ANNUAL FINANCIAL REPORT 2020

INVENT A NEW WAY OF LIVING, TOGETHER

SOMFY

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01
PRESENTATION OF THE GROUP

JOINT INTERVIEW OF THE MANAGEMENT BOARD

Unprecedented in many ways, 2020 was a year of growth for Somfy. As a benchmark in Smart Living, the Group has benefited greatly from renewed interest in comfort in the home while at the same time advancing its strategic projects. Let's review the year with Jean Guillaume Despature, Chairman of the Management Board of Somfy, and Pierre Ribeiro, member of the Management Board and Chief Financial Officer.

Jean Guillaume DESPATURE,
Chairman of the Management Board of Somfy

How is Somfy doing today?

J.G.D: Somfy is doing very well following a solid performance in 2020. It was a year of strong contrasts, with the first half of the year marked by the shutdown of our factories and inbound logistics for more than three weeks, followed by their gradual restart. The second half of the year proved completely different and saw intense activity due to the reallocation of consumer spending and the home playing a larger role in people's lives. This interest is supported by the government's stimulus plan, which encourages everyone to buy products that improve the energy efficiency of their homes. This performance was therefore driven by factors related to the health crisis and by structural elements, such as digitalisation and the energy performance of buildings.

"We are confident in the future because Somfy has solid fundamentals. Our future growth will be driven by **digitalisation and the decarbonisation of the building industry.**"

What's your take on the main financial indicators?

P.R: All our indicators have improved. Our sales, reflecting our level of activity, reached €1.3 billion, an increase of 6.1% on a like-for-like basis. Following a decline in the first half of 2020, they soared by 20.1% in the second half. Our current operating margin rose sharply to 20.7% of sales. This level is partly due to non-recurring savings, made pre-emptively to anticipate the impacts of the health crisis, or constrained, such as the inability to travel. Finally, our net financial surplus reached €518 million, an increase of €200 million.

J.G.D: Our good financial health gives us room to manoeuvre and will benefit our shareholders and employees in France through the profit-sharing and incentive bonus. To prepare for the future, we will invest in our manufacturing facilities by accelerating our digitalisation through the roll-out of a new ERP (SAP) and by increasing our production capacities, particularly in France.

Pierre RIBEIRO, member of the Management Board and Chief Financial Officer

> “ MOST REGIONS POSTED GROWTH IN 2020. THIS WAS PARTICULARLY TRUE OF **EASTERN EUROPE AND CENTRAL EUROPE,** WHICH POSTED REMARKABLE PERFORMANCES WITH GROWTH OF 23% AND 12% RESPECTIVELY OVER THE YEAR. ”

In which markets did Somfy perform well?

P.R: Most regions posted growth in 2020. This was particularly true of Eastern Europe and Central Europe, which posted remarkable performances with growth of 23% and 12% respectively. This was not a simple catch-up effect following the first lockdown but a sustainable recovery. Although more heavily impacted by health restrictions, other regions such as France and Africa & the Middle East held up well. Only Southern Europe, Latin America and Asia-Pacific posted declines. Dooya, our Chinese subsidiary positioned on entry-level and white label solutions, was very successful outside China.

How do you explain this level of performance?

P.R: It was stimulated by buoyant demand across all our markets. With this crisis, consumers have refocused on the important things in life: family and the home. Prompted by mild weather in the spring of 2020 and the fear of letting installers into their homes, they turned to exterior products connected with solar protection, such as motorised blinds for patios, pergolas and verandas. Responding to such strong demand from customers around the world has been a real challenge, which we have met successfully.

J.G.D: The dedication of our employees enabled us to continue operating to serve our customers at all times. This was true of the IT teams, who helped 90% of our staff to switch to remote working in just a few days. In Operations, we successfully relaunched our production lines, thereby gaining the trust of operators. We were then able to establish sustained rates and break production records. The Purchasing teams maintained the continuity of our severely tested supply chain by leveraging our global presence. Our collective strength has shown our customers that they can count on Somfy.

Have you been able to roll out your Ambition 2030 plan as scheduled?

J.G.D: With Ambition 2030, we are committed to an in-depth review of our value proposition in our core business in order to seize the opportunities created by digitalisation and to better support our customers at every stage of their journey. The recent acquisition of Repar’stores illustrates this. With this new expertise, we are providing a complementary service while also meeting the ever increasing environmental expectations of our customers.

P.R: 2020 was also the year we rolled out our new organisation. Its purpose is to create a more integrated company in order to reinforce excellence in each of our business lines, increase our agility and customer focus, and facilitate digitalisation. More than an organisation, it establishes a new way of working and a stronger and more unified corporate culture.

How are you preparing for the future?

J.G.D: Our model is based on solid fundamentals. In the future, our growth will be driven by digitalisation and the decarbonisation of the building industry. Digitalisation creates new use cases for our customers and in the relationship we build with them. The decarbonisation of the building industry, driven by regulations and greater public awareness, opens up new perspectives. We are working on an ambitious plan to reduce the $C0_2$ emissions generated by our activities and to identify the emission savings made by our customers through our solutions. We are determined to make sustainability a lever for differentiation and sustainable growth.

PROFILE

Open your front door remotely
Make sure your children are home from school
Adjust lighting to the intensity of natural light
Ventilate your home in just a click

—

As the preferred partner for opening and closing automation in homes and commercial buildings, Somfy makes a new way of living possible, ensuring comfort, security, energy savings, and well-being.

By leading the world in its sector and pioneering home automation and motorisations for 50 years, the French Somfy Group is a benchmark in Smart Living. Somfy Smart Living is useful, simple, reliable, and accessible. The Group is a forerunner of new uses and the future of housing technologies. To achieve this ambition, Somfy is digitalising its offer and innovating and consolidating its world leadership. It is open to all technologies and all stakeholders in Smart Living by forging value-creating partnerships.

Today, the need to feel good at home is even stronger. The home has become a refuge, a sound investment. Somfy provides everyone with the best-suited solution for their home and equipment. It also develops efficient and sober solutions to consume less and increase energy efficiency. This is who it is and how it contributes to a sustainable world.

KEY FIGURES

SOMFY AT A GLANCE

5 TYPES OF APPLICATIONS

Shutters and solar protection

↓

Connected Home

↓

Security

↓

Interior blinds and curtains

↓

Access control

SALES

↓

€1,257.1M

SALES GROWTH

↓

+6.1%

on a like-for-like basis compared to 2019

CURRENT OPERATING RESULT

↓

€260.7M

13 COMPLEMENTARY BRANDS

17
R&D centres around the world

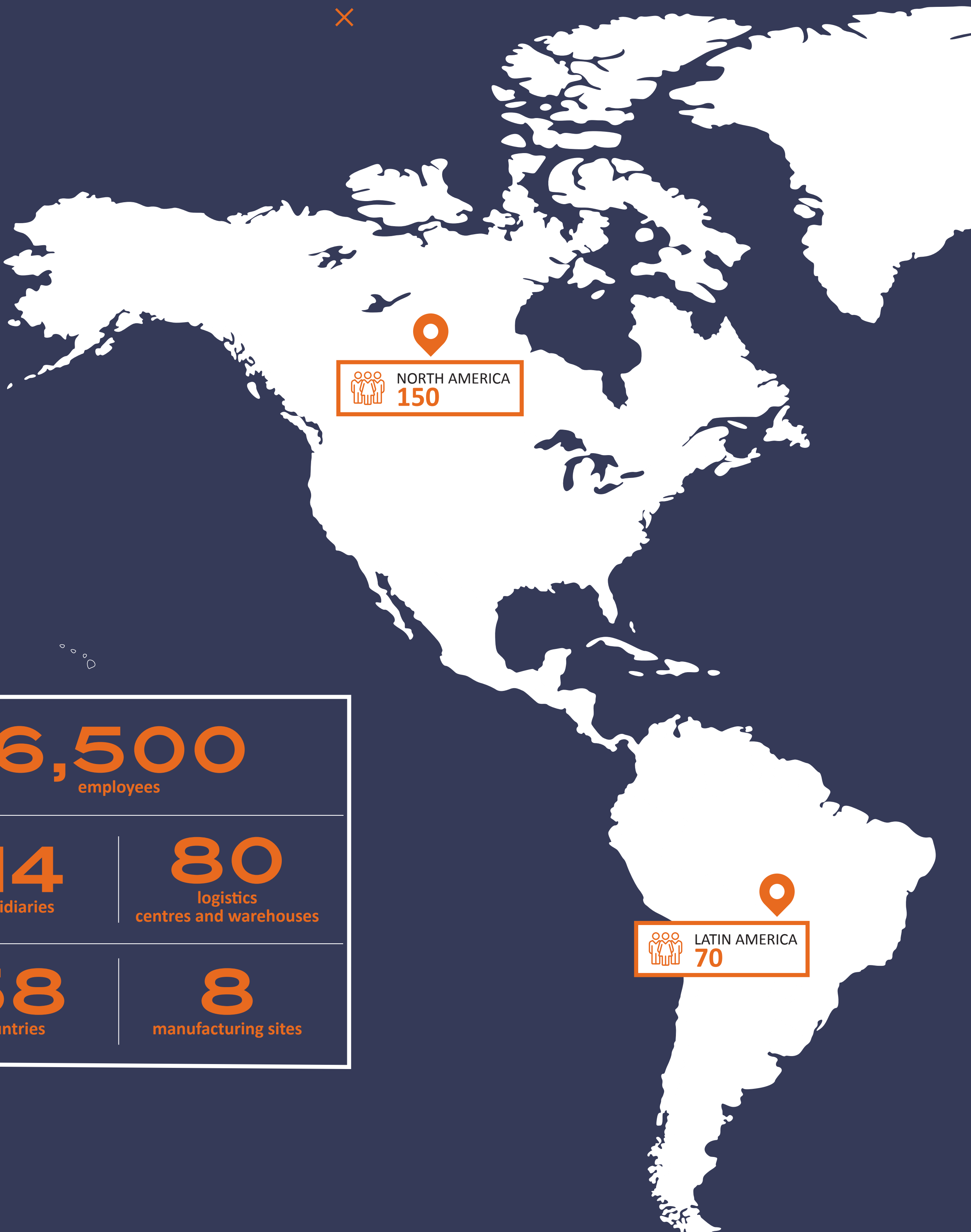
2,210
portfolio patents

In 2020, 4,000 people were members of My Somfy Lab (Explore & Test) and more than 6,012 contributions were made to projects

27
patent applications

OUR LOCATIONS

A WORLDWIDE PRESENCE



6,500
employees

114
subsidiaries

80
logistics
centres and warehouses

58
countries

8
manufacturing sites


NORTHERN EUROPE
200
EASTERN EUROPE
810
CENTRAL EUROPE
450
FRANCE
2,200
SOUTHERN EUROPE
565
AFRICA & THE MIDDLE EAST
1,490
ASIA-PACIFIC
565

STRATEGY

ACCELERATE THE ROLL-OUT OF 2030 AMBITION

In 2020, Somfy faced the crisis while seeing where it wanted to be in the future by rolling out transformative projects. Confident in its strategic choices, the Group has accelerated the roll-out of its 2030 Ambition. A guide that serves trust and performance.

PIONEER FOR 50 YEARS

As a major stakeholder in the "smart home" sector, Somfy is the preferred partner for opening and closing automation in homes and commercial buildings. Its pioneering spirit is at the heart of the Group's DNA; a Group that has shown boldness since its creation. Creator of the first motor for blinds, Somfy has rapidly expanded internationally. By occupying time slots on television, it has benefited from strong brand awareness that has rolled over to the entire roller shutter industry. After integrating radio technologies into its solutions to make installing and using motorisations easier, Somfy launched the first home automation box, making it a pioneer in this market and giving the connected world access to automation.

A SOLID ROADMAP

Working on the 2030 ambition has made it possible to revisit these fundamentals while adapting to very changing markets. Faced with significant transformations in the construction industry, intensifying competition and digitalisation impacting lifestyles, Somfy is constantly reinventing itself. Increasing agility is key to staying ahead of the game and consolidating fundamentals. This observation led to the development of its 2030 Ambition project and the roll-out of a new organisation in early 2020. Somfy supports manufacturers and installers in this acceleration and digital transformation, while seizing opportunities linked to e-commerce. The year 2020 largely highlighted these developments and reinforced the role of the home as a "refuge" and place of investment. As such, it revealed fundamental trends and the full potential of Somfy's core business. Perfectly positioned in home renovation, anticipating new challenges contributes fully to its current and future performance.

Jean Guillaume Despature, Chairman of the Management Board

"This crisis has strengthened Somfy's model in the long term. For these reasons, the Group is accelerating the roll-out of 2030 Ambition with challenges shared by all and a new organisation to develop its expertise and foster employee growth. To create positive collective momentum."

THE FOUR STRATEGIC PILLARS

RISING VALUE TO CUSTOMERS

Somfy has made creating partnerships one of the pillars of its strategy, by forging alliances with leading manufacturers in the home—lighting, electricity, and more—and with key stakeholders in new technologies. This is the essence of the partnership between Orange and Somfy. Through this alliance, Livebox users equipped with a Somfy home automation box, control their roller shutters and motorised blinds from the Orange "Connected Home" application.

FORWARD-LOOKING IN SMART LIVING

Remote working, deliveries, and home support services...New needs are emerging on how people experience their home. The health crisis has reinforced these needs as well as the importance of feeling good at home and making sure home environments are healthy. The Group is meeting these expectations with the Somfy air programme, a range of solutions that improve indoor air quality. This is a genuine public health issue. At the same time, and when sustainable development is at the heart of consumer concerns, Somfy's solutions play a key role in the home energy performance.

DELIVERING PERFORMANCE

Well-orchestrated actions, strong brands, and operational excellence at all levels are drivers of performance. The So! One project, a new ERP shared by the entire Group, illustrates how Somfy is harmonising its operational management practices. Despite the context, So! One has reached a key milestone with the successful roll-out of a pilot run in Italy.

INSPIRING & ENGAGING

To integrate these changes, Somfy is adapting its organisation to become more agile and efficient. Increasing competencies is a main axis of this evolution and is accompanied by a global vision with a customer-centric approach. Faced with an increasingly complex environment, Somfy favours simplicity in its operational methods and empowerment in its decision-making processes. This is to ensure efficient execution that responds to the acceleration in time-to-market processes.

CORPORATE SOCIAL RESPONSIBILITY

BUILD A USEFUL AND SUSTAINABLE COMPANY

Developed upstream of the company's strategy, sustainable development is integrated throughout all Somfy entities and business lines. Faced with the urgency of climate change and the health crisis, the Group is stepping up its commitment to move from being a sustainable company to being one that contributes.

THE THREE PILLARS OF OUR CSR STRATEGY

Planet
Reduce Somfy's environmental footprint

Prosperity
Encourage business practices that promote sustainable growth with little adverse impact on the world

People
Contribute positively to the development and well-being of employees and society as a whole

ACT FOR GREEN

57%

of Somfy products are labelled Act for Green as of the 1 January 2021

↓

-10%

of CO_2 emissions in three years linked to the standby power consumption of Somfy motors

WE SUPPORT UN GLOBAL COMPACT

Member of the United Nations Global Compact, Somfy contributes to the Sustainable Development Objectives

↓

55/100

With a score of 55 out of 100, Somfy was awarded the silver medal in the EcoVadis ranking, coming in at the top quarter of the best performing companies in its sector

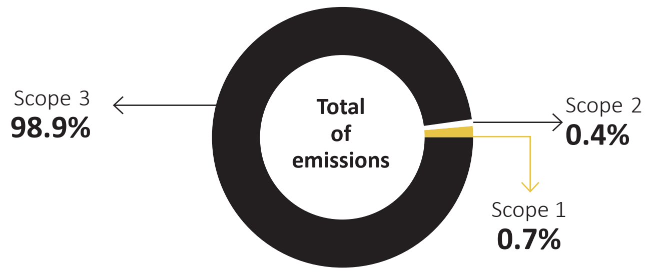
↓

15TH

Between 2019 and 2020, Somfy moved from the 26th to the 15th place in the yearly Gaïa index, which distinguishes the 230 companies with the best CSR performance

Planet

Rolling out a low-carbon strategy is at the heart of the Group's sustainable development policy.



Three levers are operated simultaneously:

1
Reducing Somfy's emissions through eco-design and sustainable, energy-saving practices

2
Reduce customer carbon footprint through energy-efficient solutions

3
Contribute to CO_2 absorption through carbon sinks

A GUARANTEE OF ENDURANCE AND DIFFERENTIATION

The Paris Climate Accord had identified companies as the main actors for change. Today, the health and economic crisis reinforces and broadens their role as pivotal players. Somfy has been committed to sustainable development for 10 years, and took a major step forward in 2020 by making CSR the key lever of its transformation and performance. Objective: To move from a sustainable company to a useful, contributory, resilient, and therefore prosperous company. Its endurance and differentiation depends on it. This contribution is a source of value when the building sector accounts for 40% of energy consumption in Europe and 36% of greenhouse gas emissions. As for the health and economic crisis, it is a call for in-depth action as housing is once again becoming a core value. For Somfy, it is also an opportunity to intensify integrating its CSR strategy at all levels of the company.

MINIMISE FOOTPRINT, MAXIMIZE CONTRIBUTION

CSR is a common objective for the Group's entities and acts as a compass in building their three-year strategic plans as well as in their operational performance. Because they are priorities for Somfy, these issues are directly monitored by the Executive Committee and the Sustainable Development Operational Committee, where each entity defines and shares its roadmap. 2020 was a pivotal year where the Group accelerated the roll-out of its CSR strategy by focusing efforts on its carbon footprint as well as that of its customers.

THE SOMFY BUSINESS MODEL

A BUSINESS MODEL THAT CREATES VALUE FOR ALL STAKEHOLDERS

Driven by its vision, Somfy strives to create innovative solutions for homes and commercial buildings.
Its ambition: Be the preferred partner for opening and closing automation in homes and commercial buildings.

CONTRIBUTION TO THE MODEL

Human capital
5,710 employees[(1)]

Intellectual capital
2,210 patents
21 experts (Expertise sector)

Financial capital
Stable shareholding = **72.08%**
Cash flow = **€274.5M**

Productive capital
Somfy present in **58** countries
8 industrial sites
CAPEX = **€49.8M**

Societal capital
Funds contributed to Les Petites Pierres = **€284 thousand**
Foundation budget = **€851 thousand**

Natural capital
Low consumption of natural resources

PROFITABLE GROWTH MODEL

VISION
Inspire 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 commercial 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 opening and closing automation in homes and commercial buildings.

Four strategic pillars serving our ambition for 2030:

- Forward-looking in Smart Living
- Rising value to customers
- Delivering performance
- Inspiring & Engaging

KEY ACTIVITIES
Research & Development I Marketing I Prescription I Assembly I Distribution I Sales

VALUE CREATED FOR STAKEHOLDERS

Employees
Employee expenses = **€367.3M**
Training = **47,525** hours(2)
Engagement = **7.6**(3)

Customers and users
NPS(4) = **68**
Motors manufactured(5) = **192 million**
Connected devices(6) = **7,800,947**

Investors
Sales = **€1,257.1M**
COR = **€260.7M**
ROCE = **29.6%**

Suppliers
Volume of local purchases (< 500 km) = **40%**

Environment
57% of Act for Green® products(7)
Annual power consumption per motor = **10.7 kWh/year**

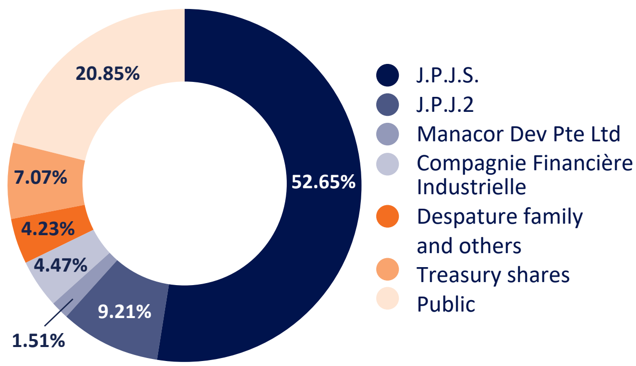
Citizens
223 participations in solidarity days

(1) Excluding temporary staff.
(2) Scope of social reporting.
(3) "Intrinsic engagement rate" up 0.5 points.
(4) Net Promoter Score (customer satisfaction indicator) = % promoters - % detractors.
(5) Motors manufactured by the Group since the beginning, excluding Dooya.
(6) Number of objects connected by the Somfy cloud.
(7) According to the PEP ecopassport® standard.

INVESTOR RELATIONS

BREAKDOWN OF CAPITAL IN %

—



CAPITAL

—

At 31 December 2020, 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 2,616,125 Somfy SA shares at 31 December 2020.

GROSS DIVIDEND

—

Per share, in €

NET PROFIT

—

Per share, in €

LISTING

—

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

CONTRACT

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

2021 FINANCIAL CALENDAR

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26 January	Release of 2020 Full-Year Turnover
10 March	Release of 2020 Full-Year Results
11 March	Financial Information Meeting - Presentation of 2020 Full-Year Results
20 April	Release of Quarterly Turnover (Q1 2021)
28 April	Release of 2020 Annual Financial Report
2 June	Annual General Meeting
20 July	Release of 2021 Half-Year Turnover
8 September	Release of 2021 Half-Year Financial Report
8 September	Release of 2021 Half-Year Results and Conference Call
19 October	Release of Turnover for the First Nine Months of FY 2021

* *Dividend amount revised downwards during the General Meeting of 24 June 2020.*

ORGANISATION*

SUPERVISORY BOARD

—

Chairman:
Michel Rollier**

Vice-Chairman:
Victor Despature

Members:
Marie Bavarel-Despature
Paule Cellard**
Sophie Desormière**
Florence Noblot**
Bertrand Parmentier**
Anthony Stahl
Arthur Watin-Augouard***

AUDIT COMMITTEE

—

Chairman:
Victor Despature

Members:
Paule Cellard**
Bertrand Parmentier**

REMUNERATION COMMITTEE

—

Chairman:
Michel Rollier**

Member:
Victor Despature

MANAGEMENT BOARD

—

Chairman:
Jean Guillaume Despature

Member and Chief Financial Officer:
Pierre Ribeiro

AUDITORS

—

ERNST & YOUNG et Autres
KPMG SA

FOR FURTHER INFORMATION

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Pierre Ribeiro
Member of the Management Board and Chief Financial Officer
Telephone: (33) 4 50 40 48 49
E-mail: pierre.ribeiro@dsgsomfy.com
www.somfyfinance.com

* *Please refer to the press release dated 20 April 2021 (chapter 8 of the Annual Financial Report "Recent event"), reporting the plan to change the governance model pending the approval of the 11th resolution submitted to the General Meeting to be held on 2 June 2021 (chapter 7 "Legal Documents").*

** *Independent member.*

*** *Member representing employees.*

02
MANAGEMENT BOARD MANAGEMENT REPORT

02

MANAGEMENT BOARD MANAGEMENT REPORT

TO THE COMBINED GENERAL MEETING OF 2 JUNE 2021

Ladies and Gentlemen,

In accordance with legal and regulatory provisions in force, the Management Board 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 2020.
Founded in France in 1969, and today operating in 58 countries, Somfy is the global leader in opening and closing automation for both residential and commercial buildings. A pioneer in the connected home, the Group is constantly innovating to guarantee comfort, well-being and security in the home and is fully committed to promoting sustainable development. For 50 years, Somfy has been using automation to improve living environments and has been committed to creating reliable and sustainable solutions, which help promote better living and well-being for all.

HIGHLIGHTS OF THE YEAR

COVID-19 HEALTH CRISIS

—

DEVELOPMENT OF THE CRISIS

The sudden emergence of the Covid-19 virus in China in late 2019 and the speed with which it spread throughout the world in early 2020 led to a suspension of operations at Somfy's Chinese sites in February 2020 and the temporary stoppage of operations at its French, Italian and Tunisian production sites, as well as at its Bonneville logistics site in France, between late March and late April 2020.
Somfy rapidly introduced a safety protocol in accordance with local regulations, with a certain number of protective measures including remote working for all positions that allowed it, in order to protect the health of its employees, safeguard jobs and ensure continuity of service for its customers.
Operations resumed in a significant and sustained manner from mid-May. Following disruption to supply, production and logistics, the Group put into place a structure to best deal with the successive waves of the pandemic.
The Group has only made very limited use of government support in a few countries. It demonstrated its commitment to regional organisations and communities by donating equipment and supporting emergency projects against poor housing and social exclusion. The General Meeting also decided to reduce the dividend amount allocated in respect of the 2019 financial year.

IMPACTS FOR SOMFY

After several months of disruption, the Group has seen a significant upturn in sales since mid-May, which was confirmed in June and over the second half-year. For the 12 months to 31 December 2020, Group sales grew 6.1% on a like-for-like basis in relation to the same period of 2019. It fell 7.2% on a like-for-like basis over the first six months due to the impact of the pandemic, before bouncing back strongly, recording an increase of 20.1% over the second half-year, although it is difficult to distinguish the undeniable catch-up effect from the effect of organic growth (the Group's average annual growth is in the region of 6%).
Current operating margin improved (20.7% of sales in 2020 against 17.1% in 2019) thanks to the combined effect of the upturn in sales, a favourable product mix effect, and exceptional one-off cost savings mainly implemented over the first half-year.
The non-recurring costs incurred to manage the crisis continued to have no material impact at Group level. They mainly involved expenses related to the introduction of protective measures, exceptional shipping costs to ensure continuity of customer service and certain penalties for delivery delays.
Net financial expense was impacted by the foreign exchange impact related to fluctuations in currencies under great pressure during the pandemic (BRL, TRY, USD, etc.).
Indicators of impairment (temporary shutdowns of factories and a reduction in activity) emerged at 30 June 2020 following the crisis and led the Group to carry out impairment tests which resulted in the impairment of iHome residual goodwill (€0.7 million). The impairment tests performed at 31 December 2020 did not result in any additional impairment.
The Group's financial structure has therefore remained quite sound with an increase in the net financial surplus.

DETAILED OUTLOOK

2020 demonstrated the resilience of Somfy's business model, coupled with the pursuit of comfort in the home. Nevertheless, it is not representative in terms of margin level since certain non-structural savings will not be renewed in future years.
Over the 2021 financial year, sales should increase, with a significant base effect that is favourable over the first six months and is unfavourable over the second. Within a weakened economic environment, the current operating margin rate should return to its pre-crisis level.
The current environment is highly uncertain, and the above assumptions represent the Group's current scenario. They are likely to change in line with the health and economic situation.

INFORMATION ON RISKS

The Covid-19 health crisis does not call into question the Group's business model or its fundamentals, but does compel it to adapt its processes. The risk mapping has been updated and adjusted in line with the feedback relating to the management of the crisis, in particular, the introduction of rapid and appropriate measures to protect its employees and production and supply chain protocols to ensure the continued fulfilment of commitments to customers when crises occur.
The Group is vigilant in its assessment of risks related to foreign exchange and the supply of raw materials and electronic components within a market environment that is challenging. Currency and raw material hedging continue to be adapted in line with forecasts and market trends. The assessment of liquidity and credit risks remains unchanged. In addition to its cash of €588.9 million at the end of 2020, the Group has €174.0 million in confirmed and undrawn credit facilities and is not in breach of any covenants. It will be in a position to meet its maturities over the next 12 months.

