive to methodological choices, assumptions and/or estimates used for their preparation and presented in the Statement.

RESPONSIBILITY OF THE ENTITY

The Board of Directors is responsible for:

- selecting or establishing suitable criteria for preparing the Information;
- preparing a Statement in accordance with legal and regulatory requirements, including a presentation of the business model, a description of the main extra-financial risks, a presentation of policies applied to mitigate these risks and the outcomes of those policies, including key performance indicators, and the information provided for in Article 8 of regulation (EU) 2020/852 (the Taxonomy regulation);

- implementing internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

The Statement was prepared by applying the entity's Guidelines as mentioned previously.

RESPONSIBILITY OF THE STATUTORY AUDITOR, APPOINTED AS INDEPENDENT THIRD PARTY

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

- the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- the fairness of the historical financial information (actual or extrapolated) provided in accordance with Article R. 225-105-I(3) and II of the French Commercial Code concerning action plans and policy outcomes, including the key performance indicators on the main risks.

As it is our responsibility to provide an independent conclusion on the Information as prepared by Management, we are not authorised to help prepare said Information, as that could compromise our independence.

It is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory requirements, in particular the disclosures provided for in Article 8 of regulation (EU) 2020/852 (the Taxonomy regulation), and the anti-corruption and tax avoidance legislation;
- the fairness of the disclosures provided for in Article 8 of regulation (EU) 2020/852 (the Taxonomy regulation);
- the compliance of products and services with applicable regulations.

REGULATORY PROVISIONS AND APPLICABLE PROFESSIONAL GUIDANCE

We performed our work described below in accordance with the provisions of Articles A. 225-1 and following of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement and International Standard on Assurance Engagements 3000⁽²⁾.

OUR INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de Déontologie*) for Statutory Auditors. Our firm maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with applicable legal, regulatory and ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors relating to this engagement.

(1) Accreditation Cofrac Inspection, number 3-1049, scope available at www.cofrac.fr

(2) ISAE 3000 (Revised) - Assurance engagements other than audits or reviews of historical financial information

MEANS AND RESOURCES

Our work was carried out by a team of eight people between September 2021 and April 2022 and took a total of three weeks. We were assisted in our work by our specialists in Sustainable Development and Corporate Social Responsibility. We conducted ten interviews with the people responsible for preparing the Statement.

NATURE AND SCOPE OF OUR WORK

We planned and performed our work to address the areas where we identified that a material misstatement of the Information was likely to arise.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion:

- we obtained an understanding of all the consolidated entities' activities, and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III, as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;

- we referred to documentary sources and conducted interviews to:
 - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented,
 - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix. Concerning certain risks⁽¹⁾, our work was carried out on the consolidating entity, for the other risks, our work was carried out on the consolidating entity and on a selection of entities⁽²⁾;
- we verified that the Statement covers the scope of consolidation, *i.e.* all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important, as presented in Appendix, we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
 - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities⁽²⁾ and covers between 23% and 100% of the consolidated data selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

The procedures performed in a limited assurance engagement are less in extent than for a reasonable assurance engagement performed in accordance with the professional guidance issued by the French Institute of Statutory Auditors; a higher level of assurance would have required us to carry out more extensive procedures.

Paris La Défense, 13 April 2022
KPMG SA

Fanny Houlliot
Partner, Sustainability Services

Stéphane Devin
Partner

Sara Righenzi de Villers
Partner

(1) Commitment to local stakeholders and local impact of our sites; Environmental impact of products; Impact of the environment on Somfy activities; Business ethics and fair practices; Privacy and personal data; Responsible Purchasing and Supply Chain Transparency; Regulatory safety and compliance of products; Customer satisfaction.

(2) Somfy Activités SA (France), SITEM (Tunisia), SOPEM (Poland).