NEW ORGANISATIONAL STRUCTURE

—

The building industry is undergoing profound transformations with accelerated digitalisation, the need for greater energy efficiency, ever shorter innovation cycles and more. These are all challenges Somfy has begun to tackle thanks to its Believe & Act strategic plan first implemented in 2017 but now need to take a step further.
The current organisation, whose foundations date back to 2004, has enabled the Group to expand its range of applications, becoming a pioneer of smart home solutions and expanding its geographical presence. After a decade of strong and profitable growth and progress in its main market segments, Somfy aims to accelerate in order to continue establishing its leadership in its markets.
In order to meet these challenges, on 1 January 2020 the Group has set up a new organisation guided by three major principles: **a function-based architecture** to support the Group's development; **a customer-centric organisation** with reduced interfaces to facilitate decision-making and optimise resource allocation; and finally a strong focus on **the digitalisation of its products, customer relations and operations**.
The first definitive act of this change is the appointment of a new Executive Committee, along with the creation of a Strategy & Insights Division, the reorganisation of the three activities that are Home & Building, Access and Connected Solutions into three Divisions: Products & Services, Engineering & Customer Satisfaction, and Operations & Supply Chain. Finally, the sales subsidiaries will be split into two new geographical areas, for greater transversality.
In addition to the new organisation, the Executive Committee – under the supervision of Jean Guillaume Despature, Chairman of the Management Board – will work on defining and implementing a new, three-year strategic plan, based on the achievements brought by the Believe & Act plan.
The roll-out of this new organisation has not been delayed by the health crisis.

CHANGES TO THE CONSOLIDATION SCOPE

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There were no material changes to the consolidation scope during the 2020 financial year.

CONTINGENT LIABILITIES

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The Court of Appeal of Chambéry issued its ruling on 21 May 2019 on the dispute between **Spirel** employees and **Somfy SA**. The claims of the employees in respect of the alleged deliberate bankruptcy of Spirel and the non-material damage caused as a result of anxiety, disappointment and vexation were judged inadmissible, thereby confirming the April 2017 ruling of the High Court of Albertville. The employees lodged an appeal before the *Cour de Cassation* (highest appeal court) in August 2019.
It should be noted that their claims for damages totalled €8.2 million. The liquidator of the company Spirel also sought to have Somfy SA ordered to refund advances of €2.9 million paid by the AGS (Guarantee Fund for the Payment of Salary Claims) in the event the disposal was declared null and void.
Proceedings before the Labour Court – dismissed in 2016 and 2018 and involving the employees contesting the grounds for their dismissal and claiming damages of a substantially similar amount to that sought before the Court of Appeal – are still ongoing.
These factors do not alter the Group's risk evaluation. Consequently, it continues to qualify these risks as contingent liabilities and no provision was thus recognised in relation to these disputes at 31 December 2020.

On 5 January 2015, **Somfy SA** transferred its 46.1% direct and indirect equity investment in the share capital of CIAT Group to **United Technologies Corporation**. On 31 March 2016, United Technologies Corporation filed a complaint against the sellers of the CIAT shares under the liability guarantee for a total of €28.6 million (Somfy's share being €13.2 million). The Group considers these requests to be unfounded, and insufficiently detailed and justified. In mid-November 2017, UTC brought an action against the sellers before the Paris Commercial Court for the liability guarantee. Proceedings before the Commercial Court and the Court of Appeal are ongoing.
As the proceedings and the documentation provided by UTC currently stand, the Group continues to contest the entirety of UTC's claims and remains confident regarding the outcome of this dispute. It has qualified the risk as a contingent liability and no provision was therefore recognised at 31 December 2020.
At 31 December 2020, Somfy SA's financial statements include a receivable for deferred settlement in relation to the sale of the CIAT shares for the sum of €9.7 million. In early July 2017, Somfy SA and the other sellers brought an action against UTC before the Paris Commercial Court seeking the fulfilment of the acquisition contract and the settlement of the deferred payments falling due. In this regard, at a hearing in February 2021, the judge hearing applications for interim measures sentenced UTC to pay a provision of €6.6 million. These proceedings are however still ongoing. Somfy SA remains confident regarding the settlement of these sums and therefore no writedown in relation to these receivables was recognised at 31 December 2020.

PRESENTATION OF FINANCIAL STATEMENTS

PARENT COMPANY DATA

—

Over the year ended 31 December 2020, Somfy SA generated sales of €3.9 million. Net financial income amounted to €107.7 million, including €105.7 million in dividends paid by the subsidiaries in respect of their net profit for the year to 31 December 2019.

Net profit was €101.0 million, after inclusion of a tax income of €2.3 million.

CONSOLIDATED DATA

—

SALES

Group sales were €1,257.1 million for the financial year just ended, an increase of 4.7% compared with the previous financial year (up 6.1% on a like-for-like basis). They fell 7.5% over the first six months (down 7.2% on a like-for-like basis), due to the health crisis stemming from the Covid-19 pandemic, and recorded an upturn of 17.6% in the second half-year (up 20.1% on a like-for-like basis).

Several regions ended the financial year on a clear positive trend, as was the case for Eastern Europe and Central Europe, which again performed very strongly, as well as Northern Europe and North America, which both performed well.

The other territories were more adversely affected by the crisis, due in particular to the unavoidable operational disruption and interruption caused by the lockdown measures in the spring, but showed good resilience over the year as a whole. This was the case for France and the Africa & the Middle East region, as well as for Southern Europe and Latin America.

All regions recovered over the second six months and several of them succeeded in offsetting a large proportion of the fall recorded between March and May. Their recovery is all the more encouraging given that it is not based on a period of several weeks, meaning it was merely a question of catching up, but on the entire third and fourth quarters. It also provides evidence of a base trend that was confirmed – even accentuated – by recent events, as a result of the increasingly important role played by the home in everyone's lives, notably due to the increase in remote working and the development of online services.

Sales for the equity-accounted Chinese subsidiary Dooya totalled €201.1 million over the financial year, an increase of 7.3% in real terms and 9.2% on a like-for-like basis. They fell in China, a country severely impacted by the pandemic early in the year, but grew strongly in the rest of the World.

SALES BY CUSTOMER LOCATION

€ thousands	31/12/20	31/12/19	Change N/N-1	Change N/N-1 on a like-for-like basis
Central Europe	261,044	231,716	12.7%	12.2%
of which Germany	*212,185*	*186,538*	*13.7%*	*13.7%*
Northern Europe	146,613	134,911	8.7%	9.5%
North America	107,127	102,972	4.0%	6.2%
Latin America	19,286	23,331	-17.3%	-2.1%
NORTH & WEST	**534,069**	**492,930**	**8.3%**	**9.5%**
France	347,444	341,548	1.7%	1.7%
Southern Europe	119,880	121,910	-1.7%	-1.8%
Africa & the Middle East	60,604	64,236	-5.7%	1.6%
Eastern Europe	127,187	107,099	18.8%	23.2%
Asia-Pacific	67,943	72,518	-6.3%	-4.3%
SOUTH & EAST	**723,059**	**707,312**	**2.2%**	**3.7%**
TOTAL SALES	**1,257,128**	**1,200,241**	**4.7%**	**6.1%**

RESULTS

Current operating result stood at €260.7 million for the financial year just ended, up 27.3% (up 31.3% on a like-for-like basis), and thus represented 20.7% of sales, compared with 17.1% the previous year.
The combined effect of the recovery in sales recorded in the second half-year, a favourable mix of products, and cost savings stemming from the measures taken within the context of the health crisis is behind this growth, which is partially non-structural given the exceptional and provisional nature of these measures (reduction in consulting, marketing and travel budgets).
The impact of the pandemic was particularly pronounced over the first half of the year with, on the one hand, a substantial loss in income due to the loss in revenues, and on the other, significant production and supply chain disruption due to the temporary shutdown of several manufacturing sites and disorganisation of certain sources of supply.
Conversely, the protective measures have had a moderate impact on the financial statements, even though the safety of employees and compliance with guidelines from the administrative authorities, as well as the safeguarding of jobs, have been the priorities. The impact of external support also proved to be marginal since the decision was taken to make minimal use of it and only in certain countries.

Consolidated net profit totalled €213.0 million, an increase of 30.5%. It takes into account a positive contribution of €10.9 million from associates, thanks to the improvement recorded at Dooya, and €52.5 million in income tax.
The return on capital employed (ROCE) stood at 29.6%, compared with 22.2% the previous year, testament to the quality of these results.

FINANCIAL POSITION

Shareholders' equity grew from €1,012.8 to €1,171.0 million over the financial year just ended, and the net financial surplus increased from €310.5 to €517.7 million.
The growth in net financial surplus was due to the increase in cash flow, the decline in working capital requirements and the relative stability of other cash flow items.

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 to the consolidated financial statements.

SEGMENT REPORTING 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	–	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**

STOCK MARKET PERFORMANCE

During the 2020 financial year, the Somfy SA share price increased by 58.4%. At 31 December 2019, the last trading day before the close of the previous financial year, the share price was €87.50, compared with €138.60 at 31 December 2020. Over the same period the CAC 40 and CAC All-Tradable indices (formerly SBF 250) decreased by 7.1% and 6.4% respectively.
Based on this last share price and taking account of a gross dividend per share of €1.85, the Somfy SA share yielded 1.3%.
The market for the share recorded a monthly trading volume high of 189,316 and low of 43,225 per month, with a monthly average of 104,670 shares, compared with 70,970 shares the previous year.

POST-BALANCE SHEET EVENTS

PLAN TO CHANGE THE COMPANY'S ADMINISTRATION AND MANAGEMENT FORM

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The Management Board proposes changing the form of governance of the company to that of a limited company with a Board of Directors. After the General Meeting, and pending its approval, the Board will consider the separation of the functions of the Chairman of the Board of Directors, which would be entrusted to Jean Guillaume Despature, and the Chief Executive Officer, which would be entrusted to Pierre Ribeiro. The appointment of Valérie Dixmier as Deputy CEO in charge of People, Culture and Organisation will also be considered.

ACQUISITION OF REPAR'STORES

On 14 December 2020, Somfy completed the acquisition of a 60% majority stake in the share capital of Repar'stores, a specialist in roller blind repair and upgrade services in France. This shareholding became effective at the start of January 2021 following the lifting of the usual conditions precedent. Henceforth, Repar'stores will be fully consolidated in Somfy's financial statements. The agreement is accompanied by additional options allowing for the acquisition of Repar'stores' remaining shares at the end of 2026.

The acquisition of Repar'stores is in line with Ambition 2030, the 10-year strategic plan Ambition 2030 – to consolidate its status as the preferred partner in opening and closing automation for both residential and commercial 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 blinds and in their sustainability.

Roller blind repairs and upgrades is a niche segment with high growth potential due to the size of the installed base (more than 65 million roller blinds 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, Repar'stores will be able to leverage Somfy's strong global presence and its network of European subsidiaries.

The closing date of Repar'stores' financial statements was 30 June and was changed to 31 December.
Repar'stores' main indicators for the financial year ended 31 December 2020 (6 months) are thus as follows:

€ thousands	31/12/20 Unaudited IFRS consolidated financial statements	30/06/20 Unaudited IFRS consolidated financial statements
Income statement		
Sales	18,847	28,691
Current operating result	3,008	3,683
Net profit	2,151	2,554

€ thousands	31/12/20 Unaudited IFRS consolidated financial statements	30/06/20 Unaudited IFRS consolidated financial statements
Balance sheet		
Non-current assets	3,095	3,396
Current assets	11,354	12,508
Non-current liabilities	580	825
Current liabilities	9,531	11,143
Shareholders' equity	4,338	3,936

Repar'stores employs nearly 100 staff and has approximately 200 franchisees.
Given an acquisition price of €34.7 million for 60% of the capital, the provisional goodwill is approximately €32.1 million, the allocation of which will take place during the 2021 financial year.

HEALTH CRISIS

Within the current health crisis environment, the global situation remains uncertain and may change rapidly according to factors that are hard to control. It is difficult to accurately assess and anticipate the repercussions on the economy in general and on the Group's business in particular in 2021.

OUTLOOK

The recent period has made it possible to gauge the strength of the residential and commercial digitalisation market, and as such to better measure the impact of the digital revolution, demographic and society changes and the energy transition on the demand for automated and connected solutions.

However, visibility remains limited over the short-term due to the ongoing uncertainty regarding the development of the current health and economic crisis.

Nevertheless, growth in sales is expected over the current financial year. It should be all the stronger over the first six months given that the base effect will play out favourably in major regions such as France, Southern Europe and North America.

Similarly, a return of the current operating margin to pre-crisis levels is envisioned as there will be no renewal of savings made last year in the fields of consulting and marketing.

The current financial year will also see the roll-out of the new strategic plan, Ambition 2030, with the aim of seeking increased efficiency in processes and an optimised allocation of resources by harmonising practices and increasing synergies, as well as increased added value in terms of the range, thanks to the digitalisation of products, the interoperability of solutions and the development of services.
Potential acquisitions will also continue to be assessed in parallel and implemented where appropriate, as can be seen in the recent takeover of Repar'stores, the French specialist in the restoration of roller shutters.
The Group has not been adversely affected by Brexit to date and does not expect to be in the future. It may, however, be further impacted by the health crisis if new restrictive measures are imposed in its main regions of operation (Europe, the United States and China).

RISK MANAGEMENT AND INTERNAL CONTROL

PRESENTATION OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

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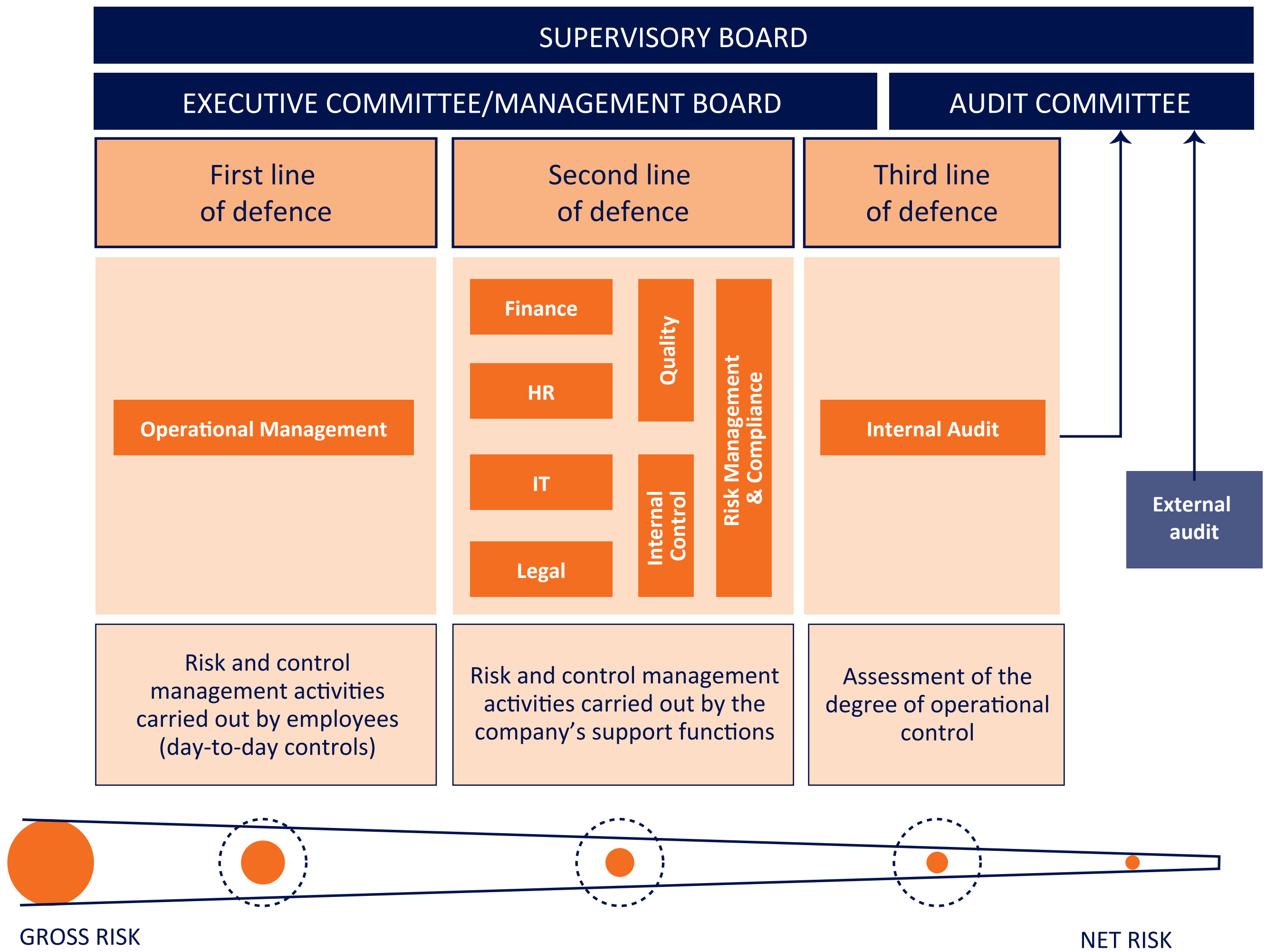
GOVERNANCE AND LEADING PLAYERS

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.
In 2020, the role of Chief Compliance Officer was created. Having introduced governance and a dedicated organisation, this position is responsible for leading an overall drive at Group level to ensure that all risks related to non-compliance are properly addressed. This approach feeds into the roadmaps and action plans of the cross-company functions and complements the traditional approach that has existed historically for the Group's risk management.

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 three auditors, with an average of 30 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 Committee at least twice a year.

GRC (Governance, Risk and Compliance) solution

In order to perform their coordination and management role, the Internal Control, Risk and Compliance Department and the Internal Audit Department 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, to consolidate the results at Group level and to link them with action plans.

In addition, a digital accounting controls solution is currently being purchased and will be rolled out from 2021 onwards.
Further work will also be carried out in 2021 on the integration between the management by processes approach and the management of risks and the associated controls, as part of an ongoing drive to improve efficiency and performance assessment.
The use of all these resources is closely monitored by the Audit Committee, which is regularly informed of the progress achieved and the results obtained.

RISK MANAGEMENT

The Group's risk management includes all the resources, procedures and initiatives that aim to identify, assess and control the Group's risks in reference to the Group's strategic objectives.
Group Management firmly believes that risk management and control contribute 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.
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 the 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.
Certain controls are related to procedures that are also updated if necessary.

Internal control monitoring

A GRC Committee meets at least once every two months to discuss the risks identified, analyse incidents, identify deviations and suggest adjustments to the overall system.
The Internal Control Department also conducts two types of monitoring:
- an analysis of the results of the campaign 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 delays.
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.

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 of the financial reports.

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, procedures and reporting reliability is monitored by visits to subsidiaries, planned within the context of year-end and half-year closing.
It is also verified 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 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).
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 Committee.

Treasury management

The Group Treasury Department reports to the Group Chief Financial Officer, who is a member of the Management Board.
A Treasury Committee meeting is held each month. 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.

Lastly, 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.

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 2020.
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	Business & Technical Interruption Risk	Business interruptions resulting from technological malfunctions, equipment failures or other events would have a negative impact on production and supply chain operations.		↗
	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.		↗
	Life Cycle Risk/Serial Life	Non-optimal management of product lines and the portfolio throughout the life cycle would create inefficiency and additional costs.	✓	→
	Product Development Risk	Non-optimised development processes would stop us from offering a range that meets the needs of the market (time to market and features in particular).	✓	→
	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 Loss Risk	A major disaster would create significant disruption to Somfy's operations and services, representing substantial additional costs (degraded mode and return to normal).	✓	↗
	IT Urbanization	The lack of coherence between business needs and available IT solutions/tools would generate inefficiency and a drop in performance.		↗
	Cyber Attack Risk	The ineffectiveness of technical and physical IT defences would threaten the ongoing integrity, availability and confidentiality of systems and data.	✓	→
	IT Quality Risk	The obsolescence or lack of ruggedness of IT systems would generate a risk of downtime to the IT infrastructure and as a result an interruption to our operations.		↗

Category	Risk	Description	CSR component	Trend
Operational	Data Privacy Management	Flaws in our 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.		→
	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.		↘
	Resource Allocation Risk	Lack of appropriate resources could generate project delays and employee frustration or overwork and result in missed opportunities.		↘
	Management System Risk (SGMS)	The lack of understanding, use, training or meaning in relation to the Somfy Management System (SGMS) would impact the effectiveness of operations and coherence with the strategic 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 positive discrimination in relation to the competition.		→
	Competitor Risk	Alternative solutions or new business models would threaten the company's competitive position.		↗
	Risk Management Risk	The immaturity of risk management processes and the lack of definition of responsibilities would prevent the prioritising of measures and the achievement of the company's strategic objectives.		↘
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 standards and regulations related to products and services	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.		→
	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.		→

In 2020, the Group's new organisation and the strategic cycles overhaul provided the opportunity for an in-depth review of the conditions under which it conducts its business, and unleashed genuine momentum in relation to managing risks and the quality of the processes, notably in order to assess and improve its resilience.
The Risk and Compliance Department contributed to this initiative, at the end of which the Group's risk mapping was updated.
Out of the topics identified in 2020, certain issues came up more strongly due to the Covid-19 pandemic, such as Supply Chain in its entirety, a consequence of the sudden drop in sales and the very rapid and unexpected recovery, as well as crisis management and business continuity.
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 shift in relation to the management of the product portfolio, as part of the new organisation which brings together all the applications within the same Products and Services Department.
Roadmaps and consolidated monitoring of action plans related to issues identified as priority have been implemented and integrated into the Executive Committee's management cycles. Group Management firmly believes that the management and control of risks and the ongoing improvement of processes contribute to the Group's performance and to the achievement of its strategy.

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 2020.

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. In addition, the Group was not negatively affected by Brexit in 2020. 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 47 and 48 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, riots, popular movements and IT equipment theft, natural disasters, except where local circumstances make this impossible;
- **"general civil liability relating to 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, **credit insurance contracts**, both in France and internationally, mitigate the consequences of customer default. Approximately 90% of sales are covered by such contracts.
Due to the Group's international presence, other contracts are taken out locally to take into account any specific features or restrictions in the countries concerned.

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 2020, the Research and Development activities were generally carried out in line with the established roadmap. Somfy has not slowed its R&D investment efforts but has nevertheless adapted to the pandemic context by reprioritising projects, within a challenging supply chain environment.

At the end of the 2020 financial year, Somfy had 17 R&D centres and 547 engineers (420 in France), 20% of whom were women.

The new organisation of the Group by function was rolled out to its R&D centres in 2020, as it was across the entire company. The Engineering function's ambition is to continue to roll-out the R&D efforts en masse and to improve the efficiency and speed with which new ranges are developed.

The Group filed 27 patent applications with the patent office INPI (Institut National de la Propriété Industrielle) which had published 44 of them in 2019. This fall in new applications is related to the Covid-19 pandemic. At the end of 2020, Somfy had a portfolio of 2,210 registered patents.

Thanks to continuing eco-design efforts, 57% of Somfy products sold worldwide in 2020 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. Somfy is committed to reducing CO_2 emissions through its products and by helping to develop carbon sinks. By accelerating the implementation of its CSR strategy, Somfy is working to reduce its carbon footprint and that of its customers.

71 new products and services marketed by the Group in 2020

Despite an environment disrupted by the health crisis, Somfy has continued to develop and launch new products. The 2020 financial year saw the following major innovations come to market:

- in line with its strategy of openness driven by the So Open programme, and with the aim of improving the user experience around the connected home, in December 2020 Somfy announced the compatibility of its home automation box TaHoma with Apple's HomeKit, the result of two years' work. Either remotely or from home, users can now control by voice their roller shutters, tilting sun screens, external vertical blinds and automated patio awnings, using the Apple Home app or from their car with Carplay;
- the Somfy air programme has taken shape with the marketing of the first Somfy motor for sliding windows, Sliding air io. After more than three years of work in collaboration with Liébot Group, a major player in joinery in France, this new motor is now available on the French market through its integration in CAIB and K-Line windows, with Méo to follow shortly. This solution facilitates simple and secure ventilation every day, enabling Somfy to address the growing issue of air quality. As part of this launch, the Somfy air programme received dual recognition: it secured "Solar Impulse Efficient Solution" certification (which recognises 1,000 effective and profitable solutions for improving quality of life whilst simultaneously protecting the environment), as well as the award for the FFB (French Building Federation) Homes Division Challenge in the industrial category (which recognises the most innovative approaches to meeting the major challenges of housing and living environments);
- the development of the Interior Products range continued and focused on three strategic priorities: a range of motors with integrated batteries for the home sector, offering installers easier implementation; silent products amongst the best on the market across the entire range of blinds and curtains; and one connected range that specifically enables users to manage their Somfy products using voice control. The connected range of Somfy Interior Products is available on the North American market, with the Zigbee 3.0 protocol, which is backed by an alliance of more than 400 manufacturers, including Amazon, Apple, Google and IKEA, and in Europe with the interoperable io-homecontrol® protocol;
- the improved range of products enabling users to control Somfy motors was the focus of specific efforts. Firstly in terms of design, with the new range of Situo remote controls and the new Inis wired switches, thereby accentuating Somfy's brand image. Secondly, in terms of technology, through the new Zigbee control interfaces and the first bi-protocol remote control (io/RTS). Lastly, Somfy has complemented its flagship range, Smoove, by offering multichannel versions (2 & 4);
- in 2020, alongside Apple, Google, Amazon, IKEA, Schneider Electric and Signify (PhilipsHue), Somfy became one of the sponsors of the Connected Home over IP project, in which more than 200 businesses from all over the world took part. This working group is developing and promoting the adoption of a new royalty-free connectivity standard to increase compatibility between products in the smart home. The aim of the Connected Home over IP project is to simplify developments and improve the consumer experience. The project is built around a shared belief: that smart products must be secure, reliable and easy to use. The Connected Home over IP project heralds a new generation of products with even higher perceived value for all stakeholders.

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

Somfy had no such branches at 31 December 2020.

VALUE OF INTERCOMPANY LOANS GRANTED
(ARTICLE L. 511-6 3 *BIS* OF THE MONETARY AND FINANCIAL CODE)

Somfy SA had not granted any intercompany loans at 31 December 2020.

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 *received*, unpaid and overdue at year-end						**Article D. 441 I.-2°: Invoices *issued*, 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	29	–	–	–	–	–	17					–
Total value of invoices concerned exc. VAT	1,355,513	–	–	–	–	–	754,315	–	–	–	–	–
Percentage of total value of purchases exc. VAT over the financial year	14.11%	–	–	–	–	–						
Percentage of revenue exc. VAT over the financial year							20.18%	–	–	–	–	–
(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 ☑						Contractual terms: Within 10 days after the end of the month ☑					
	Statutory terms ☐						Statutory terms ☐					

INFORMATION ON THE DISTRIBUTION OF SHARE CAPITAL AND HOLDINGS

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

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

Shareholding structure at 31/12/20	Number of shares	% share capital	Theoretical voting rights	% theoretical voting rights	Voting rights at General Meetings	% voting rights at General Meetings
J.P.J.S. SCA*	19,480,340	52.65%	38,960,680	61.33%	38,960,680	63.96%
J.P.J.2 SA**	3,409,030	9.21%	6,669,055	10.50%	6,669,055	10.95%
Compagnie Financière industrielle***	1,653,875	4.47%	3,307,750	5.21%	3,307,750	5.43%
Despature family and others	1,565,268	4.23%	3,112,533	4.90%	3,112,533	5.11%
Manacor Dev Pte Ltd	560,000	1.51%	560,000	0.88%	560,000	0.92%
TOTAL SHAREHOLDERS' AGREEMENT	**26,668,513**	**72.08%**	**52,610,018**	**82.82%**	**52,610,018**	**86.37%**
Treasury shares	2,616,125	7.07%	2,616,125	4.12%	–	–
Other holders of registered and bearer shares	7,715,362	20.85%	8,300,899	13.07%	8,300,899	13.63%
TOTAL	**37,000,000**	**100.00%**	**63,527,042**	**100.00%**	**60,910,917**	**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 Management Board of Somfy SA) and Marie Bavarel-Despature (member of the Supervisory Board 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 Management Board of Somfy SA) and Marie Bavarel-Despature (member of the Supervisory Board 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 August 2020, Silchester International Investors, acting on behalf of funds under its management, declared that on 17 August 2020 it had a holding of 2,218,315 shares representing 6.00% of the share capital of Somfy SA. Due to the lack of disclosure regarding the attainment of upward or downward threshold crossings, this company is still presumed to hold between 5% and 10% 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 2020 financial year, if any, are described below in the section "Disclosure of shareholding threshold crossings pursuant to Article L. 233-7 of the Commercial Code".

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

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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)

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At 31 December 2020, the shares held by employees *via* the Somfy FCPE (investment fund) or directly in registered form following a free share allocation under Article L. 22-10-59 of the Commercial Code (authorised subsequent to 6 August 2015) totalled 300,796 Somfy shares, representing 0.81% 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 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

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 Management Board members Jean Guillaume Despature and Pierre Ribeiro, as well as Supervisory Board members Victor Despature, Anthony Stahl and Michel Rollier, 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;
- one collective retention agreement relating to 52.91% of Somfy SA's share capital, signed by several shareholders in accordance with Article 787 B of the General Tax Code, for a period of two years from the date of registration.

BYLAWS PROVISIONS RELATING TO DOUBLE VOTING RIGHTS (EXCERPT OF ARTICLE 29 OF THE BYLAWS)

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"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."

DISCLOSURE OF SHAREHOLDING THRESHOLD CROSSINGS DURING THE 2020 FINANCIAL YEAR, PURSUANT TO ARTICLE L. 233-7 OF THE COMMERCIAL CODE

—

As of 21 April 2020, the Deposit and Consignment Office, *via* CDC Croissance, informed the company that it had exceeded the statutory threshold of 1% of the voting rights in Somfy, this threshold crossing resulting from the purchase of shares.

In August 2020, Silchester International Investors, acting on behalf of funds under its management, declared that on 17 August 2020 it had a holding of 2,218,315 shares representing 6.00% of the share capital of Somfy SA.

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 most recent buyback programme was launched in 2020; it was authorised by the Combined General Meeting of 24 June 2020 in its 15th resolution, sitting in ordinary session, 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 cancelation 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 Management Board.

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

The maximum purchase price was set at €170 per share, with the maximum amount of the share buyback programme set at €184,170,010, taking account of the 1,083,353 treasury shares held at 31 December 2019.

During the financial year just ended, on the basis of the authorisations given by the General Meetings of 2019 and 2020, the company bought back 28,717 shares at an average price of €103.28 and sold 29,239 shares at an average price of €91.27.
All of the 28,717 shares acquired were allocated to the liquidity objective.
No trading fees were paid during the financial year.

The company held 2,616,125 of its own shares at 31 December 2020, representing 7.07% of the share capital; the value of the purchase price of one share amounted to €37.59 for a par value of €0.20 each, representing a total nominal value of €523,225.00 (€1,422.80 for the liquidity contract, €244,354 to be retained for future acquisition transactions and €277,448.20 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 2020 (ARTICLE L. 233-6 OF THE COMMERCIAL CODE)

	Direct control		Indirect control	
Company name	**Number of shares**	**% share capital**	**Number of shares**	**% share capital**
–	–	–	–	–

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:

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Purchases	
Registrant and nature of transaction	**Amount**
J.P.J.2, related to Jean Guillaume Despature, Chairman of the Management Board and Marie Bavarel-Despature, member of the Supervisory Board	
Total amount of acquisition	2,285,457
Average unit price	70.68
Number of shares	32,335
TOTAL PURCHASES	**2,285,457**

APPROVAL OF THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (RESOLUTIONS 1 AND 2)

We would ask you to approve the parent company financial statements for the year ended 31 December 2020, which show a net profit of €100,960,384.65, and the consolidated financial statements for the year ended 31 December 2020, which show a net profit (Group share) of €213,008,000.00, as submitted.

INFORMATION ON NON-DEDUCTIBLE CHARGES (ARTICLES 39-4 AND 223 IV OF THE GENERAL TAX CODE)

The financial statements for the financial year ended 31 December 2020 do not include any non-allowable charges with regard to the income tax base, as defined by Articles 39-4 and 223 IV of the General Tax Code.

ALLOCATION OF NET PROFIT

The Management Board proposes to allocate the net profit of €100,960,384.65 for the year ended 31 December 2020, increased by retained earnings of €3,273,611.25, to a total of €104,233,995.90, as follows:

– allocation to shareholders of a gross dividend of €1.85 per share, being €1.85 x 37,000,000 shares	€68,450,000.00
– transfer to optional reserve	€35,783,995.90
	€104,233,995.90

A gross dividend of €1.85 will be distributed for each share with a par value of €0.20.

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%.

Shares held by the company on the ex-dividend date are not entitled to dividends, with the corresponding amount of unpaid dividends being transferred to retained earnings.

The dividend will be payable on 10 June 2021 and the ex-dividend date will be 8 June 2021.

In accordance with legal provisions, it should be noted 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	
2017	€44,645,450.20* being €1.30** per share	–	–
2018	€48,094,109.00* being €1.40 per share	–	–
2019	€42,976,388.75* being €1.25*** per share	–	–

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

** *The share par value was divided by five on 24 May 2017. Since that date, share capital comprises 37,000,000 shares with a par value of €0.20 each.*

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

COMBINED GENERAL MEETING OF 2 JUNE 2021

ORDINARY SESSION

1. Approval of the parent company financial statements for the year ended 31 December 2020.
2. Approval of the consolidated financial statements for the year ended 31 December 2020.
3. Allocation of net profit for the financial year and setting of dividend.
4. Special report of the Statutory Auditors on regulated commitments - Noting the absence of new agreements.
5. Approval of the information referred to in paragraph I of Article L. 22-10-9 of the Commercial Code.
6. Approval of the fixed, variable and exceptional items comprising total remuneration and benefits of any kind paid or allocated during the financial year just ended to Jean Guillaume DESPATURE, Chairman of the Management Board.
7. Approval of the fixed, variable and exceptional items comprising total remuneration and benefits of any kind paid or allocated during the financial year just ended to Pierre RIBEIRO, member of the Management Board and Chief Financial Officer.

8. Approval of the fixed, variable and exceptional items comprising total remuneration and benefits of any kind paid or allocated during the financial year just ended to Michel ROLLIER, Chairman of the Supervisory Board.
9. Approval of the remuneration policy for the Chairman of the Management Board and the member(s) of the Management Board.
10. Authorisation to be granted to the Management Board or the Board of Directors, as applicable, 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

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11. Change to the company's administration and management form by adopting the Board of Directors form.
12. Authorisation to be granted to the Management Board or the Board of Directors, as applicable, to grant stock options to salaried employees and/or certain corporate officers of the company or related companies, duration of the authorisation, cap, exercise price, maximum option term.
13. Powers to complete formalities.

RESOLUTIONS TO BE SUBMITTED FOR VOTING IN THE EVENT OF APPROVAL OF THE 11TH RESOLUTION

—

EXTRAORDINARY SESSION

14. Approval of the new wording of the company's bylaws.
15. Transfer to the Board of Directors of the authorisations granted to the Management Board by the General Meeting.

ORDINARY SESSION

16. Appointment of Jean Guillaume DESPATURE as Director.
17. Appointment of Florence NOBLOT as Director.
18. Appointment of Michel ROLLIER as Director.
19. Appointment of Sophie DESORMIÈRE as Director.
20. Appointment of Anthony STAHL as Director.
21. Appointment of Paule CELLARD as Director.
22. Appointment of Bertrand PARMENTIER as Director.
23. Appointment of Marie BAVAREL-DESPATURE as Director.
24. Fixed annual sum to be allocated to members of the Board of Directors.
25. Approval of the remuneration policy for the Chairman of the Board of Directors.
26. Approval of the remuneration policy for the Chief Executive Officer.
27. Approval of the remuneration policy for the Deputy Chief Executive Officer.
28. Approval of the remuneration policy for the Directors.

RESOLUTIONS TO BE SUBMITTED FOR VOTING IN THE EVENT OF REJECTION OF THE 11TH RESOLUTION

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ORDINARY SESSION

29. Renewal of the term of office of Florence NOBLOT as member of the Supervisory Board.
30. Renewal of the term of office of Sophie DESORMIÈRE as member of the Supervisory Board.
31. Renewal of the term of office of Paule CELLARD as member of the Supervisory Board.
32. Non-replacement and non-renewal of the term of office of Victor DESPATURE as member of the Supervisory Board.
33. Approval of the remuneration policy for members of the Supervisory Board.

APPROVAL OF THE INFORMATION REFERRED TO IN PARAGRAPH I OF ARTICLE L. 22-10-9 OF THE COMMERCIAL CODE (resolution 5)

—

You will be asked to approve the information included in paragraph I of Article L. 22-10-9 of the Commercial Code, presented 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 2020 Annual Financial Report.

APPROVAL OF THE FIXED, VARIABLE AND EXCEPTIONAL ITEMS COMPRISING TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID OR ALLOCATED DURING THE FINANCIAL YEAR JUST ENDED TO JEAN GUILLAUME DESPATURE, CHAIRMAN OF THE MANAGEMENT BOARD (resolution 6)

—

It will be proposed that you approve the fixed, variable and exceptional items comprising total remuneration and benefits of any kind paid or allocated during the financial year just ended to Jean Guillaume DESPATURE, Chairman of the Management Board, as presented in the report on corporate governance included in the 2020 Annual Financial Report, paragraph "Fixed, variable and exceptional items comprising total remuneration and benefits of any kind paid or allocated during the financial year just ended to the Chairman of the Management Board, members of the Management Board and the Chairman of the Supervisory Board".

APPROVAL OF THE FIXED, VARIABLE AND EXCEPTIONAL ITEMS COMPRISING TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID OR ALLOCATED DURING THE FINANCIAL YEAR JUST ENDED TO PIERRE RIBEIRO, MEMBER OF THE MANAGEMENT BOARD AND CHIEF FINANCIAL OFFICER (resolution 7)

—

It will be proposed that you approve the fixed, variable and exceptional items comprising total remuneration and benefits of any kind paid or allocated during the financial year just ended to Pierre RIBEIRO, member of the Management Board and Chief Financial Officer, as presented in the report on corporate governance included in the 2020 Annual Financial Report, paragraph "Fixed, variable and exceptional items comprising total remuneration and benefits of any kind paid or allocated during the financial year just ended to the Chairman of the Management Board, members of the Management Board and the Chairman of the Supervisory Board".

APPROVAL OF THE FIXED, VARIABLE AND EXCEPTIONAL ITEMS COMPRISING TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID OR ALLOCATED DURING THE FINANCIAL YEAR JUST ENDED TO MICHEL ROLLIER, CHAIRMAN OF THE SUPERVISORY BOARD (resolution 8)

—

It will be proposed that you approve the fixed, variable and exceptional items comprising total remuneration and benefits of any kind paid or allocated during the financial year just ended to Michel ROLLIER, Chairman of the Supervisory Board, as presented in the report on corporate governance included in the 2020 Annual Financial Report, paragraph "Fixed, variable and exceptional items comprising total remuneration and benefits of any kind paid or allocated during the financial year just ended to the Chairman of the Management Board, members of the Management Board and the Chairman of the Supervisory Board".

APPROVAL OF THE REMUNERATION POLICY FOR THE CHAIRMAN OF THE MANAGEMENT BOARD AND THE MEMBER(S) OF THE MANAGEMENT BOARD (resolution 9)

—

It will be proposed that you approve the remuneration policy for the Chairman and member(s) of the Management Board as presented in the report on corporate governance included in the 2020 Annual Financial Report (paragraph "Corporate officers' remuneration policy").

This policy will only apply to the period from 1 January 2021 until 1 June 2021 in the event of approval of the 11th resolution. For this period, the qualitative criteria relating to the variable remuneration for 2021 of the Chairman and members of the Management Board has changed in relation to the policy approved at the 2020 General Meeting, and for this reason it is necessary for you to vote on this policy, even in the event of approval of the 11th resolution.

AUTHORISATION TO BE GRANTED TO THE MANAGEMENT BOARD OR THE BOARD OF DIRECTORS, AS APPLICABLE, 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 (resolution 10)

—

A share buyback plan for a period of 18 months will be submitted for your approval. This plan would replace the current programme, which would be terminated early. It would allow the Management Board or the Board of Directors, as applicable, to purchase up to 10% of the shares of the company, if necessary restated for any potential capital increase or decrease transactions that may be carried out over the timeframe of the programme.

This authorisation would supersede the authorisation granted to the Management Board by the 15th resolution to the General Meeting of 24 June 2020, sitting in ordinary session.

The objectives of this programme would be:

- 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, subject to 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 Management Board or the Board of Directors, as applicable.

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

We propose to set the maximum purchase price at €200 per share. The maximum value of the transaction, taking account of the 1,083,875 treasury shares held at 31 December 2020, would therefore be set at €216,775,000.

CHANGE TO THE COMPANY'S ADMINISTRATION AND MANAGEMENT FORM BY ADOPTING THE BOARD OF DIRECTORS FORM (resolution 11)

—

We propose changing the administration and management form of our company to adopt the form with a Board of Directors, replacing that with a Management Board and a Supervisory Board.

This change would help 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 brought the home back to the forefront of consumers' attention.

We remind you that with this form of administration of Limited Companies, the company is managed by a Board of Directors comprising a minimum of three and a maximum of eighteen members. The Board of Directors, acting collectively, is vested with the most extensive powers to act in all circumstances in the name of the company.

The Board of Directors shall elect from among its members a Chairman who must be an individual.

General Management is carried out, under his/her responsibility, either by the Chairman of the Board of Directors or by another individual selected from amongst the members of the Board or outside it, who bears the title of Chief Executive Officer.

The Board of Directors chooses between the two methods of exercising General Management. It can modify its choice at any time. In each case, it informs shareholders and third parties accordingly pursuant to applicable regulations.

The Board of Directors' mission is to determine the strategic direction of the company's operations and to oversee 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. In its relationships with third parties, the company shall be bound even by the acts of the Board of Directors that do not fall within the scope of the corporate purpose, unless it can prove that the third party knew that the act went beyond this purpose or that they could not have been unaware of it given the circumstances. The Board of Directors carries out the checks and verifications it deems appropriate.

As a result of the change to the company's administration and management form, you will also be asked to take note of the continuation of the terms of the incumbent Principal Statutory Auditors for the duration of their terms originally set, namely:

- the firm Ernst & Young et Autres until the end of the Ordinary General Meeting to be held in 2022 and called to approve the financial statements for the financial year ending 31 December 2021;
- the firm KPMG SA until the end of the Ordinary General Meeting to be held in 2022 and called to approve the financial statements for the financial year ending December 2021.

AUTHORISATION TO BE GRANTED TO THE MANAGEMENT BOARD OR THE BOARD OF DIRECTORS, AS APPLICABLE, TO GRANT STOCK OPTIONS TO SALARIED EMPLOYEES AND/OR CERTAIN CORPORATE OFFICERS OF THE COMPANY OR RELATED COMPANIES – DURATION OF THE AUTHORISATION – CAP – EXERCISE PRICE – MAXIMUM OPTION TERM (resolution 12)

—

It will be proposed that you vote on the authorisation to be given to the Management Board or the Board of Directors, as applicable, for a period of 38 months, to grant stock options to employees, to some of them or to certain categories of employees, and/or corporate officers as defined by law, of the company or related companies or affiliated economic interest groups under the conditions of Article L. 225-180 of the Commercial Code.

The total number of options that may be granted by the Management Board or the Board of Directors, as applicable, under this authorisation may not entitle beneficiaries to purchase more than 1.5% of the share capital outstanding on the date of this Meeting, it being specified that this limit will count towards the total number of shares that may be granted free of charge by the Management Board or the Board of Directors, as applicable, under the authorisation granted by the 12th resolution to the General Meeting of 22 May 2019, sitting in extraordinary session, and under any other similar subsequent authorisation granted by the General Meeting.

The purchase price of the shares by the beneficiaries would be set on the date options are granted by the Management Board or the Board of Directors, as applicable, pursuant to regulations, and may not be lower than the average closing price of the last 20 trading days of the share on Euronext Paris preceding the date options are allocated.

The term of the options set by the Management Board or the Board of Directors, as applicable, may not exceed a period of six years from their date of allocation.

As such, the Management Board or the Board of Directors, as applicable, would have, within the limits set above, all necessary powers to determine the other conditions and arrangements for the allocation of the options and their exercise and notably to set the conditions under which the options will be granted and to approve the list or categories of beneficiaries as provided for above, to set the period(s) during which the options thereby granted may be exercised, provide for the capacity to temporarily suspend the exercise of options for a maximum of three months in the event of financial transactions involving the exercise of a right attached to the shares, and generally do anything that may be required in this regard.

RESOLUTIONS TO BE SUBMITTED FOR VOTING IN THE EVENT OF APPROVAL OF THE 11TH RESOLUTION OF THIS GENERAL MEETING

—

The following resolutions shall only be put to the vote **in the event of approval of the 11th resolution** relating to the change to the company's administration and management form by adopting the legal form of a Limited Company with a Board of Directors.

APPROVAL OF THE NEW WORDING OF THE COMPANY'S BYLAWS (resolution 14)

As part of the plan to change the company's administration and management form, we will submit to you the draft bylaws that would govern the company in its legal form of a Limited Company with a Board of Directors, it being specified that other than the amendments necessary for the adjustments required by this form of governance, you will be asked to remove from the bylaws the reference according to which *"The Ordinary General Meeting has sole authority to decide on or authorise the issue of ordinary bonds"*, so that the Board of Directors has the capacity to decide on or authorise the issue of ordinary bonds, in accordance with the provisions of Article L. 228-40 of the Commercial Code.

You will be asked, as a result of the adoption of the legal form of a Limited Company with a Board of Directors, to adopt, article by article, and then in its entirety, the new wording of the bylaws (incorporating the changes inherent in the adoption of the company's new administration and management form as well as the specific amendment detailed above), which will govern the company if you approve it.

It is specified that the amendments to the bylaws make no changes to the corporate contract likely to lead to the creation of a new moral entity and that the overhaul of the bylaws, if you approve it, will have an immediate effect.

TRANSFER TO THE BOARD OF DIRECTORS OF THE AUTHORISATIONS GRANTED TO THE MANAGEMENT BOARD BY THE GENERAL MEETING (resolution 15)

You will be asked, as a result of the change to the company's administration and management form covered by the 11th resolution and subject to its approval, to acknowledge that the authorisations previously granted by the General Meeting to the Management Board pursuant to the resolutions covered below, will now benefit the Board of Directors, for the remainder of their term:

- the authorisation to cancel the shares bought back by the company under the provisions of Article L. 225-209 of the Commercial Code (recodified in Article L. 22-10-62 of the Commercial Code with effect from 1 January 2021), granted by the Combined General Meeting of 24 June 2020 as part of its sixteenth ordinary resolution;
- the authorisation 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 twelfth extraordinary resolution.

APPOINTMENT OF THE DIRECTORS (resolutions 16 to 23)

In the event of **approval** of the 11th resolution, the change to the administration and management form will trigger the automatic expiry of the terms of office of all members of the Supervisory and Management Boards and you will then be asked to appoint, for durations of terms of office of one, two, three and four years, as appropriate, so as to ensure they are staggered pursuant to Article 14 of the recently amended bylaws, the following Directors:

- each for a period of four years, to expire at the end of the General Meeting called in 2025 to approve the financial statements for the year then ended:
  - Jean Guillaume DESPATURE,
  - Florence NOBLOT,
  - Sophie DESORMIÈRE,
  - Paule CELLARD;
- each for a period of three years, pursuant to the provisions of Article 14 of the bylaws, to expire at the end of the General Meeting called in 2024 to approve the financial statements for the year then ended:
  - Bertrand PARMENTIER,
  - Marie BAVAREL-DESPATURE;
- for a period of two years, pursuant to the provisions of Article 14 of the bylaws, to expire at the end of the General Meeting called in 2023 to approve the financial statements for the year then ended:
  - Anthony STAHL;
- for a period of one year, pursuant to the provisions of Article 14 of the bylaws, to expire at the end of the General Meeting called in 2022 to approve the financial statements for the year then ended:
  - Michel ROLLIER.

Independence and gender parity

It is specified that the Supervisory Board considers that Florence NOBLOT, Sophie DESORMIÈRE, Paule CELLARD, Michel ROLLIER and Bertrand PARMENTIER all qualify as independent members under Middlenext Code criteria.

Should these appointments be approved, the Board of Directors would be comprised of:

- 4 men and 4 women, in compliance with gender parity rules, and
- 5 independent members, in accordance with the recommendations of the Middlenext Code.

Expertise, experience and skills

The information concerning the expertise and experience of the proposed members of the Board of Directors is detailed in the paragraph "Expertise and experience of members of the Supervisory Board" of the report on corporate governance which is included in the 2020 Annual Financial Report.

We inform you that, in accordance with the law, at its first session held at the end of the General Meeting, the Board of Directors will appoint its Chairman and will select the method of exercising General Management.

For your information, we note that it is at this stage considered that the functions of the Chairman of the Board of Directors and the Chief Executive Office be separated, and that the role of Chairman of the Board of Directors be entrusted to Jean Guillaume DESPATURE and that of CEO be entrusted to Pierre RIBEIRO. The appointment of Valérie DIXMIER as Deputy Chief Executive Officer in charge of People, Culture and Organisation, is also being considered.

FIXED ANNUAL SUM TO BE ALLOCATED TO MEMBERS OF THE BOARD OF DIRECTORS (resolution 24)

In the event of **approval** of the 11th resolution, you will be asked to set the annual fixed amount to be allocated to Directors at €700,000 in respect of the current financial year and until a new decision is made.

APPROVAL OF THE REMUNERATION POLICY FOR THE CHAIRMAN OF THE BOARD OF DIRECTORS (resolution 25)

In the event of **approval** of the 11th resolution, it will be proposed that you approve the remuneration policy for the Chairman of the Board of Directors, as presented in the report on corporate governance included in the 2020 Annual Financial Report (paragraph "Corporate officers' remuneration policy").

APPROVAL OF THE REMUNERATION POLICY FOR THE CHIEF EXECUTIVE OFFICER (resolution 26)

In the event of **approval** of the 11th resolution, it will be proposed that you approve the remuneration policy for the Chief Executive Officer, as presented in the report on corporate governance included in the 2020 Annual Financial Report (paragraph "Corporate officers' remuneration policy").

APPROVAL OF THE REMUNERATION POLICY FOR THE DEPUTY CHIEF EXECUTIVE OFFICER (resolution 27)

In the event of **approval** of the 11th resolution, it will be proposed that you approve the remuneration policy for the Deputy Chief Executive Officer, as presented in the report on corporate governance included in the 2020 Annual Financial Report (paragraph "Corporate officers' remuneration policy").

APPROVAL OF THE REMUNERATION POLICY FOR THE DIRECTORS (resolution 28)

In the event of **approval** of the 11th resolution, it will be proposed that you approve the remuneration policy for the Directors, as presented in the report on corporate governance included in the 2020 Annual Financial Report (paragraph "Corporate officers' remuneration policy").

RESOLUTIONS TO BE SUBMITTED FOR VOTING IN THE EVENT OF REJECTION OF THE 11TH RESOLUTION OF THIS GENERAL MEETING

—

The following resolutions shall only be put to the vote **in the event of rejection of the 11th resolution** relating to the change to the company's administration and management form by adopting the legal form of a Limited Company with a Board of Directors.

RENEWAL OF THE TERM OF OFFICE OF FLORENCE NOBLOT AS MEMBER OF THE SUPERVISORY BOARD (resolution 29)

We hereby remind you that Florence NOBLOT's term of office as a member of the Supervisory Board expires at the end of the next Annual General Meeting.

In the event of **rejection** of the 11th resolution, it will be proposed that you renew the term of office of Florence NOBLOT as member of the Supervisory Board for a period of four years, to expire at the end of the General Meeting called in 2025 to approve the financial statements for the year then ended.

RENEWAL OF THE TERM OF OFFICE OF SOPHIE DESORMIÈRE AS MEMBER OF THE SUPERVISORY BOARD (resolution 30)

We hereby remind you that Sophie DESORMIÈRE's term of office as a member of the Supervisory Board expires at the end of the next Annual General Meeting.
In the event of **rejection** of the 11th resolution, it will be proposed that you renew the term of office of Sophie DESORMIÈRE as member of the Supervisory Board for a period of four years, to expire at the end of the General Meeting called in 2025 to approve the financial statements for the year then ended.

RENEWAL OF THE TERM OF OFFICE OF PAULE CELLARD AS MEMBER OF THE SUPERVISORY BOARD (resolution 31)

We hereby remind you that Paule CELLARD's term of office as a member of the Supervisory Board expires at the end of the next Annual General Meeting.
In the event of **rejection** of the 11th resolution, it will be proposed that you renew the term of office of Paule CELLARD as member of the Supervisory Board for a period of four years, to expire at the end of the General Meeting called in 2025 to approve the financial statements for the year then ended.

NON-REPLACEMENT AND NON-RENEWAL OF THE TERM OF OFFICE OF VICTOR DESPATURE AS MEMBER OF THE SUPERVISORY BOARD (resolution 32)

We hereby remind you that Victor DESPATURE's term of office as a member of the Supervisory Board expires at the end of the next Annual General Meeting.
In his capacity as a member of the Supervisory Board, Victor DESPATURE indicated that he did not want his term of office to be renewed.
In the event of **rejection** of the 11th resolution, it will be proposed that you do not reappoint him or replace him, but that you acknowledge the end of his term of office.

Independence and gender parity

It is specified that the Supervisory Board considers that, amongst these proposed members, Florence NOBLOT, Sophie DESORMIÈRE and Paule CELLARD are considered to be independent members by the Supervisory Board based on the Middlenext Code criteria.
Subject to the approval of these reappointments, the Board would comprise four women and three men, in accordance with parity rules, and five independent members, in accordance with Middlenext recommendations.