APPENDIX

Qualitative information (actions and results) considered most important

People	Skills development policy and employee engagement
	Agreement signed to promote gender equality in the workplace
	Health & Safety standards in place
	Organisation of solidarity missions
Planet	Actions to reduce the carbon impact of activities and results
	Actions implemented to promote the eco-design of products
Prosperity	Platform for reporting any behavior contrary to the Ethics Charter
	Personal data protection system
	Accreditation to ensure the regulatory compliance of products
	"My Somfy Lab" community exchange platform

Key performance indicators and other quantitative results considered most important

People	Breakdown of total workforce by age
	Percentage of employees who were promoted or who benefited from a mobility
	Percentage of employees who received training
	Percentage of women in management
	Frequency rate of work-related accidents with absence
	Severity rate of work-related accidents
Planet	Energy consumption per m ²
	Rate of electricity from renewable sources
	Total GHG emissions related to energy consumption of industrial sites
	Annual electricity consumption per motor
	Rate of Act for Green products sold
	Volume of non-hazardous and hazardous waste in kg per motor
	Recycling rate of hazardous and non-hazardous waste
Prosperity	Percentage of newcomers who have completed the anti-corruption e-learning training
	Percentage of purchases made locally
	Percentage of newcomers who have completed the GDPR e-learning training
	Number of suppliers covered by a supplier risk analysis
	Customer Net Promoter Score

STATUTORY AUDITORS' REPORT ON THE SHARE CAPITAL REDUCTION (ANNUAL GENERAL MEETING OF 1 JUNE 2022 - RESOLUTION N°24)

To the Shareholders,

As Statutory Auditors of your company and in completion of our assignment pursuant to Article L. 22-10-62 of the Commercial Code in the event of a reduction of share capital by cancellation of shares bought back, we have prepared the present report to inform you of our assessment of the causes and terms and conditions of the foreseen reduction in capital.

Your Board of Directors proposes that you delegate to it, for a period of 24 months from the date of this General Meeting, all powers to cancel the shares purchased in respect of the implementation of the authorisation for your company to purchase its own shares pursuant to the aforementioned article, up to 10% of the share capital per period of 24 months.

We have performed the due diligence we deemed necessary with regard to the professional standards of the Compagnie Nationale des Commissaires aux Comptes in relation to this assignment. This consisted of examining whether the causes and terms and conditions of the foreseen reduction in share capital, which does not derogate from the principle of equality between shareholders, are correct.

We have no observations to make on the causes and terms and conditions of the foreseen share capital reduction.

Lyon, 13 April 2022
The Statutory Auditors

KPMG Audit
A Department of KPMG SA

Stéphane Devin
Partner

Sara Righenzi de Villers
Partner

ERNST & YOUNG et Autres

Sylvain Lauria
Partner

**STATUTORY AUDITORS' REPORT ON THE AUTHORISATION TO ALLOCATE
SHARES, EXISTING OR TO BE ISSUED, FREE OF CHARGE
(ANNUAL GENERAL MEETING OF 1 JUNE 2022 - RESOLUTION N° 25)**

To the Shareholders,

As Statutory Auditors of your company and in execution of the assignment provided for by Article L. 225-197-1 of the Commercial Code, we hereby present our report on the proposed allocation of free shares, existing or to be issued, for the benefit of employees of your company or companies or economic interest groups directly or indirectly related to it within the meaning of Article L. 225-197-2 of the Commercial Code and/or corporate officers of your company meeting the requirements set out in Article L. 225-197-1 of the Commercial Code, upon which you are called to vote.

The total number of shares liable to be allocated free of charge under this authorisation cannot exceed 1.5% of the share capital of the company on the date of this General Meeting, without being able to exceed the maximum percentage of the share capital provided for by regulations on the date on which the allocation decision is made, it being specified that this limit will count towards the total number of shares that can confer the right to share purchase options able to be authorised by the Board of Directors in respect of the authorisation granted to the Board of Directors by the General Meeting of 2 June 2021 in its 12th resolution and any other subsequent similar authorisation granted by the General Meeting. Where applicable, added to this limit would be the nominal amount of the increase in share capital required to safeguard the rights of the beneficiaries of free allocations of shares in the event of transactions in your company's share capital during the vesting period.

On the basis of its report, your Board of Directors proposes that it be authorised to allocate existing shares or shares to be issued free of charge for a period of 38 months.

The Board of Directors must prepare a report on this proposed transaction, which it intends to implement. Our role is to issue observations, where applicable, on the information thereby disclosed to you regarding the planned transaction.

We have performed the due diligence we deemed necessary with regard to the professional standards of the Compagnie Nationale des Commissaires aux Comptes in relation to this assignment.

This due diligence specifically involved verifying that the terms and conditions being considered and included in the Board of Directors' report comply with the provisions set out by the law.