Expertise, experience and skills

The information concerning the expertise and experience of Florence NOBLOT, Sophie DESORMIÈRE et Paule CELLARD are detailed in the paragraph "Expertise and experience of members of the Supervisory Board" of the report on corporate governance which is included in the 2020 Annual Financial Report.

APPROVAL OF THE REMUNERATION POLICY FOR MEMBERS OF THE SUPERVISORY BOARD (resolution 33)

In the event of **rejection** of the 11th resolution, it will be proposed that you approve the remuneration policy for the members of the Supervisory Board as presented in the report on corporate governance included in the 2020 Annual Financial Report (paragraph "Corporate officers' remuneration policy").

Your Management Board asks you to approve the above resolutions submitted to your vote, it being specified that **the 14th to 28th resolutions** will be put to the vote and postal votes cast in relation to these resolutions will be counted only **in the event the 11th resolution is approved**, and that **the 29th to 33rd resolutions** will be put to the vote and postal votes cast in relation to these resolutions will be counted only **in the event the 11th resolution is rejected**.

The Management Board

APPENDIX: SOMFY SA FINANCIAL RESULTS FOR THE LAST FIVE YEARS

€ thousands	**2016**	**2017**	**2018**	**2019**	**2020**
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	7,400,000	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	2,919	3,234	3,412	3,705	3,862
b) Profit before tax, amortisation, depreciation and provision charges	106,992	86,979	94,252	116,910	97,790
c) Income tax	1,089	25,516	4,457	2,913	2,345
d) Profit after tax, amortisation, depreciation and provision charges	119,375	107,111	98,241	114,988	100,960
e) Distributed profit*	45,140	48,100	51,800	46,250**	68,450
3. Earnings per share					
a) Earnings per share after tax, but before amortisation, depreciation and provision charges	14.61	3.04	2.67	3.24	2.71
b) Earnings per share after tax, amortisation, depreciation and provision charges	16.13	2.89	2.66	3.11	2.73
c) Dividend distributed per share	6.10	1.30	1.40	1.25**	1.85
4. Workforce					
a) Number of employees at end of year	3	4	10	11	11
b) Total payroll paid	724	959	1,146	1,586	1,694
c) Amount paid in relation to employee benefits (Social Security, charities, etc.)	207	326	222	395	371

* *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

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 the last 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, “Inspire 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 commercial 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 be the preferred partner for opening and closing automation in homes and commercial 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 in individual homes, small businesses, apartment blocks, office blocks, hotels and collective residences.

B. RESILIENCE OF THE BUSINESS MODEL

As a result of the 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 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.

C. BUSINESS MODEL

CONTRIBUTION TO THE MODEL

HUMAN CAPITAL
- **5,710** employees[1]

INTELLECTUAL CAPITAL
- **2,210** patents
- **21** experts (Expertise sector)

FINANCIAL CAPITAL
- Stable shareholding = **72.08%**
- Cash flow = **€274.5M**

PRODUCTIVE CAPITAL
- Somfy present in **58** countries
- **8** industrial sites
- CAPEX = **€49.8M**

SOCIETAL CAPITAL
- Funds contributed to Les Petites Pierres = **€284 thousand**
- Foundation budget = **€851 thousand**

NATURAL CAPITAL
- Low consumption of natural resources

PROFITABLE GROWTH MODEL

VISION

Inspire 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 commercial buildings, in three key 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 opening and closing automation in homes and commercial buildings.

Four strategic pillars serving our ambition for 2030:

- **Forward-looking in Smart Living**
- **Rising value to customers**
- **Delivering performance**
- **Inspiring & Engaging**

KEY ACTIVITIES
- Research & Development
- Marketing
- Prescription
- Assembly
- Distribution
- Sales

VALUE CREATED FOR STAKEHOLDERS

EMPLOYEES
- Employee expenses = **€367.3M**
- Training = **47,525 hours**[2]
- Engagement = **7,6**[3]

CUSTOMERS & USERS
- NPS[4] = **68**
- Motors manufactured[5] = **192 million**
- Connected devices[6] = **7,800,947**

INVESTORS
- Sales = **€1,257.1M**
- COR = **€260.7M**
- ROCE = **29.6%**

SUPPLIERS
- Volume of local purchases (< 500 km) = **40%**

ENVIRONMENT
- **57%** of Act for Green® products[7]
- Annual power consumption per motor = **10.7 kWh/year**

CITIZENS
- **223** participations in solidarity days

(1) Excluding temporary staff.
(2) Scope of social reporting.
(3) "Intrinsic engagement rate" up 0.5 points.
(4) Net Promoter Score (customer satisfaction indicator) = % promoters – % detractors.
(5) Motors manufactured by the Group since the beginning, excluding Dooya.
(6) Number of objects connected by the Somfy cloud.
(7) According to the PEP ecopassport® standard.

PRESENTATION OF THE GROUP'S SUSTAINABLE DEVELOPMENT STRATEGY

A. 2030 AMBITION OF THE SUSTAINABLE DEVELOPMENT

—

With the strategic framework Ambition 2030, Somfy is incorporating Corporate Social Responsibility (CSR) ahead of its strategy in order to make it the foundation for the Group's sustainable growth. Somfy's sustainable development strategy is based on three pillars: Planet, People and Prosperity:

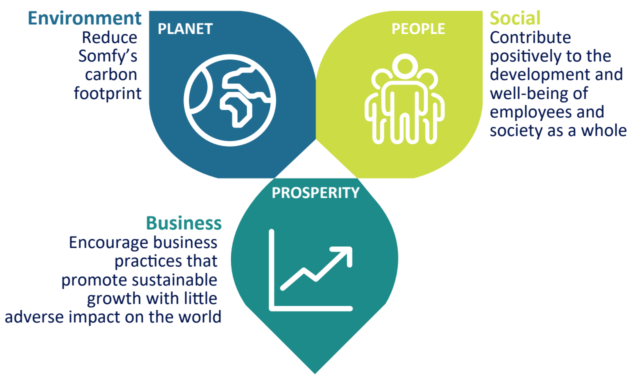
- Planet: limit then reduce the negative effects of operational processes on the environment;
- People: ensure that the Group's activity benefits employees and other communities;
- Prosperity: encourage business practices that promote sustainable growth with little negative impact on the world.

The key issues of this policy have been ratified by the Strategy Committee.

The Planet pillar involves rolling out the low carbon strategy, maximising user customers' CO_2 avoided emissions thanks to Somfy products and integrating the circular economy approach.

The People pillar involves implementing the "Inspiring & Engaging" pillar which is aimed at both employees and applicants, and more specifically the inclusion and diversity component. Emphasis is also placed on the Group's contribution in relation to its stakeholders.

The Prosperity pillar 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.



B. SUSTAINABLE DEVELOPMENT GOVERNANCE

—

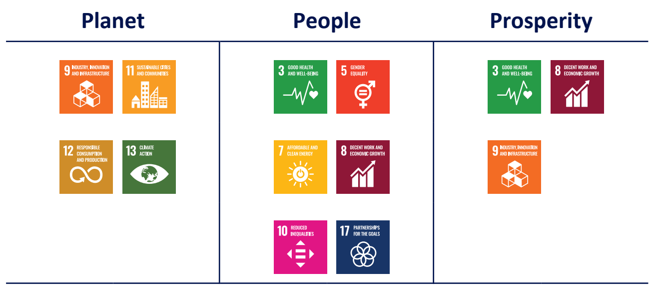
The Group's sustainable development policy is led by the Sustainable Development Department, which is attached to the CEO and Chairman of the Management Board, and includes environmental performance and societal commitment, as well as the teams from the Somfy Foundation and the endowment fund, Les Petites Pierres. The Sustainable Development Director chairs the Sustainable Development Operating Committee made up of representatives for each function. He reports on his activities to the Executive Committee twice a year. A member of the Strategy Committee, he also oversees the coordination of this policy with the leaders of the Group's four strategic pillars. This policy is subject to specific monitoring by the Supervisory Board.

The various policies are communicated to the Group's head office and its subsidiaries *via* coordinators or the local manager. In addition, the Human Resources Department implements the employee-related component of this policy as part of the "Inspiring & Engaging" pillar, in close collaboration with the teams from the Sustainable Development Department.

C. SOMFY'S CONTRIBUTION TO SDGS

—

Somfy wishes to be an engaged 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 make the world a better place. Somfy contributes to them *via* the three pillars: Planet, People, Prosperity. For more details on SDGs: www.un.org/sustainabledevelopment/



D. PROOF OF COMMITMENT

—

External assessments have validated the progress made within the Group in terms of sustainable development.

Somfy features in the top 15 industrial businesses in the 2020 Gaïa Rating dedicated to ESG performance.

The non-financial rating of Gaïa Rating assesses companies for investors on their level of transparency and performance according to Environmental, Social and Governance (ESG) criteria.

Somfy achieved a score of 83/100 for 2020, a significant improvement of eight points in relation to 2019. In the sales category, Somfy was ranked 12th out of the 81 companies assessed.

Somfy was also ranked in the top 25% of businesses assessed by EcoVadis, with a score eight points higher than in 2019, earning it silver medal status. The overall EcoVadis score reflects the quality of the company's CSR management system in the following fields: environmental, social, societal, ethical and responsible purchasing.

PRESENTATION OF NON-FINANCIAL RISKS

A. METHODOLOGY

The Group's main CSR risks and challenges set out below have been identified and assessed through the overall risk mapping process and the use of the materiality matrix developed in 2019.

A dedicated working group met several times in 2020 to work on a shared vision of risks and CSR challenges. This working group is made up of the Director of Sustainable Development, two representatives from the Environmental Performance team, one person in charge of Supply Chain in the wider sense, one person from Human Resources, and the Director of Risks, Ethics and Compliance.

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 Board management report) of this Annual Financial Report. A pictogram highlights the risks in relation to 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 the gross risks, whilst the Group's overall risk mapping takes into account control measures that have already been implemented (net risk measurement based approach).

II. MATERIALITY MATRIX

In addition to the review of the Group's overall risks (chapter 2), a materiality matrix was finalised in 2019 to compare the Group's internal CSR challenges with the challenges identified by Somfy's stakeholders. These challenges have been grouped into three major categories, which make up the three pillars of the Sustainable Development Policy: Planet, People, Prosperity.

B. PRESENTATION TABLE OF CHALLENGES AND RISKS

Petals	Challenges	Risks	KPI	SDGs	Pages
Planet	**Environmental impact of operations**	– Global warming – Depletion of natural resources and damage to biodiversity – Pollution of the environment by the sites	– Water consumption – Volume of hazardous and non-hazardous waste – Energy consumption of the sites	7, 11, 12, 13	50-52
Planet	**Environmental impact of products**	– Global warming – Depletion of natural resources (circular economy)	Average annual power consumption per motor sold	7, 11, 12, 13	53-54
Planet	**Impact of the environment on Somfy activities**	– Financial risks related to climate change	NA		54
People	**Attracting new talents, developing skills & employee engagement**	– Inadequacy of resources in terms of talents and skills – Risk of exodus of talents and fall in engagement levels	– Percentage of employees who received training during the year – Engagement rate of the Somfyscope survey – Percentage of employees who were promoted or relocated	3	55
People	**Diversity and inclusion**	– Missing the opportunity to grow as a result of our differences – Discrimination	– Change in the breakdown of men/women – Percentage of female managers	5, 10	55-56
People	**Health and safety at work**	– Impact on the health and physical and psychological well-being of employees	– Frequency rate of accidents at work resulting in absence – Severity rate	3, 8	57
People	**Local impact of the sites and image with local stakeholders**	– How Somfy sites are perceived by their local ecosystem	NA	11, 17	58

Petals	Challenges	Risks	KPI	SDGs	Pages
Prosperity	**Business ethics and fair practices**	– Risk of unethical behaviour	– Number of ethics alerts – Percentage of people that have completed the anti-corruption e-learning module – Number of people trained in corruption risk	8	58-60
	Privacy and personal data	– Non-compliance with protection of privacy and personal data – Data breach	Percentage of employees who have completed GDPR training		60-61
	Responsible purchasing and Supply Chain transparency	– Social and environmental impacts of the supply chain – Violation of human rights	– Percentage of purchases made locally – Rate of REACH/ROHS compliance – Rate of Conflict minerals compliance	3, 8, 12, 13	61-62
	Regulatory safety and compliance of products	– Regulatory developments limiting Somfy's ability to market its products	NA	3	62
	Product innovation serving user customers	– Changes in consumption habits and customer expectations – Consumer satisfaction	Net Promoter Score	7, 9, 17	62

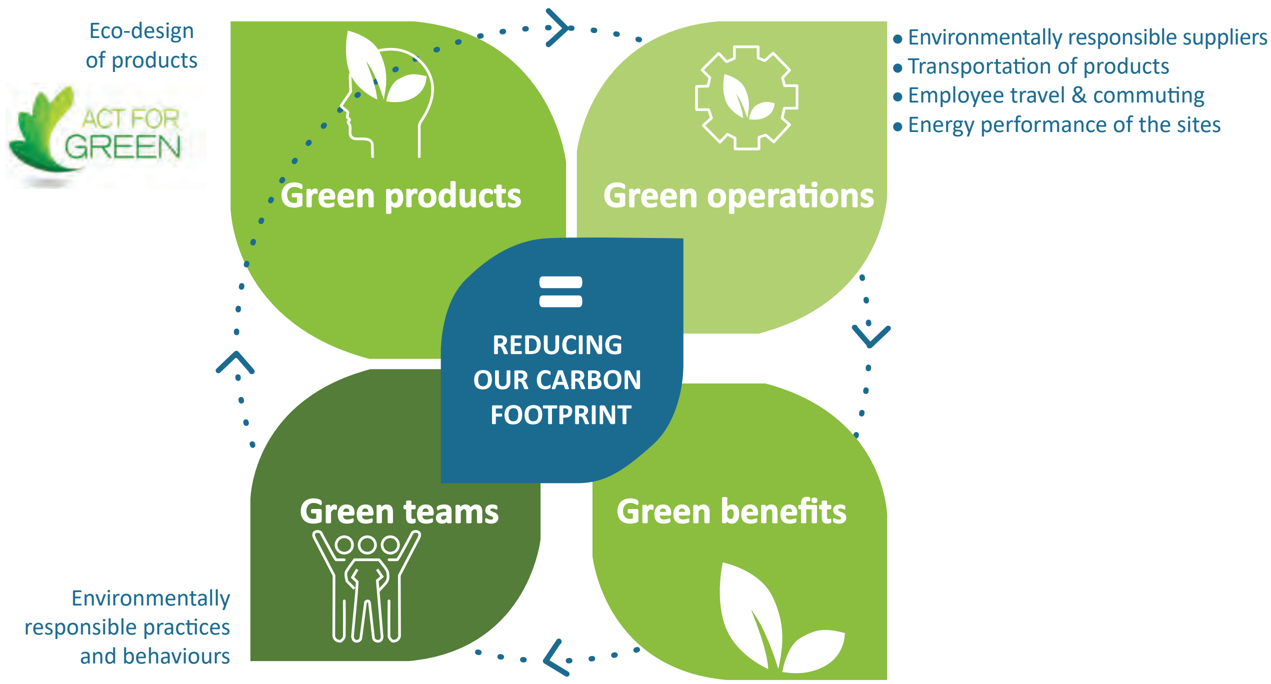
SOMFY'S RESPONSES TO NON-FINANCIAL RISKS

Somfy responds to these risks in a structured and organised way based on the three pillars that correspond to the three "petals" of its Sustainable Development Strategy.

A. PLANET

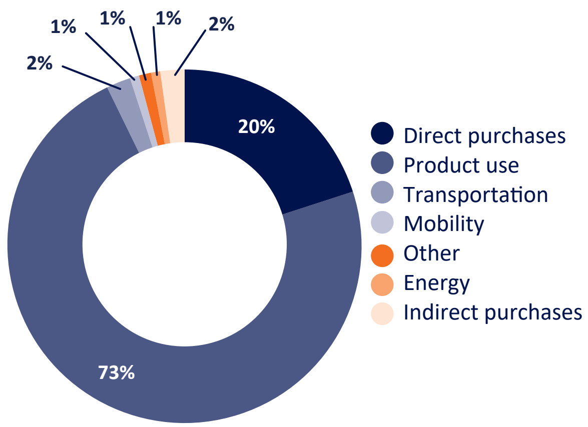
I. ENVIRONMENTAL PERFORMANCE GOVERNANCE

The implementation of Somfy's environmental performance is based on four pillars that help to reduce the environmental impact of the Group's activities.
They include:
- **Green products:** reducing the environmental impact of the Group's products by applying the principles of eco-design;
- **Green operations:** reducing the environmental impact of the Group's operations;
- **Green teams:** implementing, through a network of employees, environmentally responsible practices in their places of work;
- **Green benefits:** solutions developed by Somfy to improve user customers' energy efficiency.



The role of the Environmental Performance Department is to define and implement these strategies within the Group. It reports to the Sustainable Development Department and to the Sustainable Development Operating Committee. Roadmaps are prepared for each of these four elements in collaboration with the relevant functions within the Group.
The priority for this overall policy of environmental responsibility is to combat global warming by reducing greenhouse gas (GHG) emissions. A 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 (scope 1, 2 and 3 emissions).

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



In addition, the emissions of the Somfy Activités SA's sites account for 14% of the total emissions of the sites.

A second priority is the integration of the circular economy:

- through eco-design – which aims to make the products more energy efficient, through the use of 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)], IGNES[(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 retreated.

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) IGNES: 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. Policies	**3. Initiatives**
Global warming Evaluation through measurement, notably *via* a Carbon Assessment®, helps find appropriate solutions for the main challenges, which are: – transportation of products; – energy used on the sites and the vehicle fleet; – indirect purchases; – mobility. Optimum balance is sought between feasibility and reducing GHG emissions.	During 2020, roadmaps were developed as part of a three-year strategic plan. The main initiatives are: – products: the development of technology ensuring reduced consumption in standby mode; – sites: signing of green electricity supply contracts, replacement of incandescent bulbs with LED, gradual electrification of the vehicle fleet. The following initiatives relate to Somfy Activités SA: – mobility: • organisation of a “Mobility Challenge” day, • use by employees of car sharing app, Klaxit, • 56 employees declared 28,556 km as part of the Cycling Mileage Allowance, • bicycle event created by the Écomobilité Savoie Mont Blanc agency, • 20 employees use the electric vehicle charging points provided, • use of a lorry fuelled by gas to transport products between the different Haute-Savoie sites; – improvement of the energy performance of the buildings: • better insulation, • system for managing energy consumption.
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.	– 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 *via* 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; – a machine for cutting customised boxes was installed at the international logistics site (Somfy Activités SA) with the aim of achieving a 7,000m² reduction in the use of cardboard per year.
Impact on biodiversity Somfy is keen to protect biodiversity and has several sites in regions where protecting biodiversity is a major issue: – 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: • Puszcza Niepolomicka PLB 120002, • Torfowisko Wielkie PLH120080.	– Somfy Activités SA is a member of the Club d’Entreprises pour la Montagne et son Développement Durable (CEM2D); – five beehives were installed in 2020 at various Somfy Activités SA sites; – 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 working as part of the Green teams pillar 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 2019 baseline is that published. In 2020, the Domis SA site entered the industrial reporting scope.

Water consumption of the Group's industrial sites

	Environmental reporting scope			Somfy Activités SA		
	31/12/19	31/12/20	▲	31/12/19	31/12/20	▲
Water consumption in m^3	46,685	39,691	-15%	12,788	8,670	-32%
Ratio m^3/employee	11.0	9.1	-17%	7.3	5.0	-32%

Water consumption is exclusively related to "non-industrial" use (toilets, showers, fountains), the reduction of 17% is therefore directly attributable to the lower usage by onsite staff as a result of the measures taken in relation to Covid-19.

Waste from the Group's industrial sites

	Environmental reporting scope			Somfy Activités SA		
	31/12/19	31/12/20	▲	31/12/19	31/12/20	▲
Non-hazardous waste in kg/motor	0.351	0.280	-20%	1.342	0.934	-30%
Hazardous waste in kg/motor	0.002	0.003	44%	0.009	0.025	188%
TOTAL WASTE IN KG/MOTOR	**0.353**	**0.283**	**-20%**	**1.351**	**0.959**	**-29%**
Recycling rate of hazardous and non-hazardous waste	91%	89%	-2.6 pts	90%	84%	-6.3 pts

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.
The recycling rate was lower in 2020 as a result of new, previously unrecorded, categories of waste entering the scope (hydrocarbon sludge and soiled filters).

Greenhouse gas, combatting global warming and energy efficiency

	Environmental reporting scope			Somfy Activités SA		
	31/12/19	31/12/20	▲	31/12/19	31/12/20	▲
Gas (kWh/m^2)	50.5	50.1	-1%	88.3	90.3	2%
Power (kWh/m^2)	56.3	54.5	-3%	71.9	62.8	-13%
Mineral fioul (kWh/m^2)	0.6	0.9	69%	–	0.6	–
ENERGY CONSUMPTION PER M^2 (KWH/M^2)	**107.3**	**105.5**	**-2%**	**160.2**	**153.7**	**-4%**
Total GHG emissions in CO_2EQ (Tonnes)	6,752	6,823	1%	1,576	1,592	1%

The greenhouse gas emissions of the industrial sites are monitored and calculated using actual energy usage readings.
The Group now presents its energy consumption in the form of ratios related to surface area in m^2, an indicator that can be controlled and compared between industrial sites. Consumption of heating oil, unrelated to operations, is added to reflect total energy consumption.
Energy consumption per m^2 was down an average of 2%. Despite low presence at the sites, the building temperature was maintained while fulfilling the ventilation demands imposed by the health and safety rules related to Covid-19.

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 intends to continue 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 power 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 GHG emissions.

2. Policies

Global warming

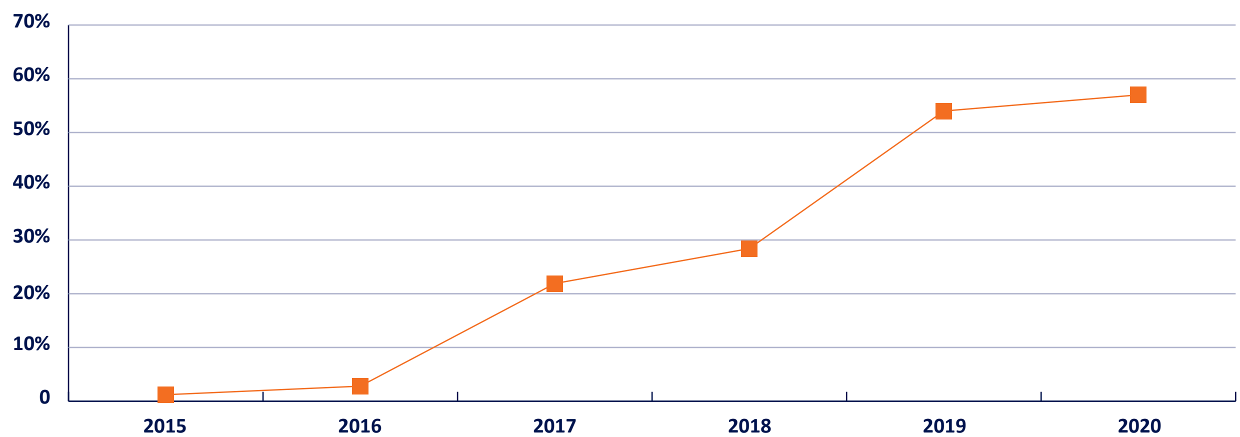
A policy of eco-design has been implemented with the reduction of greenhouse gases emissions as a priority.
These products are awarded an Act for Green label when they meet stringent eco-design requirements.
Act for Green is based on a framework taken into account by Research & Development teams. It incorporates requirements that are broken down according to several subject areas:
- controlling greenhouse gas emissions through moderate power 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 the products for the entire Group:
- in 2020, 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 2020, six 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 54% in 2019 to 57% in 2020.



NB: the rate published in 2019, which stood at 60.77%, covered a scope restricted to Home & Building. On a like-for-like basis, the recalculated 2020 rate is 63.1%.

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, Somfy monitors the average annual power consumption per motor sold, for all brands (apart from Dooya). This indicator simultaneously includes energy consumption in use and on standby in order to take into account all the measures aimed at reducing environmental impact.

Consumption on standby and in use result from the LCAs verified by an external third party. The average lifetime for all the motors being set at 15 years, it is here reported to one year for better management of the indicator.

	31/12/19	31/12/20	▲
Annual power consumption per motor (kWh)	10.8	10.7	-1.3%

For information, the average CO_2 emissions in standby mode over 15 years per electronic motor sold is 36.3kg CO_2, a reduction of 3.5% in relation to 2019.

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 on their installation, in particular over the first half-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 people at the heart of its corporate vision since the Group firmly believes that it is through people that it will make the difference in all that it does. Somfy 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 key parameters.

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 that employees have a positive and inspiring professional experience in order to enable them 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 Somfy employees.

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

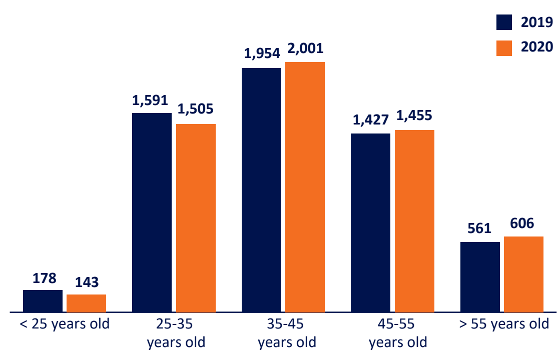
Diversity and inclusion are at the heart of the people-focused project, and Somfy is actively working to better know the talents across the entire Group, in order to entrust them with roles without necessarily requiring them to move to the country concerned. Smart Working has accelerated this trend.

On this basis, the implementation of Somfy's social strategy has taken the form of four elements, which are intended to be rolled out across the entire Group:

- **the "One Somfy, One Team" mindset** is Somfy's mantra. The results targets are achieved thanks to the strength that being a group confers;
- **inclusive diversity** 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, but inclusion is the true challenge;
- **talents and new skills**: "Somfy is a special place in which to grow". The Group must succeed in developing its employees and attracting external talents. It must work to achieve the right balance between internal promotions and external recruitment. Its wish is to boost careers and give each person a stake in the development;
- **a vision from leadership** that creates the conditions for its teams to succeed. This success depends on the definition of the framework, as well as on accountability, demanding expectations and development.

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

The Group's overall workforce at 31 December 2020 (including permanent, fixed-term and work/study employees, and excluding interns and temporary staff) was 5,710 people compared with 5,711 in 2019, 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 performance is dependent on its ability to have the right resources, in the right place, at the right time.
In addition to the risk of not having the human resources required to achieve its ambitions, not focusing on the development of employees' skills could run the risk of an exodus of talents. Supporting employees to improve their employability is a key factor in increasing their feeling of job security and, as a result, retaining them within the company. Moreover, these challenges of attracting talents and developing skills incorporate the business's current and future needs in relation to its strategy.