We have no observations to make on the information provided in the report of the Board of Directors on the planned transaction for the allocation of free shares.

Lyon, 13 April 2022
The Statutory Auditors

KPMG Audit
A Department of KPMG SA

Stéphane Devin
Partner

Sara Righenzi de Villers
Partner

ERNST & YOUNG et Autres

Sylvain Lauria
Partner

DRAFT RESOLUTIONS TO THE COMBINED GENERAL MEETING OF 1 JUNE 2022

ORDINARY SESSION

FIRST RESOLUTION – Approval of the parent company financial statements for the year ended 31 December 2021

The General Meeting, having considered the reports of the Board of Directors and the Statutory Auditors on the financial statements for the year ended 31 December 2021, approves the financial statements, as submitted, which show a net profit of €184,474,270.23.

The General Meeting specifically approves a total of €6,450 in expenses and charges referred to in paragraph 4 of Article 39 of the General Tax Code, as well as the corresponding amount of tax of €1,832.

SECOND RESOLUTION – Approval of the consolidated financial statements for the year ended 31 December 2021

The General Meeting, having considered the reports of the Board of Directors and the Statutory Auditors for the financial year ended 31 December 2021, approves the consolidated financial statements, as submitted, which show a net profit (Group share) of €258,049,000.

THIRD RESOLUTION – Allocation of net profit for the financial year and setting of dividend

The General Meeting approves the following allocation of net profit for the financial year ended 31 December 2021 proposed by the Board of Directors:

Source

– Net profit for the financial year	€184,474,270.23
– Retained earnings	€4,839,461.25

Allocation

– Dividends	€79,550,000.00
– Optional reserve	€109,763,731.48

The General Meeting notes that the total gross dividend is set at €2.15 per share.

When it is paid to individuals who are tax residents in France, the dividend is subject to a single fixed-levy deduction at source on the gross dividend at the flat rate of 12.8% (Article 200 A of the General Tax Code), or at the express, irrevocable and comprehensive wishes of the taxpayer, to income tax calculated according to a sliding scale after notably an allowance of 40% (Articles 200 A, 13, and 158 of the General Tax Code). The dividend is also subject to social security contributions at the rate of 17.2%.

The ex-dividend date is set at 10 June 2022.

The dividend will be paid on 14 June 2022.

It is specified that if the company holds a number of treasury shares at the ex-dividend date, the amounts corresponding to unpaid dividends in respect of these shares will be transferred to retained earnings.

Pursuant to the provisions of Article 243 *bis* of the General Tax Code, the General Meeting notes that it was reminded that the following dividends were paid during the last three financial years:

Financial year	Revenues eligible for tax rebate		Revenue not eligible for tax rebate
	Dividends	Other distributed earnings	
2018	€48,094,109.00* being €1.40 per share	-	-
2019	€42,976,388.75* being €1.25** per share	-	-
2020	€63,610,538.80* being €1.85 per share	-	-

* Does not include unpaid dividends attributable to treasury shares and transferred to retained earnings.

** The 2019 dividend amount was revised downwards at the General Meeting of 24 June 2020.

FOURTH RESOLUTION – Special report of the Statutory Auditors on regulated agreements – Noting the absence of new agreements

The General Meeting, having considered the special report of the Statutory Auditors mentioning the absence of new agreements of the type referred to in Articles L. 225-38 and subsequent and L. 225-86 and subsequent of the Commercial Code, simply acknowledges this fact.

FIFTH RESOLUTION – Appointment of DELOITTE & ASSOCIÉS to replace ERNST & YOUNG et Autres as Principal Statutory Auditor

Upon the proposal of the Board of Directors, the Annual General Meeting appoints the firm DELOITTE & ASSOCIÉS to replace ERNST & YOUNG et Autres, whose term of office expires at the end of this General Meeting, to the role of Principal Statutory Auditor for a period of six financial years, that is until the end of the Annual Ordinary General Meeting to be held in 2028 and called to approve the financial statements for the financial year ended 31 December 2027.

They have formally accepted this role.

SIXTH RESOLUTION – Non-reappointment and non-replacement of AUDITEX as Alternate Statutory Auditor

Upon the proposal of the Board of Directors, the General Meeting decides, having noted that the term of office as Alternate Statutory Auditor from the firm AUDITEX expire at the end of this General Meeting, not to reappoint them or appoint a replacement, in accordance with the law.