2. Policies

An agreement on Jobs and Skills Planning was concluded for a period of five years from 1 January 2020 for the scope of Somfy Activités SA. This agreement facilitates the improvement and coordination of the resources implemented in terms of training, career management, geographic and professional mobility, and skills development. It particularly provides for an initiative to anticipate changing jobs (mapping and policy), the process of annual reviews, the introduction of People Reviews, etc. Somfy decided to roll out these measures at Group level, thus beyond the framework set out by the agreement. In addition, a policy on internal mobility is under development and will be rolled out within the Group over the course of 2021.

3. Initiatives

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

- conducting People Reviews: anticipating organisational changes, defining development plans, identifying pools of talent in order to offer them attractive career paths, constructing succession plans for key positions within the organisation, analysing organisational and job developments (78 People Reviews in each organisation and 15 cross-Departmental People Reviews);
- introduction of a careers watchdog: mapping of existing professions and associated skills, forward planning regarding expected developments within these professions (16 professional networks, 94 occupational fields with framework of associated skills, 187 generic positions with associated descriptions - documents available to all Group employees);
- creation of skills development plans to support the excellence of the functions and a specific training/awareness raising policy to support remote working within the Group and the introduction of the new HR cycle;
- introduction of mobility committees to facilitate the identification of potential candidates and the proposed career paths (monthly sessions at Executive Committee meetings in France and internationally);
- roll-out at Group level of a platform to provide an overview of vacant positions (Smartrecruiters solution);
- introduction of individual performance reviews and development reviews for all Group employees (training of Group employees in relation to this new approach in 2020 and roll-out scheduled for 2021);
- employee indicators *via* the biannual Somfyscope engagement survey and self-assessment of quality of working life conducted annually during the performance review (with systematic interview with HR in the event of an employee reporting problems).

4. Results and KPIs

The results of the 2020 Somfyscope engagement survey are very satisfactory. The intrinsic engagement rate was **7.6**, an increase of 0.5 points in relation to 2018. These healthy 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 indicators related to training are as follows:

Collection panel for social data	2019	2020
% of employees who received training during the year	69.65%	49.90%
% of employees who were promoted or relocated*	8.25%	7.85%

Somfy Activités SA	2019	2020
% of employees who received training during the year	76.97%	68.78%
% of employees who were promoted or relocated*	17.06%	18.30%

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

The amount of training in 2020 was impacted by the lockdown and the inability to complete certain face-to-face training as a result of the health conditions. E-learning modules have been developed (annual performance review, effectiveness in remote working, for example) and remote training was provided without however offsetting the overall decline.

II. DIVERSITY AND INCLUSION

1. Description of the risk

Diversity and inclusion are at the heart of Somfy's people-focused project. Somfy not only considers diversity to be a value in itself, enabling it to discharge its social responsibility in an authentic way, but also to be a lever enabling the Group to enhance experiences and perspectives, to innovate and to change. Not being proactive on this issue would risk missing the opportunity to develop as a result of the difference.

2. Policies

The overall aim in relation to this issue is detailed in the introduction to the People chapter. The Group considers this area 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 with Agefip, 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 relationship between work and private life, and health and safety at work. The agreement was signed for an initial period of three years. This type of approach will be extended across the Group from 2021.

3. Initiatives

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

- during recruitment, both internal and external, the Group's practice is to include at least one woman in the shortlist of candidates. Somfy particularly wants to promote the recruitment of women in the Engineers and Managerial Staff category. Somfy Activités SA has set itself the following target: to ensure the proportion of women in this category is at least 30% by the end of 2021. At the end of 2019, this target was achieved: women made up 30% of managerial staff and engineers (up 2% in relation to 2018);
- second objective: Somfy wants to increase the appeal of so-called "technical" professions amongst students and to promote a non-gendered image in relation to these roles while women account for under 30% of these roles. To achieve this, the company is going to take part in several school and university forums to promote these professions to female students. At Somfy, non-discrimination between men and women in the award of individual increases is guaranteed. 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 committed to qualification and certification training for our female employees;
- seeking the balance between professional development and family responsibilities is at the heart of our concerns. Measures have been taken to allocate family-related charges more equitably: the 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 by the employee during parental leave (against 50% according to the French Employment Code currently); easier access to information on the statutory leave put into place by the company to support parents; solidarity based savings account scheme for employees required to support a severely ill spouse or parent. This scheme enables all employees to give annual leave days to the employee assuming responsibility for a member of their family with an illness or disability or who is the victim of a serious accident;
- Somfy is seeking to roll out equal access to training and professional opportunities. Childcare constraints should not be an obstacle, notably for lone parents. As such, upon presentation of supporting documentation, overnight childcare costs are covered in the event of an exceptional work assignment (including training). 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 reach/reaches the age of three;
- while health and safety in the workplace are a priority shared by all Somfy teams, specific attention is paid to the health of female employees. Measures are specifically financed to combat musculoskeletal disorders (MSD). A budget of €60,000 is dedicated to the "Pro MSD" project to improve the ergonomics of production workstations. 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 more rest in the event of tiredness.

In relation to disability:

- Somfy conducts campaigns to raise employee awareness and works with an agency specialised in the recruitment of people with disabilities;
- initiatives in 2020 included coverage of the topic of Disability during the Sustainable Development week (at Group level) and another week was entirely devoted to the issue during European Disability Employment Week;
- Somfy Activités SA's recruitment teams participated for the first time in the specialist recruitment forum Hello Handicap!;
- several practical measures have been introduced to facilitate continued employment: four-days of paid leave of absence per year every three years, flexible working hours, flexibility in terms of role, etc.;
- more broadly, 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 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.

% of women in total workforce	2019	2020
Collection panel for social data	45.63%	45.94%
Somfy Activités SA	39.98%	40.76%

% of women in management	2019	2020
Group	Not calculated	24.26%
Somfy Activités SA	Not calculated	31.54%

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, risk of occupational disease – primarily musculoskeletal disorders (MSD) – as well as psychosocial risks. In relation to industrial activities, the major risk is related to manual handling and to the ergonomics of the workstation.

2. Policies

The Group's Health & Safety policy is primarily based on the assessment and prevention of the risks to which employees may be exposed in order to reduce such exposure and improve working conditions. This primarily involves a collective approach which comprises, for the different types of activities pursued within the company, identifying the type and importance of the existing risks and defining the related preventive measures. This leads to annual improvement programmes in association with the employee representatives. It also involves an individual approach which requires each person, at their level, to be aware of the risks to which they are exposed and adapt their behaviour as a result. The training and communication initiatives implemented in relation to Health & Safety are intended to maintain and develop this level of awareness.

3. Initiatives

Major initiatives implemented in 2020:

- introduction of a new Health & Safety organisation at Group level, strengthening of the team (two people);
- start of construction of a Group Health & Safety management system, drafting of the Group Health & Safety policy for launch during the first quarter of 2021;
- analysis of chemical risks at Cluses and Bonneville: inventory of chemicals used (greases, lubricants, adhesives, etc.), collection and analysis of Safety Data Sheets (SDS), identification of at risk products (substitution of products, protective measures, etc..);
- introduction of MSD prevention programmes. At Group level, finalisation of a guide to designing workstations ergonomically;

  At Somfy Activités SA: modification of supply and removal of parts and modernisation of the QT40 production line equipment, various improvements on the NL40 line (raising, reimplantation, adjustment of position of controls), definition of rules for rotation between workstations aimed at reducing the repetitiveness factor in relation to the site's four main ranges;
- prevention of psychosocial risks: training of managers, listening and personalised support service, e-learning;
- management of the Covid-19 pandemic from a health perspective (see dedicated insert): this crisis has shone a spotlight on the Health & Safety teams and their vital contribution to protecting everyone's Health & Safety.

4. Management of the Covid-19 crisis and impacts

We were taken by surprise by the magnitude of the Covid-19 pandemic, with which we have been faced since the beginning of 2020, and the speed with which it spread throughout the entire world. Given that the Group has operations in China, the Health & Safety team became involved in the issue very early on with "crisis management" style operation.

The response to this unprecedented situation primarily involved the definition and implementation of appropriate health protocols, specifically setting out all the measures put into place to protect against the spread of the virus: physical distancing, hand hygiene, enhanced cleaning of workstations, the wearing of masks, limiting travel and journeys, remote working, etc.

A standard protocol was thus defined at Group level, then rolled out across each of the sites, taking into account the local situation and the governmental measures specific to each country. These protocols were regularly reviewed to reflect the changing health situation and government measures (lockdown, curfew, travel restrictions, etc.).

Regular meetings with the Group's various sites and entities helped to coordinate the implementation of protocols, to share feedback including the difficulties encountered, such as, for example, the procurement of masks at the beginning of the pandemic, and to provide as much as possible a united response.

The rapid mobilisation of the entire company, the commitment of management teams and the collective efforts made all helped to protect the health and safety of everyone, with a very limited number of suspected cases of infection in the workplace and no serious cases recorded to date.

On the issue of health and safety, the results of the Somfyscope survey reflect the importance of the measures undertaken. With a score of 8.6, the element relating to taking into account safety in the workplace rose 0.4 points in relation to 2018.

5. Results and KPIs

The 2020 results show a significant increase in the frequency rate of accidents resulting in an absence of more than one day (up 14%) and a severity rate that was stable overall in terms of the collection panel for social data. This rise resulted from an increase, in relation to 2019, in the number of accidents in distribution subsidiaries combined with a significant reduction in the number of hours worked. Nevertheless, the frequency rate improved at the industrial sites (falling from 4.90 to 3.93) as did the severity rate (from 0.17 to 0.13) but without however managing to offset the decline at subsidiary level.

Collection panel for social data	2019	2020
Frequency rate	4.29	4.91
Severity rate	0.15	0.15

Of which Somfy Activités SA	2019	2020
Frequency rate	5.79	6.99
Severity rate	0.33	0.33

IV. LOCAL IMPACT OF THE SITES AND IMAGE WITH LOCAL STAKEHOLDERS

1. Description of the risk

Somfy is a committed business player, mindful of the challenges for its business development of social, societal and environmental changes. These challenges include the impact of its activity on the ecosystems and territories in which its main sites are located, and their contribution to the performance of its activities, and more generally the importance of this commitment in relation to the company's image and reputation.
Not taking into account this interdependency may result in the performance of the sites concerned being reduced and the company's image and reputation, either locally or more widely, being damaged in the eyes of its stakeholders.

2. Policies

The societal responsibility policy is based on two elements:
- civic responsibility aimed at improving living environments for all and in particular, combatting poor housing, through its Corporate Foundation and the Les Petites Pierres endowment fund;
- local involvement through financial support or participation in initiatives promoting the economic, societal and environmental attractiveness of the territories.

3. Initiatives

The initiatives pursued by Somfy are many and varied. At Group level, Somfy finances the Somfy Corporate Foundation which embodies this societal responsibility in the eyes of its employees.

- Somfy Activités SA is a higher education partner (Foundation and Business Club of the Université Savoie Mont-Blanc, innovation chair at Edhec business school). Somfy collaborates with business development players in the territories in which its main sites are located (CIMES competitiveness center, Thésame association);

- Somfy is a member of the initiative “France an opportunity, businesses are committed” to promote inclusion. Somfy is a sponsor of various local initiatives in Cluses and Bonneville: in 2020 Somfy financed the “An Orchestra at School” in Cluses and supported the organisation 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.

V. COMMITMENT TO CIVIC RESPONSIBILITY AND SPONSORSHIP

To provide solutions to issues related to poor housing, the Somfy Foundation is committed on a day-to-day basis to organisations both in France and internationally, *via* two drivers for action:
- financial sponsorship to support and accompany non-profit projects (annual allocation of €370,000);
- human sponsorship thanks to the community initiatives of company employees.

The Foundation initiates or supports local initiatives, rooted in the local community in France and internationally. Initiatives in keeping with Somfy's industry, the Home, and which involve the Group's employees.
Inspired by the effectiveness of the inclusive policies committed to the digital era, the Somfy Foundation wanted to bring together all stakeholders – citizens, companies and organisations – around a community crowdfunding platform to enable them to act together to help vulnerable people access decent housing (platform created in 2013).
Since 2012, the Somfy Foundation has been developing people-based sponsorship thanks to a valuable and ongoing dialogue with company employees and organisations, enabling employees, during their working hours, to meet organisations that work to combat poor housing, in order to offer assistance.
Employees have the opportunity to sign up voluntarily for three days a year, during their working hours, for both operational assignments, such as painting, decorating, odd jobs, etc. and for more strategic assignments thanks to skills-based sponsorship.
Their commitment helps to develop genuine partnerships, working closely with the needs of the organisations, in order to provide support to vulnerable people in the home and to serve the common good.
In an approach based on openness and respect for the territories in which the Group operates, and because the problem of poor housing knows no borders, the Somfy Foundation has committed to supporting charity projects aimed at combatting poor housing in several countries in which the company operates.
Employee involvement is measured by format using the number of days spent and number of participating employees. As a result of the altered health conditions in 2020, these figures were lower:
- 39 days organised in 2020 compared with 87 in 2019;
- 223 employees involved in 2020 in comparison with 528 in 2019.

C. PROSPERITY

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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 focus 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 opening and closing automation in homes and commercial 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.

2. Policies	3. Initiatives
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 common and unifying document, which guides every employee in their decision-making; it is also a tool to promote dialogue between employees so that ethics is an open matter understood by all. It is systematically provided to employee on joining the Group and is available on the Group's website and intranet in 23 languages.	The Audit Committee and the Management Board 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 the Management Board. It relies on a network of Ethics officers to oversee local communication and close coordination, ensuring the solution's effectiveness. Managers are responsible for the roll-out and application of the Code of Ethics within their scope, including in relation to new arrivals. 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, their local Ethics officer, or the Ethics Committee. A whistleblowing mechanism has been in place since 2015 allowing 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 has been formally set out in 23 languages to present 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.
Fight against corruption In addition to the Group's Ethics Code 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.	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. The Group decided to adopt the Middlenext Anti-Corruption Code of Conduct, designed to provide guidance for behaviour in business. Somfy supplemented the Code with several appendices in order to provide practical advice, examples and links to other procedures. E-learning was rolled out to all the Group's employees (excluding manual workers and equity-accounted entities) in 22 languages. Face-to-face training was introduced for employees considered to be the most exposed. The roll-out of local training continued in 2020, although the timing was disrupted by the health situation. The whistleblowing mechanism introduced in 2015 to escalate non-ethical behaviours (as mentioned above) was extended to meet the requirements of the "Sapin 2" law. Accounting controls were implemented to detect potential fraudulent acts. A digitalised solution to ensure atypical transactions are kept under control on an ongoing basis is currently being purchased. Procedures are currently being rolled out to assess third parties with whom the Group already works, and prior to any new relationship. A screening solution was purchased in 2019 and implemented in 2020.
Combatting 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.	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.

2. Policies	3. Initiatives
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.	The Group undertakes to pursue the following actions in its drive for tax transparency and to combat tax evasion: – participate in compulsory reporting such as the Country-by-Country reporting for France; – monitor that intragroup transactions comply with arm's length principles and OECD actions on base erosion and profit shifting (BEPS).
Anti-competition The Group's compliance with rules governing competition is a priority. This compliance undertaking is reaffirmed in the Competition Law Charter currently going through the approval process, in order to strengthen the Group's culture and in this way help to create long-term value.	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. The Group is pursuing its policy by working to implement a more extensive compliance programme in order to provide employees with the tools required to be more proactive.
Intellectual property rights Somfy respects the intellectual property rights of third parties, in the same way it expects its rights to be respected.	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).

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 seven in 2020 (against twelve in 2018 and nine in 2019). This lower number led us increase our communication efforts in 2021 in relation to the existence of the reporting mechanism. Out of the seven reports received, six were admissible and five were closed at 31 December 2020.

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

- in 2020, 261 additional employees completed the e-learning anti-corruption course within Somfy Activités SA, mainly made up of new joiners and people who were absent during the previous initiatives in 2019;
- all the Group's entities which had not received a roll-out in 2019 did so in 2020, representing an additional 1,346 people who completed this same module in their native language, meaning all employees concerned in the workforce at the dates of the local campaigns;
- in 2020, 162 additional people, considered to be more exposed to the risk of corruption received face-to-face training, representing a total of 826 people since the start of the roll-out of the anti-corruption programme, plus 195 Directors who are members of the various Management Committees;
- as of 31 December 2020, 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 engaged in ensuring the Group is in compliance with the General Data Protection Regulation (GDPR).

2. Policies

The Group has rolled out a policy to protect internal data worldwide in order to ensure an equivalent level of protection for all employees wherever they are located.

Somfy's 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 should be rolled out across the Consumer sites from 2021.

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, the Group has 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.

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 new arrivals 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, is currently undergoing being revised so that it can be integrated into the overall IT incident management system.

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 BU 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, 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%.

Lastly, two other e-learning modules related to information security were rolled out in 2020:

- Multi-Factor Authentication: 2,442 people completed the module, representing almost 49% of the people registered (all people in the Group with a computer);
- Security Essentials for Executives: 46 people completed the module, representing 82% of the people registered (scope: Executive Committee and L-1).

In 2021, following the arrival of a new CISO, several measures will be implemented in order to further improve awareness around the issue of IT security, with in particular the roll-out of a comprehensive 360° programme, User Awareness and Training, in collaboration with the Communications and Human Resources Departments.

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 and subcontracting 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. Policies

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.

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.

To support this approach, a Responsible Purchasing coordination function has been created to structure and consolidate the initiatives.

Furthermore, in France, Somfy is a member of the organisation Thésame, where it jointly finances a programme called PEAK which develops collaborative and innovative approaches in relation to the procurement function within a sector. Somfy has jointly financed three dissertations on the subject.

4. Results and KPIs

The indicators monitored by Somfy regarding relationships with subcontracting and suppliers are:

- the percentage of purchases made locally, meaning within 500 km of the assembly site. In 2020, 40% of purchases fulfilled this criterion, a stable figure in relation to 2019 within an uncertain health and economic environment, limiting opportunities for the development of new partners. This indicator is calculated for seven production and distribution

sites that buy components. The BFT (Italy) and Lian Da (China) sites are not included;
- the percentage of suppliers covered by a supplier risk analysis. In 2019, the top five were assessed, and in 2020 the top 40 were targeted with 49 assessments carried out, and in 2021 the top 80 should be targeted. For every component developed by a supplier, the Group requests a written undertaking relating to the European Directives REACH and ROHS. The 2020 campaign covered all suppliers with sales of more than €10 thousand and includes a response rate of compliance statements of 53%, down in relation to 2019;
- in accordance with the regulations adopted by the US Securities and Exchange Commission in 2012, the Group implemented its duty of diligence in respect of its supply chain, in order to ensure that the supplies used in its products do not contain any conflict minerals. Out of the 15 suppliers concerned by "conflict minerals" in 2020, all met the undertaking requirements.

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. Policies

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 IGNES 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. PRODUCT INNOVATION SERVING USER CUSTOMERS

1. Description of the risk

We are going through a period of radical change in consumer behaviour and habits. Climate change will further accelerate this transformation.
Customers are moving towards meaningful and sustainable consumption, by limiting environmental impacts and choosing to shop locally.

2. Policies

Somfy has simultaneously implemented a structure to attract, listen to and involve customers by consulting communities on the one hand, and through a culture developing innovation and flexibility to address and respond rapidly to changing needs on the other.

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 this way, in 2020, 6,012 contributions from 4,000 consumers were recorded from "My Somfy Lab" members. 43 surveys were conducted, across all countries and targets combined.
Dialogue with customers has continued despite the health crisis. For example, Somfy spoke with consumers to better understand usage and expectations related to an air quality sensor during the phases ahead of its development. The Group has also shared with French, German and US consumers the ways in which they normally use their interior blinds in order to identify, along with them, the ideal interior blind, as well as its price. All these insights help the teams innovate and improve their understanding of consumers and their needs.

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:
  - the extent to which Somfy is recommended by customers: the Net Promoter Score (NPS). This was 68 in 2018, meaning two points lower than in 2016. This satisfactory result will be updated for the year 2020 in March 2021. A range of customers are asked the question "How likely are you to recommend Somfy to a friend or colleague?". According to their answer, customers are classified as detractors, passives or promoters. The Net Promoter Score, the result of which ranges from -100 to +100, is equal to the percentage of promoters less the percentage of detractors,
  - overall assessment of customer satisfaction with an equally satisfactory result of 85%;
- 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.

METHODOLOGY NOTE

The non-financial statement was drafted using the reporting protocol introduced for the 2020 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 area 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) inherent in 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 progress drivers 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.

D. REPORTING PERIOD

—

The data collected covers the period from 1 January to 31 December 2020.

Depending on the indicators, it can relate to:

- an annual consolidation of the data from 1 January 2020 to 31 December 2020;
- the data measured at 31 December 2020.

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

Unless otherwise specified, when 2020 and 2019 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 2020 reporting:

The analysis scope for social data in the 2020 report now includes Domis SA. It related to 42 Group companies and a workforce at 31 December 2020 of 5,329 people, representing 93.33% of the Group's total workforce.

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 environmental reporting scope for the 2020 financial year is comprised of 100% of the industrial sites (eight sites, now including Domis SA).

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
REPORT ON CORPORATE GOVERNANCE

04
REPORT ON CORPORATE GOVERNANCE

Pursuant to Article L. 22-10-20 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. We also inform you of our observations on the Management Board's management report and on the financial statements for the year just ended.
The company's Financial and Legal Departments are the major contributors to the preparation of this report under the authority of the Supervisory Board.
This report was forwarded to the Statutory Auditors, submitted to the Audit Committee of 9 March 2021 for review, and to the Supervisory Board on 10 March 2021 for approval. It was amended by the Board on 20 April 2021 to take into account the plan to change the governance model to adopt the legal form of a Limited Company with a Board of Directors.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE CODE

—

Somfy SA refers to the Middlenext Corporate Governance Code for listed companies revised on 14 September 2016 (hereafter the Middlenext Code), available at www.middlenext.com.

At its meeting of 19 November 2020, the Board reviewed the areas requiring attention in compliance with recommendation R19 of the Middlenext Code.

Among the recommendations of the Middlenext Code, the Board noted that the company had rejected the application of the following recommendation:

Recommendation rejected	Explanation
Audit Committee to be chaired by an independent member (R6)	The Chairman of the Audit Committee is a member of the shareholding family, whose training and professional experience qualify him to hold this position. Furthermore, the other two members of the Audit Committee are independent members.

COMPOSITION OF CORPORATE GOVERNANCE BODIES

—

Somfy is a French limited company (*société anonyme*), whose organisation is based on the "Management Board and Supervisory Board" formula, which entrusts company management to the former under supervision of the latter.

COMPOSITION OF THE MANAGEMENT BOARD

Management Board members are appointed by the Supervisory Board in accordance with legal provisions.
Management Board members are appointed for a term of four years which will 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 expires.

At 31 December 2020, the Management Board was composed as follows:

Name	Position	Age	Date reappointed	Date term ends
Jean Guillaume Despature	Chairman	43	17 May 2017	2021 AGM
Pierre Ribeiro	Member and Chief Financial Officer	54	17 May 2017	2021 AGM

COMPOSITION OF THE SUPERVISORY BOARD

At the date of preparation of this document, the Somfy SA Supervisory Board consisted of nine members, including a member representing employees:

Name	Position	Age	Nationality	Date appointed	Date term ends	Audit Committee	Remuneration Committee
Michel Rollier	Chairman Independent member	76	French	Member of the Supervisory Board: 15 May 2012 Chairman of the Supervisory Board: 16 May 2013	2022 AGM	–	Chairman
Victor Despature	Vice-Chairman	71	French	15 May 2007	2021 AGM	Chairman	Member
Paule Cellard	Independent member	65	French	16 May 2013	2021 AGM	Member	–
Anthony Stahl	Member	47	French	28 June 2002	2023 AGM	–	–
Marie Bavarel-Despature	Member	40	French-Swiss	17 May 2017	2024 AGM	–	–
Sophie Desormière	Independent member	54	French	17 May 2017	2021 AGM	–	–
Florence Noblot	Independent member	57	French	17 May 2017	2021 AGM	–	–
Bertrand Parmentier	Independent member	65	French	24 June 2020	2024 AGM	Member	–
Arthur Watin-Augouard	Member representing employees	40	French	17 September 2020	16 September 2024	–	–

Relevant expertise and experience are detailed in the section "Expertise and experience of the members of the Supervisory Board".

During the financial year, the composition of the Board changed as follows: Bertrand Parmentier was appointed as a member of the Supervisory Board for a term of four years by the Annual General Meeting of 24 June 2020, to expire at the end of the General Meeting to be held in 2024 to approve the financial statements for the year then ended, and Arthur Watin-Augouard was appointed on 17 September 2020 by the Group Committee as a member of the Supervisory Board representing employees for a term of four years, to expire on 16 September 2024, as noted by the Supervisory Board meeting of 19 November 2020.

It is also specified that the term of office of Victor Despature as a member of the Supervisory Board was renewed for a term of one year by the Annual General Meeting of 24 June 2020, to expire at the end of the General Meeting to be held in 2021 to approve the financial statements for the financial year then ended, and that the term of office of Marie Bavarel-Despature as a member of the Supervisory Board was renewed for a term of four years by the Annual General Meeting of 24 June 2020, to expire at the end of the General Meeting to be held in 2024 to approve the financial statements for the financial year then ended.

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. 225-79-2 II paragraph 2 and L. 225-79 paragraph 3), 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 Supervisory Board

During the financial year 2020, an update on the assessment of the operation and the work of the Board and its Audit and Remuneration Committees was carried out at the Supervisory Board meeting of 9 September 2020. It highlighted overall satisfaction and some areas for improvement, which were also discussed on 9 July 2020 between the Chairman and members of the Supervisory Board with no members of the Management Board present. It was agreed to take these findings into account in the future.

CONDITIONS OF PREPARATION AND ORGANISATION OF THE SUPERVISORY BOARD'S WORK

The Supervisory Board performs its supervisory role in accordance with the conditions prescribed by law.
A Chairman and a Vice-Chairman are elected from among its members, and they may call meetings of the Board by any means, including verbally.

INDEPENDENCE OF THE MEMBERS OF THE SUPERVISORY BOARD

A group of family shareholders holds the majority stake in Somfy SA.
As provided by the Middlenext framework, 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 Middlenext Code, namely:

- are not and have not been an employee or executive corporate officer of Somfy SA or any other Group company during the last five years;
- have not had, during the past two years, and do not have any significant business relationship with the company or its Group (customer, supplier, competitor, service provider, creditor, banker, etc.);
- are not a significant shareholder of the company and do not hold a significant percentage of voting rights;
- do not have a close relationship or family connection with a corporate officer or a significant shareholder;
- have not been, over the previous six years, a Statutory Auditor of the company.

The Supervisory Board notes that, to date, five members of the Board: Paule Cellard, Sophie Desormière, Florence Noblot, Michel Rollier and Bertrand Parmentier, meet these criteria and can therefore be deemed to be independent members, with no material relationship with Somfy SA or its Management, or with a company consolidated by the Group, that may affect his/her freedom of judgement.

Summary table:

Independent members of the Supervisory Board	**Michel Rollier**	**Paule Cellard**	**Sophie Desormière**	**Florence Noblot**	**Bertrand Parmentier**	**Explanation in the event of non-compliance**
Are not and have not been an employee or an executive corporate officer of the company or any other Group company during the last five years	X	X	X	X	X	
Have not had, during the past two years, and do 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	
Are not a significant shareholder of the company and do not hold a significant percentage of voting rights	X	X	X	X	X	
Do not have a close relationship or family connection with a corporate officer or a significant shareholder	X	X	X	X	X	
Have 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.*

EXPERTISE AND EXPERIENCE OF THE MEMBERS OF THE SUPERVISORY BOARD

As regards the independent members of the Supervisory 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 first with the Valeo Group and then the Solvay Group 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 Supervisory 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.

OPERATION OF THE SUPERVISORY BOARD

The company bylaws define and specify the terms and conditions governing the composition of the Supervisory Board. The main provisions are the following:

Supervisory Board members, 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 may appoint one or more members of the Supervisory Board for a term of one, two or three years.

All outgoing Supervisory Board members may be reappointed.

The term of office of a Supervisory Board member ceases at the end of the Shareholders' Ordinary General Meeting called to approve the financial statements for the financial year just ended and held in the year that the term of office of the said member of the Supervisory Board expires.

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

The Supervisory Board meets at least once a quarter on an agenda drafted by its Chairman. During the 2020 financial year, it met on eight occasions with an attendance rate of 97%. Due to the pandemic, the Board has only been able to meet in person three times, with sessions taking place by audiovisual conference on three occasions, and the Board has been consulted in writing twice.

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

Pursuant to Article 19 of the bylaws and Article 5 of the internal regulations, Supervisory Board members who participate in Board meetings using videoconferencing or telecommunication means both enabling them to be identified and guaranteeing their effective participation, in accordance with the conditions provided for by the regulations, are deemed to be present for quorum and majority calculation purposes. However, this provision does not apply to the review and audit of parent company and consolidated financial statements. It will be proposed at the next General Meeting that this provision of the bylaws be applicable in all cases, with the exception of those excluded by law.

It is specified that, in accordance with the Middlenext 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).

At each ordinary meeting, the Management Board presents a report on the operations and results of the Group and its main subsidiaries for the quarter just ended. A detailed income statement with commentary is presented by the Management Board for every half-year end and year-end. In addition, the Supervisory Board receives a monthly sales report.

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

The Board then presents its observations on the Management Board report as well as on the financial statements to the General Meeting; these observations are included in this report on corporate governance.

For the approval of the half-year financial statements, only the consolidated financial statements are prepared and submitted to the Supervisory Board within three months of the half-year end.

The Supervisory Board asks the Management Board and Management to provide any information or analysis they deem necessary or to submit a presentation on any specific subject.

In accordance with the law, the Supervisory Board provides guidelines to the Management Board so that commitments to deposits, sureties and guarantees are validly provided by the company. The authorisation of the Supervisory Board is required in every case where a commitment does not meet these conditions (except as otherwise provided in the regulations).

It is noted that some changes regarding the members representing employees on the Boards of the companies fulfilling certain criteria have been made under the Pacte law, as a result of which the company's bylaws were amended during the Shareholders' Meeting of 24 June 2020, in order to include, within a new Article 18 *bis* of the bylaws, the provisions relating to the procedure for appointing members representing employees. If the company meets the conditions for the application of Article L. 225-79-2 of the Commercial Code and cannot invoke the exceptions set out by this same text, the Supervisory Board will include one (or two) member(s) representing the Group's employees, appointed by the Group Committee. Pursuant to the above, the member representing employees on the Supervisory Board was appointed on 17 September 2020 by the Group Committee, and at its meeting of 19 November 2020, the Board recognised his appointment as a member of said Board.

The rules of operation of the Supervisory Board are specified in its internal regulations, which are available on the company's website.

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

In this respect, the internal regulations specify that "should a situation arise where there appears to be a conflict of interest between corporate and direct or indirect personal interests, 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 he/she becomes aware of it;
- take all appropriate action in relation to exercising his/her term of office.

Depending on the case, he/she shall therefore:

- abstain from participating in discussions and from voting on the relevant deliberation;
- refrain from attending Board meetings during the period he/she is faced with a conflict of interest;
- resign from his/her 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) about 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 Supervisory Board of this act of non-disclosure."

At its meeting of 13 May 2020, the Board conducted an annual review of the known potential conflicts of interest in accordance with the R2 recommendation of the Middlenext Code.

The main issues discussed during meetings of the Supervisory Board during the financial year were the following:

- each quarter, a presentation of the highlights and the Balanced Score Card;
- regular updates within the context of the Covid-19 pandemic;

- Ambition 2030 - Presentation of the strategic roadmap;
- regular updates on the implementation of the new organisation;
- presentation of the Human Resources & Organisation Department and the HR roadmap;
- presentation of the Strategy & Insights Department and their roadmap – Update on the Group's market shares;
- presentation of the Engineering & Customer Satisfaction Department and regular updates on the So! One (new ERP) and MES projects;
- presentation of the Operations & Supply Chain Department and their roadmap;
- presentation of the Sales Departments: South & East – North & West;
- presentation of the Finance Department and their roadmap;
- presentation of the BFT Access & Convergence project;
- presentation of the "Manage" procedure;
- regular updates on the Sustainable Development policy applied across the Group;
- update on the anti-corruption roadmap - Sapin 2 law;
- update on the assessment by the Supervisory Board of its operation and the preparation of its work;
- update on the independence of the members of the Supervisory Board;
- review of the company's policy regarding equality in the workplace and equal pay;
- update on the composition of the Specialised Committees;
- review of Audit Committee reports;
- findings of the Remuneration Committee;
- setting the remuneration policy of corporate officers;
- breakdown of the remuneration of members of the Supervisory Board;
- variable remuneration regarding the respective terms of office of the Chairman and the member of the Management Board and Chief Financial Officer for the financial year just ended; guidelines for determining the variable remuneration of Management Board members for the coming financial year; fixed remuneration regarding the respective terms of office of the members of the Management Board for the coming financial year; PER (*Prime Équivalent Retraite* - Pension Equivalent Premium) premium related to the respective terms of office of Management Board members for the coming financial year;
- implementation of the process for assessing current agreements concluded under standard conditions;
- implementation of the process for selecting Management Board members under the Pacte law;
- presentation of the main budget priorities for 2021;
- recognition of the appointment of a Board member representing employees appointed by the Group Committee and setting of the time required for the performance of their role and identification of the arrangements for their training;
- update of the Supervisory Board's internal regulations.

COMMITTEES ESTABLISHED BY THE SUPERVISORY BOARD

Audit Committee

With regard to the Audit Committee, the company applies the recommendations of the AMF's working group chaired by Mr Poupart Lafarge on the Audit Committee 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 2020, as part of its assignment relating to risks, the Audit Committee monitored risks and updated the risk mapping at an extraordinary meeting of the Audit Committee, during which the Compliance and Risk Management Officer presented the relevant information.
The Audit Committee comprises three members: Victor Despature, Chairman, and Paule Cellard and Bertrand Parmentier, both independent members in accordance with the criteria mentioned in the above paragraph, "Independence of the members of the Supervisory Board".
Victor Despature has accounting expertise. He is a Chartered Accountant and an Auditor (state registered), and performed these roles from 1983 to 2000. Since then, he 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 from 2017 to 2020. He has also 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 been chairing the Audit and Risk Committee since December 2015. Since February 2017, she has been a Director of HSBC France and is also a member of the Risk and Internal Audit Committees of HSBC France. 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 be noted that in 2013, following the death of Pierre Fabre, he took the helm of the eponymous pharmaceutical and dermo-cosmetic 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, where necessary, formulate recommendations to ensure its integrity;
- monitor the efficiency of internal control and risk management systems, as well as of the internal audit where applicable, regarding the processes related to the preparation and processing of accounting and financial information, without it affecting its independence;
- monitor the completion by the Statutory Auditors of their assignment, taking into account the observations and findings of the Haut Conseil du Commissariat aux Comptes (Statutory Auditors' Supervisory Body) following the audits performed pursuant to Articles L. 821-9 and subsequent;
- ensures the latter's independence;

- participate in their selection by issuing a recommendation on the Statutory Auditors proposed for appointment by the General Meeting;
- approve the provision of services other than the certification of the financial statements, mentioned in Article L. 822-11-2 of the Commercial Code.

The Audit Committee regularly reports on the performance of its assignments to the Supervisory Board, 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 Supervisory Board without delay of any difficulty encountered.

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 Supervisory Board's review of the half-year and annual financial statements and/or the proposed appointment of Statutory Auditors.

During the 2020 financial year, the Audit Committee met on four occasions each time with all members in attendance.

At the various Audit 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 Committee in 2020:

- an annual update on the Group's ethics policy and implementation of the anti-corruption programme to comply with the "Sapin 2" Act, presented by the Compliance and Risk Management Officer;
- a presentation of the new audit approach, illustrated with examples, by the Statutory Auditors;
- update on the impact of IFRS 16 in the Group's consolidated financial statements by the Group Head of Accounting, Consolidation and Treasury;
- 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.

Pursuant to Article L. 823-16 of the Commercial Code, the Statutory Auditors presented to the Supervisory 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 of the period compared with those of the previous period.

In addition, every year the Statutory Auditors submit to the Audit 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 audit of the financial statements.

In accordance with the obligation arising from the reform of the audit, the rules for the approval by the Audit 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 Committee had a number of discussions about the supplementary report prepared for the Audit 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 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 Committee reports to the Supervisory Board on the work carried out by the Audit Committee and its findings during the Supervisory Board meetings called to approve the half-year and annual financial statements.

Minutes of each Audit Committee meeting are provided to the Supervisory Board for its information.

Remuneration Committee

The Remuneration Committee currently comprises two members: Michel Rollier, Committee Chairman (independent member) and Victor Despature. Its mission is to submit proposals to the Supervisory Board, 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 Supervisory Board members.

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

At least once a year, the Committee 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. The rate of attendance by the members was 100%.

The Remuneration Committee is called upon to consider the succession of management resulting from recommendation R14 of the Middlenext Code; such consideration took place at its meeting of 3 March 2020. This item will be discussed again in 2021.

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

CONDITIONS OF SHAREHOLDERS' PARTICIPATION IN GENERAL MEETINGS

The bylaws 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 Management Board or Supervisory Board provides for this when convening the meeting, all shareholders may also participate in General Meetings by videoconference 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

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

– **Jean Guillaume DESPATURE**
  Chairman of the Management Board
  - Chairman of the Supervisory Board of Damartex SA (company listed on Euronext Growth – not a Group company),
  - Chairman of the Remuneration Committee and member of the Audit Committee of Damartex SA (company listed on Euronext Growth – not a Group company),
  - Chairman of the Board of Directors of FDS Financière Développement Suisse SA (not a Group company),
  - Director of Parval SA (not a Group company),
  - Chairman of the Somfy Corporate Foundation (as Permanent Representative of the Founder – Somfy Activités SA),
  - Chairman of the Les Petites Pierres endowment fund (as Permanent Representative of the Somfy Corporate Foundation, itself represented by Somfy Activités SA),
  - Director of Acacia SA (not a Group company),
  - Managing Director of DSG Coordination Center SA,
  - Manager of FIDEP (not a Group company) and CMC,
  - Chairman and Chairman of the Supervisory Board of Somfy Protect by Myfox.

– **Pierre RIBEIRO**
  Member of the Management Board and Chief Financial Officer
  - 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 and Vice-Chairman 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.

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

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

– **Paule CELLARD**
  Independent member of the Supervisory Board
  - Member of the Audit 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 Audit Committee of INDOSUEZ Wealth Management Europe,
  - Member of the Board of Directors of HSBC France,
  - Chair of the Risk and Internal Audit Committees of HSBC France.

– **Victor DESPATURE**
  Vice-Chairman of the Supervisory Board
  - Chairman of the Audit Committee of Somfy SA,
  - Member of the Remuneration Committee of Somfy SA,
  - Member of the Supervisory Board of MCSA SA,
  - Manager of SARL MCSA-Tunis, and SCs Vicma and Devin-VD,
  - Director and Chairman of the Audit Committee of Edify SA.

– **Michel ROLLIER**
  Chairman of the Supervisory Board – Independent member of the Board
  - Chairman of the Remuneration Committee of Somfy SA,
  - Chairman of the Supervisory Board of Michelin (company listed on Euronext),
  - Chairman of the Board of Directors of Siparex Associés,
  - Chairman of the Association Nationale des Sociétés par Actions (ANSA).

– **Anthony STAHL**
  Member of the Supervisory Board
  - Member of the Supervisory Board of Damartex SA (company listed on Euronext Growth),
  - Chairman of the Management Committee of FIDEP.

– **Marie BAVAREL-DESPATURE**
  Member of the Supervisory Board
  - 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).

– **Sophie DESORMIÈRE**
  Independent member of the Supervisory Board
  - Member of the Board of Directors of Gentherm,
  - Chair of the Nominating and Corporate Governance Committee of Gentherm,
  - Chief Executive Officer of AALPS Capital.

– **Florence NOBLOT**
  Independent member of the Supervisory Board
  - Member of the Supervisory Board of Elis SA,
  - Chair of the Corporate Social Responsibility Committee of Elis SA.

– **Bertrand PARMENTIER**
  Independent member of the Supervisory Board
  - Member of the Audit Committee of Somfy SA,
  - Director of the Pierre Fabre Foundation,
  - Director of Secours Catholique Caritas France, Chairman of the Tarn-Aveyron-Lozère Delegation,
  - Chairman of the Cylad Consulting Corporate Foundation.

– **Arthur WATIN-AUGOUARD**
  Member of the Supervisory Board representing employees
  - Director - Association Saint Pierre de Tarentaise.

Apart from the terms of office and duties performed by the members of the Supervisory Board within Somfy SA, all the other terms of office and duties are performed outside the Group.

REGULATED AGREEMENTS

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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 subsequent of the Commercial Code were concluded during the 2020 financial year.

AGREEMENTS CONCLUDED BETWEEN A CORPORATE OFFICER OR SHAREHOLDER HOLDING MORE THAN 10% OF VOTING RIGHTS AND A CONTROLLED ENTITY (EXCLUDING CURRENT AGREEMENTS)

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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. 225-86 OF THE COMMERCIAL CODE

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An evaluation procedure for current agreements concluded under standard conditions was adopted at the Supervisory Board meeting of 4 March 2020. This procedure provides that each year the company's Finance and Legal Departments list the agreements covered by Article L. 225-86 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 Committee and to the Board.

At the Board meeting of 10 March 2021, it was noted that there are no current agreements concluded under standard conditions as referred to in Article L. 225-86 of the Commercial Code.

AUTHORISATIONS

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The Management Board benefits from the following authorisations:

	Date of AGM	Date authorisation expires	Authorised amount	Used during the financial year ended 31 December 2020	Residual amount at 31 December 2020
Authorisation to issue stock options	Extraordinary General Meeting 16 May 2018	15 July 2021	1.5% of share capital on date of AGM Charged to the allocation of free shares	Nil	1.5% of share capital on date of AGM
Authorisation to grant existing free shares	Extraordinary General Meeting 22 May 2019	21 July 2022	1.5% of share capital on date of AGM Charged to the allocation of SOs*	**	1.4326% of share capital on date of AGM

* *Stock options.*

** *Free allocation of 17,856 shares, representing 0.048% of the share capital, decided by the Management Board on 31 August 2020 and 25 November 2020.*

It is further specified that the Management Board has a share buyback authorisation, granted by the General Meeting of 24 June 2020 in its 15th ordinary resolution, details of which are set out in the section on the buyback of own shares in the Management Board's management report. This authorisation is valid until 23 December 2021. The Management Board also has an authorisation to cancel the shares bought back by the company, which was granted by the General Meeting of 24 June 2020 in its 16th extraordinary resolution. 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 2020 financial year.

The Management Board 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 (9TH, 25 TO 28TH AND 33RD RESOLUTIONS OF THE GENERAL MEETING OF 2 JUNE 2021)

Given the plan to change the company's governance model, shareholders will be asked to approve:

- the remuneration policy for the single-tier governance, Chairman of the Board of Directors, Chief Executive Officer, Deputy Chief Executive Officer and Directors (25th to 28th resolutions), pending the approval of the 11th resolution relating to the change to the company's administration and management form by adopting the form of a Board of Directors;
- the remuneration policy for the Chairman and members of the Management Board (9th resolution), irrespective of the outcome of the vote on the 11th resolution relating to the change to the company's administration and management form by adopting the form of a Board of Directors. This policy will only apply to the period from 1 January 2021 until 1 June 2021 in the event of approval of the 11th resolution;
- the remuneration policy for the Chairman and the members of the Supervisory Board (33rd resolution) in the event of rejection of the 11th resolution.

1/ REMUNERATION POLICY FOR CORPORATE OFFICERS OF THE COMPANY WITH A BOARD OF DIRECTORS (IN THE EVENT OF APPROVAL OF THE 11TH RESOLUTION)

Pending the approval of the 11th resolution relating to the change in the company's administration and management form by adopting the Board of Directors form, the remuneration policy for the corporate officers will adopt the same general principles on which the previous remuneration policy for the Management and Supervisory Boards was based.

Upon proposal of the Remuneration Committee and taking into account the recommendations of the Middlenext Code, the Supervisory Board 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 Supervisory Board has set the remuneration policy for its executive corporate officers in relation to these components, in particular by laying down the criteria for their variable remuneration and the criteria for the allocation of free 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 remuneration policy for each of the corporate officers has been determined by the Supervisory Board upon the proposal of the Remuneration Committee, taking into account the manner of exercise of General Management which may be decided upon by the meeting of the Board of Directors due to take place at the end of the General Meeting, namely, a separation of the functions of Chairman and Chief Executive Officer and the appointment of a Non-Executive Chairman, a Chief Executive Officer and, upon the latter's proposal, a Deputy Chief Executive Officer. The Board of Directors will subsequently review and implement the remuneration policy on the recommendation of the Remuneration Committee. It is specified that the individuals shortlisted for the roles of Chairman, Chief Executive Officer and Deputy Chief Executive Officer have not been involved in the Supervisory Board deliberations regarding the setting of the remuneration policy concerning them. Nor will they be involved in the Board of Directors' decisions on matters of individual remuneration concerning them personally.

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, only for the following remuneration components: annual variable remuneration, exceptional remuneration and allocation of free shares. The Board of Directors will rule on the recommendation of the Remuneration Committee and will verify whether this departure is in line with the company's interests 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 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).

The Board, acting on a proposal from the Remuneration Committee, takes the following principles into account, in accordance with recommendation R13 of the Middlenext Code on Corporate Governance of September 2016:

- **completeness:** determination of remuneration received by executive corporate officers must be complete: fixed components, variable components (bonus), stock options, free shares, attendance fees, pension terms and special benefits must be taken into account in the overall level of assessment of remuneration;
- **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 of the rules:** 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:** shareholders' annual information on the total remuneration and benefits received by officers is conducted in accordance with applicable regulations.

REMUNERATION POLICY FOR THE CHAIRMAN OF THE BOARD OF DIRECTORS (25TH RESOLUTION)

The remuneration of the Chairman of the Board of Directors will be comprised of the following components:

Fixed remuneration

It will be determined taking into account market practice and will be regularly benchmarked by a recognised and reputable expert from a firm specialising in executive remuneration. It will be set upon appointment and will change slightly each year during the term of office, which will be set at four years. It will be reviewed and benchmarked again each time the term of office is renewed.
The remuneration of the Non-Executive Chairman of the Board of Directors will not include a Pension Equivalent Premium.
Like the other members of the Board of Directors, the Chairman will also receive 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 free shares

The Non-Executive Chairman of the Board of Directors is not the beneficiary of any free share allocations.

Commitments

It should be noted that the prospective Chairman of the Board of Directors holds an employment contract within a subsidiary of the Group. This employment contract will be suspended on the date of 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 their term of office.

Pension

The Chairman of the Board of Directors, whose remuneration is treated as a salary, will benefit from the mandatory collective pension schemes applicable to executives and senior executives of Group companies.
In the case of Jean Guillaume DESPATURE who is likely to assume this role, and who is not territorially eligible for French pension plans, the applicable scheme will be the mandatory group scheme applicable to senior executives for companies based in the Swiss Confederation.
The Chairman of the Board of Directors will not be 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, will benefit from the group provident fund scheme (death and disability insurance) which applies to the Group's senior executives.
Unless they justify personal insurance coverage elsewhere, they will also be affiliated to 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, will benefit 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 will benefit from a company car that they may use privately, and which will be the subject of a benefit in kind declaration.

REMUNERATION POLICY FOR THE CHIEF EXECUTIVE OFFICER (26TH RESOLUTION)

The remuneration of the Chief Executive Officer will be comprised of the following components:

Fixed remuneration

It will be determined taking into account market practice and will be regularly benchmarked by a recognised and reputable expert from a firm specialising in executive remuneration. It is set upon appointment and will change slightly each year during the term of office. It will be reviewed and benchmarked again each time the term of office, which will be set at four years, is renewed. The remuneration policy will also include the payment of a Pension Equivalent Premium 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 will be determined by the Board of Directors on the recommendation of the Remuneration Committee. It will be based on the achievement of objectives that take account of quantitative financial and qualitative, non-financial criteria.
Annual variable remuneration will be 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 Remuneration Committee's assessment of the personal and managerial involvement of the corporate officer concerned.

Annual variable remuneration will therefore be capped at a maximum of 87% of the BFR, based on the following formula:
maximum annual variable remuneration = (BFR x 60% x 120%) + (BFR x 15% x 1)

The criteria for determining annual variable remuneration and the methods for assessing these criteria are as follows:
- for 2021, the quantitative criteria based on financial items ("financial" criteria) will be 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 expected level of achievement for the quantitative criteria will be predefined by the Board of Directors further to a proposal by the Remuneration Committee but will not be disclosed for reasons of confidentiality;
- the qualitative, non-financial criteria will be predefined by the Board of Directors further to a proposal by the Remuneration Committee. For 2021, they will include a criterion relating to the Design & 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 the Remuneration Committee's assessment of the personal and managerial involvement of the corporate officer concerned. The expected level of achievement for the qualitative criteria will be predefined by the Board further to a proposal by the Remuneration Committee but will not be disclosed for reasons of confidentiality.

In brief, the financial and non-financial criteria will apply as follows:

	Financial criteria	Non-financial criteria
Chief Executive Officer	– change in results (COR) – increase in return on capital employed (ROCE) – sales growth – differential between Somfy sales and the sales of eight benchmark companies	– Group's transformation programme – "Cost Leadership" – "Sales & Operations planning"

These variable remuneration criteria will 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 will notably rely on the consolidated financial statements audited by the Statutory Auditors.

Exceptional remuneration

The Board of Directors may decide, further to a proposal of the 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 may also decide, further to a proposal by the 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 may not exceed a maximum of 100% of the fixed annual remuneration.

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.

Allocation of free shares

The Chief Executive Officer may 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 the development of Sales Growth. Other performance-based criteria may also be taken into account, based in particular on corporate social responsibility.
Performance-related conditions will be assessed over a period identical to that used for the plan's vesting period.
Except under specific circumstances, these free share allocations will be granted on an annual basis and will be 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, may not exceed 300% of the annual fixed remuneration. The vesting period of this plan must be a minimum of two years.
In order to ascertain to what extent the performance-based criteria set out in relation to the free allocation of performance shares have been fulfilled, the Board of Directors will set the following methods of assessment: the financial performance criteria will be based on indicators that will be reviewed by the Statutory Auditors as part of their annual audit of the financial statements. In addition, the Group's Internal Audit Department

will be 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 will be defined by the Board of Directors at the time of allocation and will 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;
- 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 the Board of Directors' meeting of 2 June 2021, it will be proposed that the number of shares that every corporate officer will be required to retain in registered form until the termination of their functions be set 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 free 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 prospective Chief Executive Officer holds an employment contract within a subsidiary of the Group. This employment contract will be 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 arrival 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 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 Chief Executive Officer, whose remuneration is treated as a salary, will benefit from the mandatory collective pension schemes applicable to executives and senior executives of Group companies.

They will not be 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 will benefit, 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, will benefit from the group provident fund scheme (death and disability insurance) applicable to the Group's senior executives.

Unless they justify personal insurance coverage elsewhere, they will also be affiliated to 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 arrival 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 functions, 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 will be a beneficiary of the current incentive bonus scheme andEmployee Savings Plan, 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 will be 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 will benefit from a company car that they may use privately, and which will be the subject of a benefit in kind declaration.

REMUNERATION POLICY FOR THE DEPUTY CHIEF EXECUTIVE OFFICER (27TH RESOLUTION)

The remuneration of the Deputy Chief Executive Officer will be comprised of the following components:

Fixed remuneration

It will be determined taking into account market practice and will be regularly benchmarked by a recognised and reputable expert from a firm specialising in executive remuneration. It is set upon appointment and will change slightly each year during the term of office, which will be set at four years. It will be reviewed and benchmarked again each time the term of office is renewed. The remuneration policy will also include the payment of a Pension Equivalent Premium 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 will be determined by the Board of Directors on the recommendation of the Remuneration Committee. It will be based on the achievement of objectives that take account of quantitative financial and qualitative, non-financial criteria.
Annual variable remuneration will be capped at a maximum of the annual basic fixed remuneration.

For the Deputy Chief Executive Officer, this cap will be 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 will be 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 Remuneration Committee's assessment of the personal and managerial involvement of the corporate officer concerned.

Annual variable remuneration will therefore be capped at a maximum of 75% of the BFR, based on the following formula:
maximum annual variable remuneration = (BFR x 50% x 120%) + (BFR x 15% x 1)

The criteria for determining annual variable remuneration and the methods for assessing these criteria will be as follows:
- for 2021, the quantitative criteria based on financial items ("financial" criteria) will be 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 expected level of achievement for the quantitative criteria will be predefined by the Board of Directors further to a proposal by the Remuneration Committee but will not be disclosed for reasons of confidentiality;
- the qualitative, non-financial criteria will be predefined by the Board of Directors further to a proposal by the Remuneration Committee. For 2021, they will include a criterion relating to the Design & 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 & Go-live of the Leadership Framework linked to the corporate culture. These non-financial criteria will be weighted by the Remuneration Committee's assessment of the personal and managerial involvement of the corporate officer concerned. The expected level of achievement for the qualitative criteria will be predefined by the Board further to a proposal by the Remuneration Committee but will not be disclosed for reasons of confidentiality.

In brief, the financial and non-financial criteria will apply as follows:

	Financial criteria	Non-financial criteria
Deputy Chief Executive Officer	– change in results (COR) – increase in return on capital employed (ROCE) – sales growth – differential between Somfy sales and the sales of eight benchmark companies	– Group's transformation programme – "Cost Leadership" – "Leadership Framework" and corporate culture

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 will notably rely on the consolidated financial statements audited by the Statutory Auditors.

Exceptional remuneration

The Board of Directors may decide, further to a proposal of the 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 may also decide, further to a proposal by the 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 may not exceed a maximum of 100% of the fixed annual remuneration.

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 year N+1 by the Ordinary General Meeting of the remuneration elements paid in year N or allocated in relation to financial year N.