SEVENTH RESOLUTION – Reappointment of KPMG SA as Principal Statutory Auditor

Upon the proposal of the Board of Directors, the Annual General Meeting reappoints the firm KPMG SA, whose term of office expires at the end of this General Meeting, to the role of Principal Statutory Auditor for a period of six financial years, that is until the end of the Annual Ordinary General Meeting to be held in 2028

and called to approve the financial statements for the financial year ended 31 December 2027.

They have formally accepted this role.

EIGHTH RESOLUTION – Non-reappointment and non-replacement of SALUSTRO REYDEL as Alternate Statutory Auditor

Upon the proposal of the Board of Directors, the General Meeting decides, having noted that the term of office as Alternate Statutory Auditor from the firm SALUSTRO REYDEL expire at the end of this General Meeting, not to reappoint them or appoint a replacement, in accordance with the law.

NINTH RESOLUTION – Non-reappointment and non-replacement of Michel Rollier as Director

The General Meeting, having noted that the term of office of Michel Rollier as Director expired at the end of this General Meeting, decided not to reappoint or replace him.

TENTH RESOLUTION – Appointment of Grégoire Ferré as Director

The General Meeting decides to appoint Grégoire Ferré as Director, in addition to existing members, for a period of four years, to expire at the end of the General Meeting called in 2026 to approve the financial statements for the year then ended.

ELEVENTH RESOLUTION – Appointment of Vincent Léonard as Director

The General Meeting decides to appoint Vincent Léonard as Director, in addition to existing members, for a period of four years, to expire at the end of the General Meeting called in 2026 to approve the financial statements for the year then ended.

TWELFTH RESOLUTION – Approval of the remuneration policy for the Chairman of the Board of Directors

The General Meeting, acting pursuant to Article L. 22-10-8 of the Commercial Code, approves the remuneration policy for the Chairman of the Board of Directors as presented in the report on corporate governance included in the 2021 Annual Financial Report (paragraph “Corporate officers’ remuneration policy”).

THIRTEENTH RESOLUTION – Approval of the remuneration policy for the Chief Executive Officer

The General Meeting, acting pursuant to Article L. 22-10-8 of the Commercial Code, approves the remuneration policy for the Chief Executive Officer as presented in the report on corporate governance included in the 2021 Annual Financial Report (paragraph “Corporate officers’ remuneration policy”).

FOURTEENTH RESOLUTION – Approval of the remuneration policy for the Deputy Chief Executive Officer

The General Meeting, acting pursuant to Article L. 22-10-8 of the Commercial Code, approves the remuneration policy for the Deputy Chief Executive Officer as presented in the report on corporate governance included in the 2021 Annual Financial Report (paragraph “Corporate officers’ remuneration policy”).

FIFTEENTH RESOLUTION – Approval of the remuneration policy for the Directors

The General Meeting, acting pursuant to Article L. 22-10-8 of the Commercial Code, approves the remuneration policy for the Directors as presented in the report on corporate governance included in the 2021 Annual Financial Report (paragraph “Corporate officers’ remuneration policy”).

SIXTEENTH RESOLUTION – Approval of the information referred to in paragraph I of Article L. 22-10-9 of the Commercial Code

The General Meeting, acting pursuant to Article L. 22-10-34 I of the Commercial Code, approves the information included in paragraph I of Article L. 22-10-9 of the Commercial Code and presented in the paragraph “Information referred to in paragraph I of Article L. 22-10-9 of the Commercial Code” of the report on corporate governance included in the 2021 Annual Financial Report.

SEVENTEENTH RESOLUTION – Approval of the fixed, variable and exceptional items making up the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to Jean Guillaume Despature, Chairman of the Management Board until 2 June 2021

The General Meeting, acting pursuant to Article L. 22-10-34 II of the Commercial Code, approves the fixed, variable and exceptional items comprising the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to Jean Guillaume Despature, Chairman of the Management Board until 2 June 2021, as presented in the report on corporate governance included in the 2021 Annual Financial Report, paragraph “Fixed, variable and exceptional items making up the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to the Chairman of the Management Board until 2 June 2021”.