Allocation of free shares

The Deputy Chief Executive Officer may 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 the development of Sales Growth. Other performance-based criteria may also be taken into account, based in particular on corporate social responsibility.
Performance-related conditions will be assessed over a period identical to that used for the plan's vesting period.

Except under specific circumstances, these free share allocations will be 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 may 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, may not exceed 300% of the annual fixed remuneration. The vesting period of this plan must be a minimum of two years.

In order to ascertain to what extent the performance-based criteria set out in relation to the free allocation of performance shares have been fulfilled, the Board of Directors will set the following methods of assessment: the financial performance criteria will be 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 will be 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 will be defined by the Board of Directors at the time of allocation and will 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;
- 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 the Board of Directors' meeting of 2 June 2021, it will be proposed that the number of shares that every corporate officer will be required to retain in registered form until the termination of their functions be set at 25% of the total shares allocated to them free of charge, this percentage being 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 free 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 prospective Deputy Chief Executive Officer holds an employment contract within a subsidiary of the Group. This employment contract will be 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 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 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 arrival 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, will benefit from the mandatory collective pension schemes applicable to executives and senior executives of Group companies.

They will not be 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 will benefit, 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 will benefit from the group provident fund scheme (death and disability insurance) applicable to the Group's senior executives.

Unless they justify personal insurance coverage elsewhere, they will also be affiliated to 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 arrival 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 functions, 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 will be a beneficiary of the current incentive bonus scheme and Employee Savings Plan, 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 will be 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 will benefit from a company car that they may use privately, and which will be the subject of a benefit in kind declaration.

REMUNERATION POLICY FOR THE DIRECTORS
(28TH RESOLUTION)

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 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 one 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 will receive 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 other than participation in the Board's routine work;
- the members representing employees on the Supervisory Board continue to receive remuneration under their permanent employment contract. It is specified that the member(s) representing employees on the Supervisory Board will not receive any remuneration in relation to their terms of office as member of the Board of Directors.

2/ REMUNERATION POLICY FOR CORPORATE OFFICERS OF THE COMPANY WITH A MANAGEMENT BOARD AND A SUPERVISORY BOARD

You are asked to approve:

- the remuneration policy for the Chairman and members of the Management Board (9th resolution), irrespective of the outcome of the vote on the 11th resolution relating to the change to the company's administration and management form by adopting the form of a Board of Directors. This policy will only apply to the period from 1 January 2021 until 1 June 2021 in the event of approval of the 11th resolution. For this period, the qualitative criteria relating to the variable remuneration for 2021 of the Chairman and members of the Management Board has changed in relation to the policy approved at the 2020 General Meeting, and for this reason it is necessary for you to vote on this policy, even in the event of approval of the 11th resolution;
- the remuneration policy for the Chairman and the members of the Supervisory Board (33rd resolution) in the event of rejection of the 11th resolution.

Upon proposal of the Remuneration Committee and taking into account the recommendations of the Middlenext Code, the Supervisory Board 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 Supervisory Board has set the remuneration policy for its executive corporate officers in relation to these components, in particular by laying down the criteria for their variable remuneration and the criteria for the allocation of free 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.

To date, the Supervisory Board determines, reviews and implements the remuneration policy for each of the corporate officers on the recommendation of the Remuneration Committee. It is specified that the members of the Management Board did not attend the deliberations of the Supervisory Board on these matters.

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 may depart from 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, only for the following remuneration components: annual variable remuneration, exceptional remuneration and allocation of free shares. The Supervisory Board will rule on the recommendations of the Remuneration Committee and will verify whether this departure is in line with the company's interests 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.

As part of the decision-making process used to determine and review the remuneration policy, the terms and conditions of remuneration and employment of the company's employees were taken into account by the Remuneration Committee and the Supervisory Board, 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 Supervisory Board, acting on a proposal from the Remuneration Committee, has taken the following principles into account, in accordance with recommendation R13 of the Middlenext Code on Corporate Governance of September 2016:

- **completeness:** determination of remuneration received by executive corporate officers must be complete: fixed components, variable components (bonus), stock options, free shares, attendance fees, pension terms and special benefits must be taken into account in the overall level of assessment of remuneration;
- **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 of the rules:** the rules must be simple and transparent; the performance criteria used to determine the variable part of remuneration, or, where applicable, the allocation of options or free shares, must be linked to the company's performance and correspond to its goals, 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 take into account at the same time the company's general interest, market practices and officer performance;

- **transparency:** shareholders' annual information on the total remuneration and benefits received by officers is conducted in accordance with applicable regulations.

REMUNERATION POLICY REGARDING THE CHAIRMAN AND MEMBER(S) OF THE MANAGEMENT BOARD (9TH RESOLUTION)

The remuneration policy regarding the Chairman and member(s) of the Management Board, set by the Supervisory Board based on the recommendations of the Remuneration Committee, is as follows:

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 changes only little every year during the term of office. It is reviewed and benchmarked again each time the term of office is renewed. However in 2021, a year in which terms of office will be renewed, the fixed remuneration will remain unchanged and the Supervisory Board has suggested that this position be reviewed at the end of the 2021 financial year based on the company's results following the Covid crisis. Since 2017, the remuneration policy has included the payment of a Pension Equivalent Premium introduced for members of the Management Board 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 Supervisory Board on the recommendation of the 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 Chairman of the Management Board, this cap is a maximum of 99% of basic fixed remuneration (BFR), *i.e.* 84% 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 70% 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 Remuneration Committee's assessment of the personal and managerial involvement of the Management Board member concerned.

Annual variable remuneration is therefore capped at a maximum of 99% of the BFR:
maximum annual variable remuneration = (BFR X 70% X 120%) + (BFR X 15% X 1)

For the other members of the Management Board, this cap is a maximum of 75% of the BFR, *i.e.* 60% of the quantitative variable based on financial criteria, and 15% of the qualitative variable based 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 Remuneration Committee's assessment of the personal and managerial involvement of the Management Board member concerned.

Annual variable remuneration is therefore capped at a maximum of 75% of the BFR:
maximum annual variable remuneration = (BFR X 50% X 120%) + (BFR X 15% X 1)

The criteria for determining annual variable remuneration and the methods for assessing these criteria are as follows:
- for 2021, 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 expected level of achievement for the quantitative criteria has been predefined by the Supervisory Board further to a proposal by the Remuneration Committee but is not disclosed for reasons of confidentiality;
- the qualitative, non-financial criteria are predefined by the Supervisory Board further to a proposal by the Remuneration Committee. For 2021, they include a criterion related to the completion of the Group's transformation and linked, as last year, to the roll-out of the "So! One" ERP, a criterion related to "Cost Leadership" and linked to raw materials and electronic components, a criterion related to the "Lean" project and linked to the mapping of legal entities, and lastly a criterion related to the "Leadership Framework" linked to the roll-out of the corporate culture. These non-financial criteria are weighted by a coefficient representing the Remuneration Committee's assessment of the personal and managerial involvement of the Management Board member concerned. The expected level of achievement for the qualitative criteria has been predefined by the Supervisory Board further to a proposal by the Remuneration Committee but is not disclosed for reasons of confidentiality.

For 2021, the financial and non-financial criteria will apply to current members of the Management Board as follows:

	Financial criteria	Non-financial criteria
Jean Guillaume DESPATURE, Chairman of the Management Board	– change in results (COR) – increase in return on capital employed (ROCE) – sales growth – differential between Somfy sales and the sales of eight benchmark companies	– Group's transformation programme – "Cost Leadership" – "Leadership Framework" and corporate culture

	Financial criteria	Non-financial criteria
Pierre RIBEIRO, Member of the Management Board and Chief Financial Officer	– change in results (COR) – increase in return on capital employed (ROCE) – sales growth – differential between Somfy sales and the sales of eight benchmark companies	– Group's transformation programme – "Cost Leadership" – "Lean" project

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 compensation have been met, the Supervisory Board notably relies on the consolidated financial statements audited by the Statutory Auditors.

Exceptional remuneration

The Supervisory Board may decide, further to a proposal of the Remuneration Committee and under very special circumstances, to grant exceptional remuneration to Management Board members or the Chairman. 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 Supervisory Board may also decide, following the proposal of the Remuneration Committee, to grant exceptional remuneration to Management Board members or the Chairman, 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 may not exceed a maximum of 100% of the fixed annual remuneration.

The Supervisory Board may also decide, on the recommendation of the Remuneration Committee, to grant exceptional remuneration in the form of an introductory bonus for new corporate officers in the event of a change in governance.

The amount of exceptional remuneration agreed in such a case may not exceed a maximum of 300% of the annual fixed remuneration.

This introductory bonus will be conditional on a period of employment with the company of at least 18 months following the date of arrival and must be returned in the event of departure before 18 months, irrespective of whether this departure is instigated by the corporate officer or the company.

The payment of variable, and possibly exceptional, remuneration elements allocated in relation to financial year N to each member of the Management Board is subject to approval in year N+1 by the Ordinary General Meeting of the remuneration elements paid in year N or allocated to the relevant member in relation to financial year N.

Allocation of free shares

The members of the Management Board, as well as the Chairman, may be the beneficiaries 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 the development of 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 in the composition of the Management Board, the Supervisory Board may authorise a specific allocation in the form of an introductory bonus in favour of a new member of the Management Board. In such a case, the amount granted, corresponding to the book value calculated at fair value, may not exceed 300% of the annual fixed remuneration. The vesting period of this plan must be a minimum of two years.

In order to ascertain to what extent the performance-based criteria set out in relation to the allocation of shares free of charge have been fulfilled, the Supervisory Board has set 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 Management Board 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 Management Board 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;
- 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 13 May 2009, the Supervisory Board set the number of shares that every member of the Management Board is required to retain in registered form until the termination of their term of office: resulting in every member being required to retain 25% of the total shares allocated free of charge, this percentage being reduced to 20% at the end of four years from the allocation, then successively to 15% at the end of six years from the allocation, to 10% at the end of eight years from the allocation and to 5% until the termination of their terms of office.

These free share allocation criteria 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.

Commitments

It should be noted that members of the Management Board benefit from an employment contract concluded with Somfy SA's subsidiaries prior to their appointment to the Board. It has become necessary to the company that, in order to attract and retain talent, members of the Management Board must be able to continue to enjoy the protection guaranteed by an employment contract. As a result, the permanent employment contracts of the members of the Management Board that pre-dated their respective terms of office have been maintained. As a guide, the notice period in the event of termination of the contract is six months.

Severance pay

The Chairman and members of the Management Board do not benefit from any undertaking of this kind in respect of their terms of office.
In the event of termination of the employment contract, the legal and/or contractual provisions will apply.
In the event of a change in the composition of the Management Board, the Supervisory Board may decide to grant a new member of the Management Board severance pay not exceeding two years' fixed and variable compensation, 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 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

Members of the Management Board are beneficiaries of the mandatory collective pension schemes applicable to executives and senior executives of Group companies.
For the Chairman of the Management Board 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 Management Board members or the Chairman.
Like Group executives, the members of the Management Board benefit, when they retire, 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 members of the Management Board and the Chairman are beneficiaries of the group provident fund scheme (death & disability insurance) which applies to the Group's senior executives.
Unless they justify personal insurance coverage elsewhere, they are also affiliated to the "Mutual Health Insurance" scheme which is mandatory for Group employees.

Non-compete clause

There is no such commitment concerning current Management Board members or the Chairman.

In the event of a change in the composition of the Management Board, the Supervisory Board may decide to grant a non-competition indemnity to a new member for a period of one year, which may be renewable once and applicable to companies involved in a competing business. The Supervisory Board will decide, after the member of the Management Board has ceased to hold office, 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.

Benefits of any kind

Management Board members and the Chairman each have their own company car which they may use privately.

REMUNERATION POLICY FOR THE CHAIRMAN AND THE MEMBERS OF THE SUPERVISORY BOARD (33rd RESOLUTION)

You are asked to vote on the policy for the Chairman and members of the Supervisory Board in the event of rejection of the 11th resolution.

The remuneration policy for the Chairman and members of the Supervisory Board, set by the Supervisory Board based on the recommendations of the Remuneration Committee, is as follows:

- the General Meeting allocates to the members of the Supervisory Board a fixed annual sum as remuneration for their activity;
- the Supervisory Board sets the amount allocated to each member, except for the member representing employees, according to their actual attendance at meetings of the Supervisory Board and the Audit and Remuneration Committees, with the option of providing for a different rule, if necessary, for members with an employment contract. The remuneration allocated includes a fixed part that remunerates responsibility and one part that remunerates attendance;
- in addition to his remuneration for his duties as member of the Supervisory Board, the Chairman of the Supervisory Board receives specific remuneration for his duties as Chairman. This remuneration is fixed and changes upon each extension to his/her appointment, or when the Supervisory Board observes that there has been a permanent change to the Chairman's workload;
- the Supervisory Board reserves the right to allocate specific remuneration to one of its members in order to reward specific services other than participation in the Supervisory Board's routine work;
- the members representing employees on the Supervisory Board continue to receive remuneration under their permanent employment contract. It is specified that the member(s) representing employees on the Supervisory Board do not receive any remuneration in relation to their terms of office as a Supervisory Board member.

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 Management Board and the members of the Supervisory Board are set out on pages 66 and 67 of the report on corporate governance in chapter 4 of the 2020 Annual Financial Report.
As of the date of preparation of this report, no member of the Management Board or Supervisory Board is bound to the company by a contract of employment or a contract for the provision of services.

It should be noted that members of the Management Board benefit from an employment contract concluded with Somfy SA's subsidiaries prior to their appointment to the Board.
In 2020, the Supervisory Board appointed a member representing employees who is bound by a permanent contract of employment to Somfy Activités SA, a subsidiary of Somfy SA.

INFORMATION REFERRED TO IN PARAGRAPH I OF ARTICLE L. 22-10-9 OF THE COMMERCIAL CODE FOR EACH CORPORATE OFFICER OF THE COMPANY (5TH RESOLUTION OF THE GENERAL MEETING OF 2 JUNE 2021)

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It is specified that the total remuneration of each executive corporate officer complies with the remuneration policy approved by the General Meeting of 24 June 2020 in its 9th and 10th resolutions.

JEAN GUILLAUME DESPATURE
CHAIRMAN OF THE MANAGEMENT BOARD

In accordance with the remuneration policy approved by the General Meeting of 24 June 2020, remuneration comprises a fixed portion, a variable portion, long-term remuneration and other benefits detailed below. The fixed portion consists of the basic fixed remuneration and also includes the payment of a PER (*Prime Équivalent Retraite* - Pension Equivalent Premium) premium in favour of Management Board members, introduced following the removal of the previous "Article 39" supplementary pension scheme.
Variable remuneration is determined by the Supervisory Board on the recommendation of the Remuneration Committee. It is based on the achievement of objectives that take account of quantitative financial and qualitative criteria.
For the part based on quantitative criteria (referred to as "financial" criteria), the criteria used in 2020 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 part based on qualitative criteria, the criteria selected for 2020 (so-called "non-financial" criteria) relate to the company's strategy and include a CSR criterion aimed at stepping up the eco-design of products, a criterion related to the roll-out of the "So! One" ERP project, and lastly, a criterion related to the Group's multi-brand strategy. These non-financial criteria are weighted by a coefficient representing the Remuneration Committee's assessment of the personal and managerial involvement of the Management Board member concerned. For confidentiality reasons the expected levels of achievement of quantitative criteria, as well as the qualitative criteria, which are predetermined by the Supervisory Board on proposal by the Remuneration Committee, are not publicly disclosed.
Benefits in kind consist of the use of a company car.
An allocation of 1,800 performance-based shares was agreed upon by the Management Board on 31 August 2020 in respect of long-term remuneration for the benefit of Jean Guillaume Despature. Details are provided in tables 3 and 4 below.
In respect of his employment contract, which pre-dates his appointment to the Management Board, Jean Guillaume Despature is also a beneficiary of the defined contribution pension plan of the company DSG Coordination Center SA, which applies equally to senior executives and employee directors. 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 table (page 86).

PIERRE RIBEIRO
MEMBER OF THE MANAGEMENT BOARD AND CHIEF FINANCIAL OFFICER

In accordance with the remuneration policy approved by the General Meeting of 24 June 2020, remuneration comprises a fixed portion, a variable portion, long-term remuneration and other benefits detailed below. The fixed portion consists of the basic fixed remuneration and also includes the payment of a PER (*Prime Équivalent Retraite* - Pension Equivalent Premium) premium in favour of Management Board members, introduced following the removal of the previous "Article 39" supplementary pension scheme.
Variable remuneration is determined by the Supervisory Board on the recommendation of the Remuneration Committee. It is based on the achievement of objectives that take account of quantitative financial and qualitative criteria.
For the part based on quantitative criteria (referred to as "financial" criteria), the criteria used in 2020 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 part based on qualitative criteria, the criteria selected for 2020 (so-called "non-financial" criteria) relate to the company's strategy and include a CSR criterion aimed at stepping up the eco-design of products, a criterion related to the roll-out of the "So! One" ERP project, and lastly, a criterion related to the "Somfy-BFT convergence" project. These non-financial criteria are weighted by a coefficient representing the Remuneration Committee's assessment of the personal and managerial involvement of the Management Board member concerned. For confidentiality reasons the expected level of achievement of quantitative criteria, as well as the qualitative criteria, which are predetermined by the Supervisory Board on proposal by the Remuneration Committee, are not publicly disclosed.
Benefits in kind consist of the use of a company car.
An allocation of 1,800 performance-based shares was agreed upon by the Management Board on 31 August 2020 in respect of long-term remuneration for the benefit of Pierre Ribeiro. Details are provided in tables 3 and 4 below.
Under his employment contract, which pre-dates his appointment to the Management Board, Pierre Ribeiro is eligible for incentive bonus, profit-sharing and employer's contributions from the company CMC.
He is also a beneficiary of CMC'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 87).

SUMMARY TABLE OF TOTAL REMUNERATION PAID IN 2020 OR ALLOCATED IN RESPECT OF 2020 TO MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD (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	**Gross, €**	**Allocated for the 2020 financial year**	**Allocated for the 2019 financial year**	**Allocated for the 2018 financial year**
Remuneration allocated for the financial year *(as detailed in table 2)*	Term of office	1,014,284	996,816	892,880
	Employment contract	342,071	336,094	301,312
Value of options granted during the financial year	Term of office Employment contract	nil	nil	nil
Value of performance based shares granted during the financial year *(as detailed in table 3)*	Term of office	151,245	225,348	nil
	Employment contract	nil	nil	nil
Value of other long-term remuneration plans	Term of office Employment contract	nil	nil	nil
TOTAL		**1,507,600**	**1,558,258**	**1,194,192**

Pierre RIBEIRO, Member of the Management Board and Chief Financial Officer	**Gross, €**	**Allocated for the 2020 financial year**	**Allocated for the 2019 financial year**	**Allocated for the 2018 financial year**
Remuneration allocated for the financial year *(as detailed in table 2)*	Term of office	146,562	147,775	140,789
	Employment contract	660,190	634,678	596,478
Value of options granted during the financial year	Term of office Employment contract	nil	nil	nil
Value of performance based shares granted during the financial year (*as detailed in table 3*)	Term of office	151,245	225,348	nil
	Employment contract	nil	nil	nil
Value of other long-term remuneration plans	Term of office Employment contract	nil	nil	nil
TOTAL		**957,997**	**1,007,801**	**737,267**

Table 2: Overview of the remuneration of each executive corporate officer

Jean Guillaume DESPATURE, Chairman of the Management Board	Gross, €	2020 Allocated for the financial year	2020 Paid during the financial year	2019 Allocated for the financial year	2019 Paid during the financial year	2018 Allocated for the financial year	2018 Paid during the financial year
Basic fixed remuneration (BFR)	Term of office	477,000	477,000	459,000	459,000	450,000	450,000
	Employment contract	159,000	159,000	153,000	153,000	150,000	150,000
Fixed remuneration - Pension Equivalent Premium	Term of office	88,784	88,784	83,316	83,316	79,880	79,880
	Employment contract	29,595	29,595	27,770	27,770	26,627	26,627
Annual variable remuneration* **	Term of office	448,500	454,500	454,500	363,000	363,000	247,500
	Employment contract	149,500	151,500	151,500	121,000	121,000	82,500
Exceptional remuneration	Term of office	–	–	–	–	–	–
	Employment contract	–	–	–	–	–	–
Incentive bonus, profit-sharing, employer's contribution	Term of office	–	–	–	–	–	–
	Employment contract	–	–	–	–	–	–
Benefits in kind	Term of office	–	–	–	–	–	–
	Employment contract	3,976	3,976	3,824	3,824	3,685	3,685
TOTAL		**1,356,355**	**1,364,355**	**1,332,910**	**1,210,910**	**1,194,192**	**1,040,192**
** Relative proportion of variable remuneration to fixed remuneration:*							
Term of office		*94.0%*	–	*99.0%*	–	*80.7%*	–
Employment contract		*94.0%*	–	*99.0%*	–	*80.7%*	–

*** For Jean Guillaume Despature, 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 page 57 and subsequent of the 2019 Annual Financial Report.

The target bonus is 70% of the basic fixed remuneration.

<u>For the 2018 financial year</u>, the ROC and ROCE quantitative criteria were 73.7%, the growth multiplier was 1.36, resulting in a quantitative bonus rate of 100.4% of the target bonus. The quantitative variable portion based on financial criteria was therefore 70.3% of the basic fixed remuneration. The qualitative variable portion based on non-financial criteria was 10.3% 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. (€600,000 x 70% x 100.4%) + (€600,000 x 10.3%) = €483,480, rounded up to €484,000, i.e. 80.7% of the annual basic fixed remuneration.

<u>For the 2019 financial year</u>, the ROC and ROCE quantitative criteria were 115.87%, the growth multiplier was 1.29, resulting in a quantitative bonus rate of 149.6%, 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. (€612,000 x 70% x 120%) + (€612,000 x 15%) = €605,880 rounded up to €606,000, i.e. 99% of the annual basic fixed remuneration, which is the authorised maximum and which reflects the 2019 financial year's healthy performance.

<u>For the 2020 financial year</u>, 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.

Pierre RIBEIRO, Member of the Management Board and Chief Financial Officer	**Gross, €**	**2020**		**2019**		**2018**	
		Allocated for the financial year	**Paid during the financial year**	**Allocated for the financial year**	**Paid during the financial year**	**Allocated for the financial year**	**Paid during the financial year**
Basic fixed remuneration (BFR)	Term of office	76,560	76,560	76,560	76,560	75,000	75,000
	Employment contract	305,440	305,440	290,640	290,640	285,000	285,000
Fixed remuneration - Pension Equivalent Premium	Term of office	16,302	16,302	15,915	15,915	15,289	15,289
	Employment contract	65,036	65,036	60,410	60,410	58,098	58,098
Annual variable remuneration* **	Term of office	53,700	55,300	55,300	45,500	45,500	31,000
	Employment contract	214,300	220,700	220,700	172,500	172,500	142,000
Exceptional remuneration	Term of office	–	–	–	5,000	5,000	–
	Employment contract	–	–	–	20,000	20,000	–
Incentive bonus, profit-sharing, employer's contribution	Term of office	–	–	–	–	–	–
	Employment contract	67,628	55,229	55,229	54,151	54,150	53,463
Benefits in kind	Term of office	–	–	–	–	–	–
	Employment contract	7,787	7,787	7,699	7,699	6,730	6,730
TOTAL		**806,752**	**802,354**	**782,453**	**748,375**	**737,267**	**666,580**
** Relative proportion of variable remuneration to fixed remuneration:*							
Term of office		*70.1%*	–	*72.2%*	–	*60.7%*	–
Employment contract		*70.2%*	–	*75.9%*	–	*60.5%*	–

*** For Pierre Ribeiro, 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 page 57 and subsequent of the 2019 Annual Financial Report.

The target bonus is 50% of the basic fixed remuneration.

For the 2018 financial year, the ROC and ROCE quantitative criteria were 73.7%, the growth multiplier was 1.36, resulting in a quantitative bonus rate of 100.4% of the target bonus. The quantitative variable portion based on financial criteria was therefore 50.2% of the basic fixed remuneration.

The qualitative variable portion based on non-financial criteria was 10.3% 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. (€360,000 x 50% x 100.4%) + (€360,000 x 10.3%) = €217,800, rounded up to €218,000, i.e. 60.6% of the annual basic fixed remuneration.

The exceptional remuneration paid in 2019 was allocated in respect of the 2018 financial year as a result of the particularly important work accomplished over the course of that year in relation to the structuring of subsidiaries and shareholdings.

For the 2019 financial year, the ROC and ROCE quantitative criteria were 115.87%, the growth multiplier was 1.29, resulting in a quantitative bonus rate of 149.6%, 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. (€367,200 x 50% x 120%) + (€367,200 x 15%) = €275,400 rounded up to €276,000, i.e. 75% of the annual basic fixed remuneration, which is the authorised maximum and which reflects the 2019 financial year's healthy performance.

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.

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 member of the Management Board

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	– 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 labelled “Act for Green” 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	– 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	– 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 labelled “Act for Green” 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	– 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

Table 4: Performance shares vested or allocated during the financial year to each executive 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		
Name and title of the corporate officer	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 perfor-mance conditions	10 Shares allocated but not vested	11 Shares subject to retention period
Jean Guillaume Despature Chairman of the Management Board	Free Share Plan n° 3	2 years	16/06/17	01/07/19	end of term of office	7,320	–	–	–	5,564	439
	Free Perfor-mance Share Plan 2021	2 years	20/05/19	30/06/21	end of term of office	3,576	–	–	3,576	–	–
	Free Perfor-mance Share Plan 2022	2 years	31/08/20	15/09/22	end of term of office	–	1,800	–	1,800	–	–
						10,896	**1,800**	**–**	**5,376**	**5,564**	**439**
Pierre Ribeiro Member of the Management Board and Chief Financial Officer	Free Share Plan n° 3	2 years	16/06/17	01/07/19	end of term of office	7,320	–	–	–	5,564	439
	Free Perfor-mance Share Plan 2021	2 years	20/05/19	30/06/21	end of term of office	3,576	–	–	3,576	–	–
	Free Perfor-mance Share Plan 2022	2 years	31/08/20	15/09/22	end of term of office	–	1,800	–	1,800	–	–
						10,896	**1,800**	**–**	**5,376**	**5,564**	**439**

Table 5: Performance shares vested during the financial year to each executive corporate officer

Performance shares vested during the financial year to each executive corporate officer	Plan n° and date	Number of shares vested* during the financial year
Jean Guillaume Despature	nil	
Pierre Ribeiro	nil	

* *Subject to the retention obligation mentioned in the remuneration policy (page 82).*

Benefits of executive corporate officers

Table 6: Summary table of executive corporate officers' benefits

Executive 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 Management Board Start of term of office: 17/05/17 End of term of office: 2021 AGM	✓ with an entity included in the Group's consolidation scope			✗		✗		✗
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: 2021 AGM	✓ with an entity included in the Group's consolidation scope			✗		✗		✗

Members of the Management Board benefit from an employment contract concluded with Somfy SA's subsidiaries prior to their appointment to the Board. It has become necessary to the company that, in order to attract and retain talent, members of the Management Board must be able to continue to enjoy the protection guaranteed by an employment contract. As a result, the employment contracts of the members of the Management Board that pre-dated their respective terms of office have been maintained.