EIGHTEENTH RESOLUTION – Approval of the fixed, variable and exceptional items making up the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to Jean Guillaume Despature, Chairman of the Board of Directors since 2 June 2021

The General Meeting, acting pursuant to Article L. 22-10-34 II of the Commercial Code, approves the fixed, variable and exceptional items comprising the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to Jean Guillaume Despature, Chairman of the Board of Directors since 2 June 2021, as presented in the report on corporate governance included in the 2021 Annual Financial Report, paragraph “Fixed, variable and exceptional items making up the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to the Chairman of the Board of Directors since 2 June 2021”.

NINETEENTH RESOLUTION – Approval of the fixed, variable and exceptional items making up the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to Pierre Ribeiro, member of the Management Board and Chief Financial Officer until 2 June 2021

The General Meeting, acting pursuant to Article L. 22-10-34 II of the Commercial Code, approves the fixed, variable and exceptional items comprising the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to Pierre Ribeiro, member of the Management Board and Chief Financial Officer until 2 June 2021, as presented in the report on corporate governance included in the 2021 Annual Financial Report, paragraph “Fixed, variable and exceptional items making up the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to the member of the Management Board and Chief Financial Officer until 2 June 2021”.

TWENTIETH RESOLUTION – Approval of the fixed, variable and exceptional items making up the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to Pierre Ribeiro, Chief Executive Officer since 2 June 2021

The General Meeting, acting pursuant to Article L. 22-10-34 II of the Commercial Code, approves the fixed, variable and exceptional items comprising the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to Pierre Ribeiro, Chief Executive Officer since 2 June 2021, as presented in the report on corporate governance included in the 2021 Annual Financial Report, paragraph “Fixed, variable and exceptional items making up the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to the Chief Executive Officer since 2 June 2021”.

TWENTY-FIRST RESOLUTION – Approval of the fixed, variable and exceptional items making up the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to Michel Rollier, Chairman of the Supervisory Board until 2 June 2021

The General Meeting, acting pursuant to Article L. 22-10-34 II of the Commercial Code, approves the fixed, variable and exceptional items comprising the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to Michel Rollier, Chairman of the Supervisory Board until 2 June 2021, as presented in the report on corporate governance included in the 2021 Annual Financial Report, paragraph “Fixed, variable and exceptional items making up the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to the Chairman of the Supervisory Board until 2 June 2021”.

TWENTY-SECOND RESOLUTION – Approval of the fixed, variable and exceptional items making up the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to Valérie Dixmier, Deputy Chief Executive Officer since 2 June 2021

The General Meeting, acting pursuant to Article L. 22-10-34 II of the Commercial Code, approves the fixed, variable and exceptional items comprising the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to Valérie Dixmier, Deputy Chief Executive Officer since 2 June 2021, as presented in the report on corporate governance included in the 2021 Annual Financial Report, paragraph “Fixed, variable and exceptional items making up the total remuneration and benefits of any kind paid during or allocated in respect of the financial year just ended to the Deputy Chief Executive Officer since 2 June 2021”.

TWENTY-THIRD RESOLUTION – Authorisation to be granted to the Board of Directors for the buyback by the company of its own shares pursuant to Article L. 22-10-62 of the Commercial Code

The General Meeting, having considered the report of the Board of Directors, authorises the latter, for a period of 18 months and in accordance with Articles L. 22-20-62 and subsequent and L. 225-210 and subsequent of the Commercial Code, to buy back company shares, on one or several occasions as it deems appropriate, up to a maximum of 10% of the number of shares comprising the share capital on the date of this General Meeting, restated if necessary to take account of any increase or reduction in share capital that may take place during the timeframe of the programme.

This authorisation supersedes the authorisation granted to the Board of Directors by the tenth resolution to the General Meeting of 2 June 2021, sitting in ordinary session.

Acquisitions may be carried out for the following objectives:

- to stimulate the secondary market or ensure the liquidity of the Somfy share, by way of an investment services provider within a liquidity contract that complies with practices recognised by regulations, it being specified that within this framework the number of shares considered for the calculation of the limit specified above corresponds to the number of shares purchased less the number of shares resold;
- to retain the shares purchased and subsequently exchange them or use them as payment within the framework of potential merger, demerger, contribution or acquisition transactions;
- to ensure the coverage of stock option plans and/or free share allocation plans (or similar) granted to employees and/or corporate officers of the Group, including related economic interest groups and companies, as well as all other shares allocated under a company or group savings scheme (or similar), in relation to employee profit-sharing and/or any other form of allocation to employees and/or corporate officers of the Group, including related economic interest groups and companies;
- to cover marketable securities giving right to the allocation of shares in the company, in accordance with current regulations;

– to cancel purchased shares, in accordance with the authorisation granted or to be granted by the Extraordinary General Meeting.

Such share purchases can be effected by all means, including by means of acquiring blocks of shares and at any times considered appropriate by the Board of Directors.

The company reserves the right to use options or derivative instruments, in accordance with applicable regulations.

The maximum purchase price is set at €240 per share. In case of a share capital transaction, in particular a share split, reverse share split or allocation of free shares to shareholders, the above-mentioned price will be restated in the same proportions (a multiplier coefficient equal to the number of shares comprising the share capital before the transaction divided by the number of shares following the transaction).

The maximum value of the transaction is therefore set at €273,589,200.

The General Meeting confers all powers to the Board of Directors to proceed with these transactions, set their terms and conditions, conclude all agreements and fulfil all of the required formalities.

EXTRAORDINARY SESSION

TWENTY-FOURTH RESOLUTION – Authorisation to be granted to the Board of Directors to cancel treasury shares held by the company and bought back within the framework set out by Article L. 22-10-62 of the Commercial Code

In application of Article L. 22-10-62 of the Commercial Code and having considered the report of the Board of Directors and the Statutory Auditors' special report, the General Meeting:

- 1) grants authority to the Board of Directors to cancel, at its own discretion, on one or more occasions, within a limit of 10% of capital, calculated on the day on which the cancellation decision is made, reduced by the number of shares cancelled during the previous 24 months, the shares which the company holds or could hold, notably following share buybacks exercised within the framework of Article L. 22-10-62 of the Commercial Code as well as to reduce share capital by the corresponding amount pursuant to the legal and regulatory provisions in force;
- 2) sets the term of this authorisation at 24 months starting from this General Meeting;
- 3) grants the Board of Directors all powers required to carry out all necessary transactions for such cancellations and corresponding reductions in share capital, to modify the company's Articles of Association as a result and fulfil all of the required formalities.

TWENTY-FIFTH RESOLUTION – Authorisation to be granted to the Board of Directors to allocate existing shares free of charge to employees and/or to certain corporate officers

The General Meeting, having considered the report of the Board of Directors and the Statutory Auditors' special report, authorises the Board of Directors to allocate, pursuant to Articles L. 225-197-1, L. 225-197-2, L. 22-10-59 and L. 22-10-60 of the Commercial Code, on one or more occasions, existing ordinary shares of the company for the benefit of:

- employees of the company or companies or economic interest groups directly or indirectly related to it within the meaning of Article L. 225-197-2 of the Commercial Code;

– and/or corporate officers meeting the requirements of Article L. 225-197-1 of the Commercial Code.

The total number of shares allocated free of charge under this authorisation may not exceed 1.5% of the share capital on the date of this General Meeting, it being specified that it may not exceed the maximum percentage of the share capital provided for by regulations on the date on which the allocation decision is made, and that this limit will count towards the total number of shares that can confer the right to share purchase options able to be granted by the Board of Directors in respect of the authorisation granted by the General Meeting of 2 June 2021 in its 12th resolution and any other subsequent similar authorisation granted by the General Meeting.

Where applicable, added to this limit will be the nominal amount of the increase in share capital required to safeguard the rights of the beneficiaries of free allocations of shares in the event of transactions in the company's share capital during the vesting period.

The allocation of shares to beneficiaries will be definitive at the end of a vesting period whose duration, which may not be less than one year, will be set by the Board of Directors.

Beneficiaries will be required, where applicable, to retain these shares for a minimum period, set by the Board of Directors, at least equal to that required to ensure that the cumulative duration of the vesting, and where necessary the retention, periods may not be less than two years.

As an exception, the final allocation will take place before the end of the vesting period in the event of the beneficiary's infirmity corresponding to the second or third category referred to in Article L. 341-4 of the Social Security Code.

The Board of Directors is granted full authority to:

- set the conditions and, where required, the criteria for the definitive allocation of the shares;
- determine the identity of the beneficiaries as well as the number of shares allocated to each of them;
- where necessary:
 - acquire the shares required as part of the share buyback programme and allot them to the allocation plan,
 - determine the impacts on the rights of beneficiaries of transactions modifying the share capital or likely to impact the value of the shares allocated and completed during the vesting period and, as a result, amend or adjust, if necessary, the number of shares allocated to preserve the rights of beneficiaries,
 - decide whether or not to set a retention obligation at the end of the vesting period and, where necessary, determine its duration and take all appropriate measures to ensure compliance with it by the beneficiaries,
 - and generally do anything within the framework of current regulations that may be required by the implementation of this authorisation.

This authorisation is granted for a period of 38 months starting from the date of this General Meeting.

It will, from this date and where applicable, cause any unused portion of any prior authorisation to the same effect to lapse.

TWENTY-SIXTH RESOLUTION – Powers to complete formalities

The General Meeting confers full powers to the bearer of the original, a copy or extract of the present minutes to complete all filings and publication formalities required by law.

STATEMENT FROM THE INDIVIDUAL RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

I certify that, to my knowledge, the financial statements for the year just ended were established in accordance with professional accounting standards applicable in France and give a fair view of the assets, financial situation and performance of the company and of all companies included in the consolidation scope, and that the accompanying management report gives a true view of the business situation, performance and financial situation of the company and of all companies included in the consolidation, as well as a description of main risks and uncertainties they encountered.

Cluses, 14 April 2022

Pierre Ribeiro
Chief Executive Officer

08

RECENT EVENT

PRESS RELEASE OF 30 MARCH 2022

SOMFY SUPPORTS ELCIA GROUP, FRENCH LEADER FOR DIGITAL SOLUTIONS FOR SELLING WINDOWS, DOORS, ROLLER SHUTTERS AND SHADING SYSTEMS, AS PART OF ITS EUROPEAN EXPANSION

SOMFY, the world leader for window and door automation for homes and buildings and pioneer in the connected home, and ELCIA, the French leader for digital solutions for selling windows, doors, roller shutters and shading systems, announce that on 30 March 2022 they signed an agreement providing for the acquisition by SOMFY of a 6.33% stake in the share capital of ELCIA.

Sharing common values based on innovation and customer service, SOMFY and ELCIA seek to establish this partnership to pursue the dual aim of helping ELCIA Group to expand in Europe and supporting trade installers with the sale of connected solutions.

Founded in 1999, ELCIA has 210 employees in France and more than 24,000 users. The Group's products include ProDevis, the number 1 costing and management solution for installers in windows, doors, roller shutters and shading systems, a solution aimed at optimising interaction between manufacturers, their sales networks and individual customers.

Supporting ELCIA's growth

This transaction will help support ELCIA Group's growth ambitions in Europe, and notably in Germany, where SOMFY Group has developed a strong network of experts since the creation of its subsidiary in 1969. It is familiar with the challenges of this market, Europe's largest for windows, doors, roller shutters and shading systems.

Development of the digital solutions needed by installation and distribution networks

This partnership will also help to develop innovative digital solutions with installation and distribution networks in the industry. ELCIA's offering has been developed to connect the whole industry and address its changing needs and trends. Drawing on this expertise, ELCIA will build on its existing solutions to expand its range to include connected joinery, thereby responding to key trends involving changing living environments and the connected home.

A specific aim of this collaboration is to provide comprehensive support in the digitalisation of the entire value chain and facilitate the continued structuring of installer networks to ensure a high-quality service for consumers.

Subject to the fulfilment of the usual conditions precedent, this equity investment will become effective on 14 April 2022. SOMFY will finance the acquisition using existing cash resources.

According to Franck Couturieux, Chairman and Founder of ELCIA, *"The closer relationship with SOMFY will allow us to benefit from the expertise of an internationally minded French industrial Group, with a stable shareholding structure and a long-term vision, to support our development in Europe, and will add value for customers by making life easier for all those involved in the market thanks to our software solutions and innovative services."*

Pierre Ribeiro, CEO of SOMFY, concluded, *"We are delighted to be supporting the ELCIA teams through this equity investment. Innovation and customer service are values that we broadly share with this French gem of a company and that will help strengthen the digital offering for installers, optimising customer satisfaction."*

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Designed & published by  LABRADOR +33 (0)1 53 06 30 80
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