Compensation or benefits due or liable to be due as a result of the termination or change of terms of office
The Chairman and members of the Management Board do not benefit from any undertaking of this kind in respect of their terms of office.
In the event of termination of the employment contract, the legal and/or contractual provisions will apply.

Pension
Members of the Management Board are beneficiaries of the mandatory collective pension schemes applicable to executives and senior executives of Group companies.
For the Chairman of the Management Board 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 Management Board members or the Chairman.
Like Group executives, the members and the Chairman of the Management Board benefit, when they retire, 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). Given the age of the beneficiaries, such compensation is not likely to be paid before 2028 and the Supervisory Board has not deemed it necessary to set a performance condition at this stage.

Non-compete clause
There is no such commitment concerning Management Board members or the Chairman.

Table 7: Remuneration received by non-executive corporate officers

Members of the Supervisory Board	2020 financial year		2019 financial year		2018 financial year	
Gross, €	Allocated for the financial year	Paid during the financial year	Allocated for the financial year	Paid during the financial year	Allocated for the financial year	Paid during the financial year
Michel ROLLIER						
Remuneration for the term of office as member of the Supervisory Board	15,000	15,000	3,600	3,600	5,400	5,400
Remuneration for the term of office as Chairman of the Supervisory Board	100,000	100,000	100,000	100,000	90,625	90,625
Paule CELLARD						
Remuneration for the term of office as member of the Supervisory Board	39,000	39,000	16,000	16,000	14,400	14,400
Victor DESPATURE						
Remuneration for the term of office as member of the Supervisory Board	62,000	62,000	19,600	19,600	17,800	17,800
Anthony STAHL						
Remuneration for the term of office as member of the Supervisory Board	33,000	33,000	–*	–*	–*	–*
Florence NOBLOT						
Remuneration for the term of office as member of the Supervisory Board	33,000	33,000	8,000	8,000	4,800	4,800
Sophie DESORMIÈRE						
Remuneration for the term of office as member of the Supervisory Board	33,000	33,000	8,000	8,000	8,000	8,000
Marie BAVAREL-DESPATURE						
Remuneration for the term of office as member of the Supervisory Board	33,000	33,000	8,000	8,000	8,000	8,000
Bertrand PARMENTIER						
Remuneration for the term of office as member of the Supervisory Board	25,750	25,750	–	–	–	–
Arthur WATIN-AUGOUARD						
Employee representative	–**	–**	–	–	–	–
TOTAL	**373,750**	**373,750**	**163,200**	**163,200**	**149,025**	**149,025**

* *Did not wish to receive remuneration in relation to his term of office.*

** *The salary amount due in respect of the employment contract is not disclosed for reasons of confidentiality.*

Tables 8: Fairness ratios

Pursuant to the provisions of sub-paragraph 6° 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 executive 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 by comparing the remuneration of corporate officers with that of employees of Somfy SA, whose limited workforce notably includes Executive Committee members.
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).

2020 financial year		Chairman of the Management Board	Member of the Management Board	Chairman of the Supervisory Board
Remuneration as executive corporate officer	–	1,515,600	953,599	115,000
Ratio to average employee salary	–	3.77	2.37	0.29
Ratio to median employee salary	–	3.84	2.42	0.29
Annual change in executive corporate officer's remuneration	–	5.5%	-2.1%	11.0%
Annual change in average salary of non-corporate officer employees	–	-4.5%	-4.5%	-4.5%
Average salary of non-corporate officer employees	402,368	–	–	–
Median salary of non-corporate officer employees	394,282	–	–	–
Annual change in company performance: consolidated net profit	30.5%	–	–	–
Annual change in company performance: consolidated current operating result	27.3%	–	–	–

2019 financial year		Chairman of the Management Board	Member of the Management Board	Chairman of the Supervisory Board
Remuneration as executive corporate officer	–	1,436,258	973,722	103,600
Ratio to average employee salary	–	3.41	2.31	0.25
Ratio to median employee salary	–	2.87	1.95	0.21
Annual change in executive corporate officer's remuneration	–	38.1%	46.1%	7.9%
Annual change in average salary of non-corporate officer employees	–	4.1%	4.1%	4.1%
Average salary of non-corporate officer employees	421,268	–	–	–
Median salary of non-corporate officer employees	499,731	–	–	–
Annual change in company performance: consolidated net profit	16.3%	–	–	–
Annual change in company performance: consolidated current operating result	15.2%	–	–	–

2018 financial year		Chairman of the Management Board	Member of the Management Board	Chairman of the Supervisory Board
Remuneration as executive 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 executive 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%	–	–	–

2017 financial year		Chairman of the Management Board	Member of the Management Board	Chairman of the Supervisory Board
Remuneration as executive 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 executive 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%	–	–	–

2016 financial year		Chairman of the Management Board	Member of the Management Board	Chairman of the Supervisory Board
Remuneration as executive corporate officer	–	832,574	606,643	78,600
Ratio to average employee salary	–	2.59	1.89	0.24
Ratio to median employee salary	–	2.24	1.63	0.21
Annual change in executive corporate officer’s remuneration	–	2.4%	28.6%	1.3%
Annual change in average salary of non-corporate officer employees	–	2.4%	2.4%	2.4%
Average salary of non-corporate officer employees	321,703	–	–	–
Median salary of non-corporate officer employees	371,594	–	–	–
Annual change in company performance: consolidated net profit	-13.0%	–	–	–
Annual change in company performance: consolidated current operating result	7.3%	–	–	–

FIXED, VARIABLE AND EXCEPTIONAL ITEMS COMPRISING TOTAL REMUNERATION AND BENEFITS OF ANY KIND PAID OR ALLOCATED DURING THE FINANCIAL YEAR JUST ENDED TO THE CHAIRMAN OF THE MANAGEMENT BOARD, MEMBERS OF THE MANAGEMENT BOARD AND THE CHAIRMAN OF THE SUPERVISORY BOARD (6TH TO 8TH RESOLUTIONS OF THE GENERAL MEETING OF 2 JUNE 2021)

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The items of remuneration paid or allocated during the 2020 financial year and presented hereafter are submitted for your approval pursuant to Article 22-10-34 paragraph 2 of the Commercial Code.

RESOLUTION N°6: JEAN GUILLAUME DESPATURE, CHAIRMAN OF THE MANAGEMENT BOARD – AMOUNTS PAID DURING OR ALLOCATED IN RESPECT OF THE FINANCIAL YEAR JUST ENDED

The total remuneration paid during or allocated in respect of the financial year just ended consists of:

- **the fixed remuneration allocated in respect of 2020 and paid in 2020**, comprising gross basic remuneration of €636,000 (including €477,000 gross for the term of office and €159,000 gross for the employment contract) and the Pension Equivalent Premium amounting to €118,379 gross (including €88,784 gross for the term of office and €29,595 gross for the employment contract), in accordance with the remuneration policy adopted at the General Meeting of 24 June 2020;
- **the variable remuneration allocated in respect of 2019 and paid in 2020**, as adopted at the General Meeting of 24 June 2020, amounting to €606,000 gross (including €454,500 gross for the term of office and €151,500 gross for the employment contract);
- **the variable remuneration allocated in respect of the 2020 financial year**, totalling €598,000 gross (including €448,500 for the term of office and €149,500 for the employment contract) **and to be paid in 2021** 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 paragraph "Information referred to in paragraph I of Article L. 225-37-3 of the Commercial Code for each corporate officer of the company" on page 60 of the 2019 Annual Financial Report;
- **a benefit in kind** granted in 2020 and represented by the use of a company car with a book value of €3,976, in accordance with the 2020 remuneration policy adopted at the General Meeting of 24 June 2020;
- **the allocation free of charge of 1,800 performance shares** agreed by the Management Board on 31 August 2020 as part of the "2022 Performance Shares" 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 22 May 2019, with a book value under IFRS 2 of €151,245.

It should also be noted that Jean Guillaume Despature benefits from a defined contribution pension commitment (no amount subject to *ex-post* vote).

RESOLUTION N°7: PIERRE RIBEIRO, MEMBER OF THE MANAGEMENT BOARD AND CHIEF FINANCIAL OFFICER – AMOUNTS PAID DURING OR ALLOCATED IN RESPECT OF THE FINANCIAL YEAR JUST ENDED

The total remuneration paid during or allocated in respect of the financial year just ended consists of:

- **the fixed remuneration allocated in respect of 2020 and paid in 2020**, comprising gross basic remuneration of €382,000 (including €76,560 gross for the term of office and €305,440 gross for the employment contract) and the Pension Equivalent Premium amounting to €81,338 gross (including €16,302 gross for the term of office and €65,036 gross for the employment contract), in accordance with the remuneration policy adopted at the General Meeting of 24 June 2020;
- **the variable remuneration allocated in respect of 2019 and paid in 2020**, as adopted at the General Meeting of 24 June 2020, amounting to €276,000 gross (including €55,300 gross for the term of office and €220,700 gross for the employment contract);
- **the variable remuneration allocated in respect of the 2020 financial year**, totalling €268,000 gross (including €53,700 for the term of office and €214,300 for the employment contract), **and to be paid in 2021** 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 paragraph "Information referred to in paragraph I of Article L. 225-37-3 of the Commercial Code for each corporate officer of the company" on page 61 of the 2019 Annual Financial Report;
- **a benefit in kind** granted in 2020 and represented by the use of a company car with a book value of €7,787, in accordance with the 2020 remuneration policy adopted at the General Meeting of 24 June 2020;
- **an employee savings plan related to the employment contract** (profit-sharing, incentive bonus, employer's contribution) amounting to €67,628 due in respect of the 2020 financial year and to be paid in 2021;
- **the allocation free of charge of 1,800 performance shares** agreed by the Management Board on 31 August 2020 as part of the "2022 Performance Shares" 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 22 May 2019, with a book value under IFRS 2 of €151,245.

It should also be noted that Pierre Ribeiro benefits from a defined contribution pension commitment (no amount subject to *ex-post* vote).

**RESOLUTION N°8:
MICHEL ROLLIER, CHAIRMAN OF THE SUPERVISORY BOARD – AMOUNTS PAID DURING OR ALLOCATED IN RESPECT OF THE FINANCIAL YEAR JUST ENDED**

Remuneration for the 2020 financial year consists of remuneration of €100,000 gross paid in respect of his role as Chairman of the Supervisory Board and remuneration of €15,000 gross for his participation in Specialised Committees.

INFORMATION ON THE TERMS AND CONDITIONS FOR THE RETENTION OF SHARES ALLOCATED FREE OF CHARGE TO EXECUTIVE CORPORATE OFFICERS

At its meeting of 13 May 2009, the Supervisory Board set the number of shares that each member of the Management Board is required to retain in registered form until the termination of their term of office: resulting in every member being required to retain 25% of the total shares allocated to them free of charge, this percentage being reduced to 20% at the end of four years from the allocation, then successively to 15% at the end of six years from the allocation, to 10% at the end of eight years from the allocation and to 5% until termination of their terms of office.

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 capital and holdings" in the Management 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 Management 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 29 of the bylaws in the Management 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 Management Board's management report;
- rules governing the appointment and replacement of Management Board members and any amendments to the bylaws are respectively provided for in Articles 15 and 31 of the bylaws;
- concerning powers, the Management 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 the 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 Management Board members or 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.

OBSERVATIONS OF THE SUPERVISORY BOARD ON THE MANAGEMENT BOARD'S MANAGEMENT REPORT AND THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR

Ladies and Gentlemen,

The Management Board has convened this Combined General Meeting specifically to submit the financial statements for the year just ended for your approval.

Pursuant to Article L. 22-10-20 of the Commercial Code, the Management Board has kept us periodically informed on company transactions through the presentation of quarterly reports.

For verification and auditing purposes, the Management Board has also submitted to us the parent company and consolidated financial statements at 31 December 2020, which you are requested to approve today.

The Management Board has also provided us with its report, which has just been presented to you.

We hereby submit to you our observations on these financial statements and on this report pursuant to the provisions of the above-mentioned Article L. 22-10-20.

This report fairly reflects the information that was regularly provided to us during the financial year just ended.

Group sales were €1,257.1 million for the financial year just ended, an increase of 4.7% compared with the previous financial year (up 6.1% on a like-for-like basis). They fell 7.5% over the first six months (down 7.2% on a like-for-like basis), due to the health crisis stemming from the Covid-19 pandemic, and recorded an upturn of 17.6% in the second half-year (up 20.1% on a like-for-like basis).

Several regions ended the financial year on a clear positive trend, as was the case for Eastern Europe and Central Europe, which again performed very strongly, as well as Northern Europe and North America, which both performed well.

The other territories were more adversely affected by the crisis, due in particular to the unavoidable operational disruption and interruption caused by the lockdown measures in the spring, but showed good resilience over the year as a whole. This was the case for France and the Africa & the Middle East region, as well as for Southern Europe and Latin America.

All regions recovered over the second six months and several of them succeeded in offsetting a large proportion of the fall recorded between March and May. Their recovery is all the more encouraging given that it is not based on a period of several weeks, meaning it was merely a question of catching up, but on the entire third and fourth quarters. It also provides evidence of a base trend that was confirmed – even accentuated – by recent events, as a result of the increasingly important role played by the home in everyone's lives, notably due to the increase in remote working and the development of online services.

Sales for the equity-accounted Chinese subsidiary Dooya totalled €201.1 million over the financial year, an increase of 7.3% in real terms and 9.2% on a like-for-like basis. They fell in China, a country severely impacted by the pandemic early in the year, but grew strongly in the rest of the World.

Current operating result stood at €260.7 million for the financial year just ended, up 27.3% (up 31.3% on a like-for-like basis), and thus represented 20.7% of sales, compared with 17.1% the previous year.

The combined effect of the recovery in sales recorded in the second half-year, a favourable mix of products, and cost savings stemming from the measures taken within the context of the health crisis is behind this growth, which is partially non-structural given the exceptional and provisional nature of these measures (reduction in consulting, marketing and travel budgets).

The impact of the pandemic was particularly pronounced over the first half of the year with, on the one hand, a substantial loss in income due to the loss in revenues, and on the other, significant production and supply chain disruption due to the temporary shutdown of several manufacturing sites and disorganisation of certain sources of supply.

Conversely, the protective measures have had a moderate impact on the financial statements, even though the safety of employees and compliance with guidelines from the administrative authorities, as well as the safeguarding of jobs, have been the priorities. The impact of external support also proved to be marginal since the decision was taken to make minimal use of it and only in certain countries.

Consolidated net profit totalled €213.0 million, an increase of 30.5%. It takes into account a positive contribution of €10.9 million from associates, thanks to the improvement recorded at Dooya, and €52.5 million in income tax.

The return on capital employed (ROCE) stood at 29.6%, compared with 22.2% the previous year, testament to the quality of these results.

Shareholders' equity grew from €1,012.8 to €1,171.0 million over the financial year just ended, and the net financial surplus increased from €310.5 to €517.7 million.

The growth in net financial surplus was due to the increase in cash flow, the decline in working capital requirements and the relative stability of other cash flow items.

The Management Board will propose the payment of a dividend of €1.85 per share at the next Annual General Meeting, corresponding to a pay-out ratio of 32%, in line with pre-crisis ratios.

The Management Board's report also provides all information required by existing regulations.

Moreover, this year you will be asked to vote on the following points:

- the approval of the information referred to in paragraph I of Article L.22-10-9 of the Commercial Code;
- the approval of the fixed, variable and exceptional items comprising total remuneration and benefits of any kind paid or allocated during the financial year just ended to Jean Guillaume DESPATURE, Chairman of the Management Board;
- the approval of the fixed, variable and exceptional items comprising total remuneration and benefits of any kind paid or allocated during the financial year just ended to Pierre RIBEIRO, member of the Management Board and Chief Financial Officer;
- the approval of the fixed, variable and exceptional items comprising total remuneration and benefits of any kind paid or allocated during the financial year just ended to Michel ROLLIER, Chairman of the Supervisory Board;
- the approval of the remuneration policy for the Chairman of the Management Board and the member(s) of the Management Board;
- the authorisation of a new treasury share buyback programme;
- the authorisation to allocate share purchase options to salaried employees and/or certain corporate officers of the company or related companies.

You will also be asked to decide to change the company's administration and management form by adopting the Board of Directors form and, subject to the approval of this resolution:

- to approve the new wording of the bylaws;
- to transfer to the Board of Directors the authorisations granted to the Management Board by the General Meeting;
- to appoint to the role of Director:
  - Jean Guillaume Despature,
  - Florence Noblot,
  - Michel Rollier,
  - Sophie Desormière,
  - Anthony Stahl,
  - Paule Cellard,
  - Bertrand Parmentier,
  - Marie Bavarel-Despature;
- to set at €700,000 the total annual fixed amount to be allocated to Directors;
- to approve the remuneration policies for the Chairman of the Board of Directors, the Chief Executive Officer, the Deputy Chief Executive Officer and the Directors.

Certain draft resolutions will be submitted to the vote and postal votes cast in relation to these resolutions will be counted only in the event of rejection of the 11th resolution on the change in mode of administration and management of the company, namely:

- the renewal of the terms of office of three members of the Supervisory Board;
- the non-replacement and non-renewal of a member of the Supervisory Board;
- the approval of the remuneration policy for members of the Supervisory Board.

Draft resolutions, in line with the agenda, will be submitted for your approval.

We have no specific comments to make regarding the various documents that have been submitted to you (in particular the Management Board's management report), or in relation to the parent company and consolidated financial statements for the 2020 financial year. Therefore, we ask you to adopt the proposed resolutions, it being specified that as set out above the 29th to 33rd resolutions will not be put to the vote and postal votes cast in relation to these resolutions will not be counted in the event the 11th resolution is approved as they would become devoid of purpose.

Moreover, the Board would like to stress that, despite the pandemic, 2020 was a further year of development and consolidation of the business with growth in current operating profitability. The new organisation in place has thus demonstrated its strength and agility, and thanks to the strong dedication of all the teams, it has enabled to deal with the disruption caused by the pandemic and to reduce its impact, both on employees and on the Group's operations, while simultaneously continuing to implement the Group's ambitious 2030 strategy.

The Supervisory Board

05
CONSOLIDATED FINANCIAL STATEMENTS

05 CONSOLIDATED FINANCIAL STATEMENTS

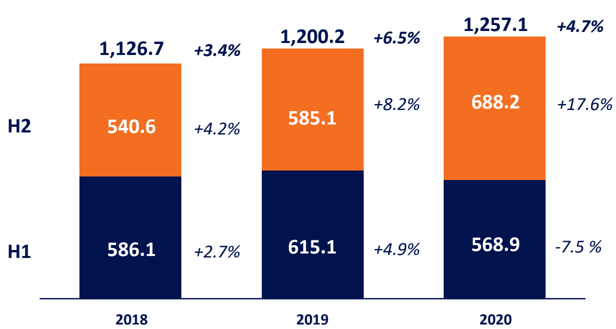
KEY FIGURES

€ millions	31/12/20	31/12/19
Sales	1,257.1	1,200.2
Current operating result	260.7	204.8
Current operating margin	20.7%	17.1%
Consolidated net profit	213.0	163.2
ROCE	29.6%	22.2%
Cash flow	274.5	220.1
Net investments in intangible assets and PPE (including IFRS 16)	64.1	72.0
Shareholders' equity	1,171.0	1,012.8
Net financial debt*	-517.7	-310.5
Non-current assets	599.8	598.9
Workforce at period end	6,498	6,067
Dividend per share *(€)***	1.85	1.25

** (-) Net financial surplus.*
*** The 2019 dividend amount was revised downwards at the General Meeting of 24 June 2020.*

SALES GROWTH BY CUSTOMER LOCATION

Data in € millions	2018	2019	2020	Change 20/19
Sales	1,126.7	1,200.2	1,257.1	+4.7%



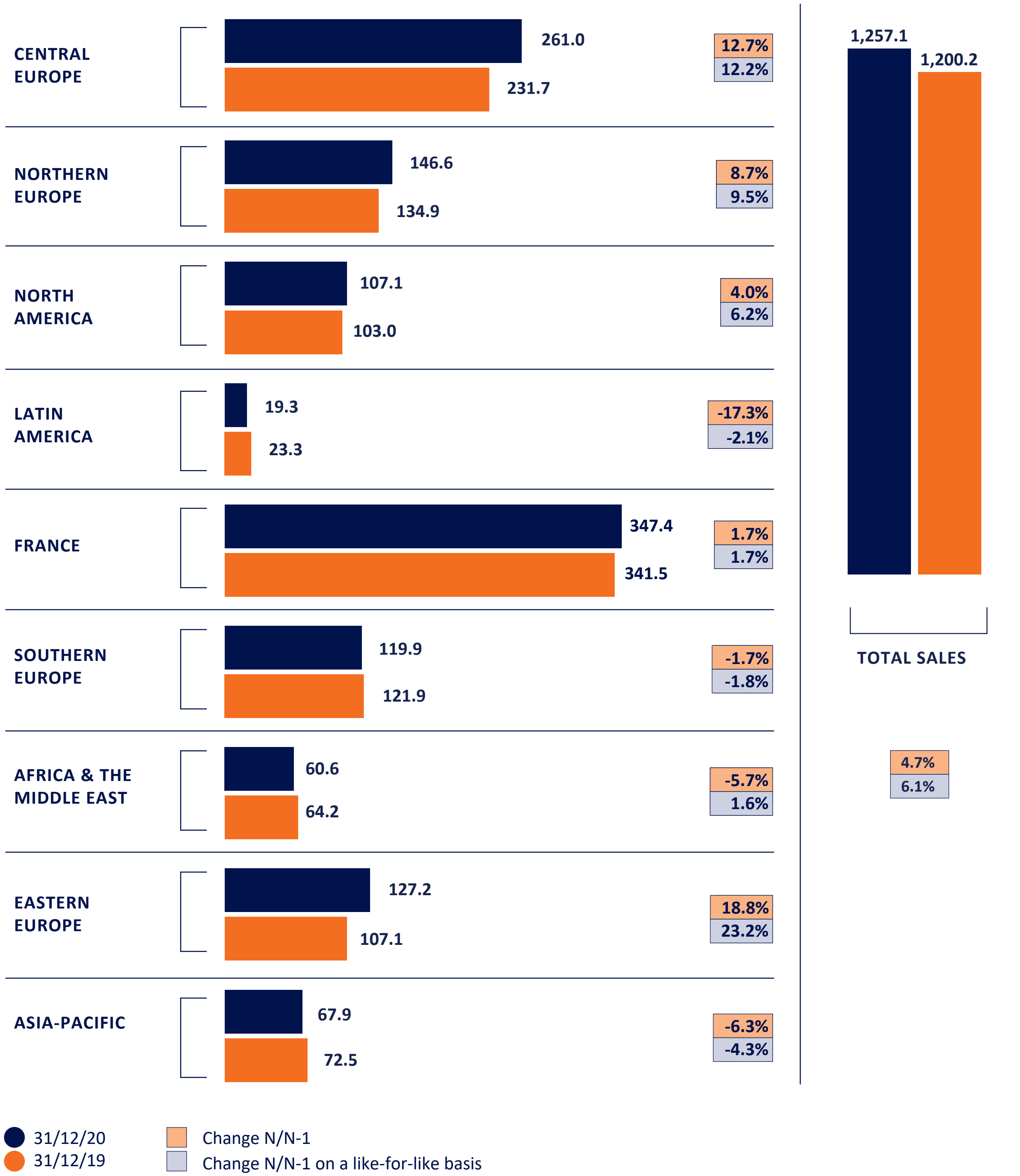
Group sales were €1,257.1 million for the financial year just ended, an increase of 4.7% compared with the previous financial year (up 6.1% on a like-for-like basis). They fell 7.5% over the first six months (down 7.2% on a like-for-like basis), due to the impact of the Covid-19 pandemic on the construction industry, and recorded an upturn of 17.6% in the second half-year (up 20.1% on a like-for-like basis).

Several regions ended the financial year on a clear positive trend, as was the case for Eastern Europe and Central Europe, which again performed very strongly (respective growth of 23.2% and 12.2% on a like-for-like basis), as well as Northern Europe and North America, which both performed well (respective growth of 9.5% and 6.2% on a like-for-like basis).

The other territories were more adversely affected by the health crisis stemming from the pandemic, due in particular to the unavoidable operational disruption and interruption caused by the lockdown measures in the spring, but showed good resilience over the year as a whole. This was the case for France and the Africa & Middle East region (respectively recording increases of 1.7% and 1.6% on a like-for-like basis), as well as for Southern Europe and Latin America (respectively down 1.8% and 2.1% on a like-for-like basis).

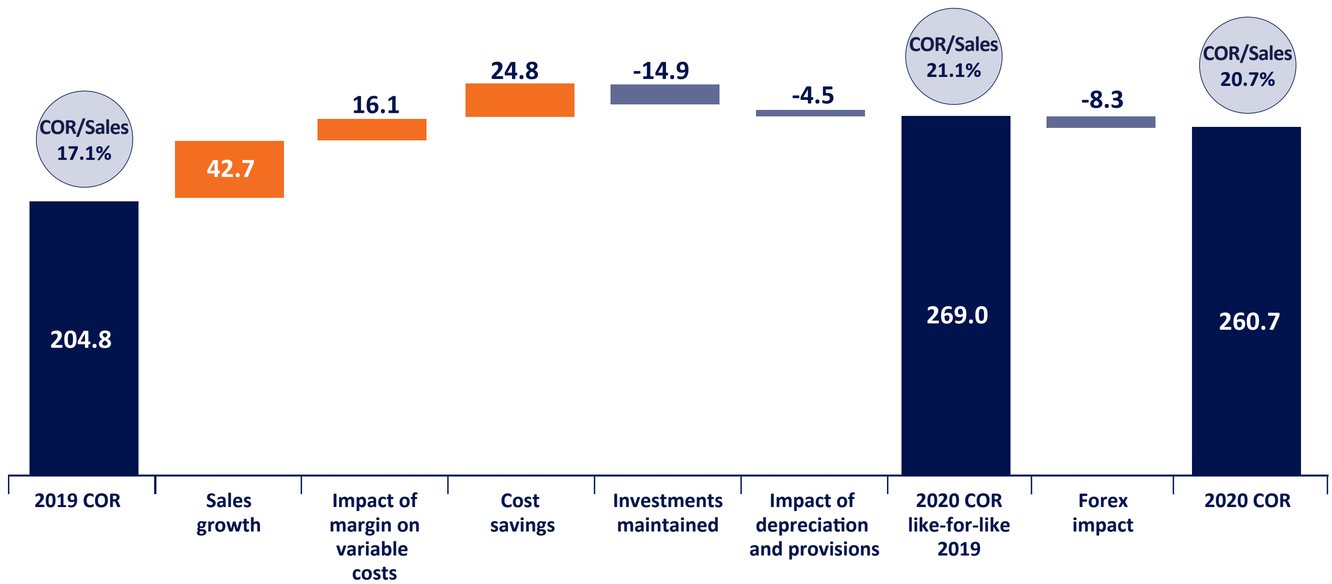
All regions recovered over the second six months and several of them succeeded in offsetting a large proportion of the fall recorded between March and May.

The most striking performances were recorded by Eastern Europe and Central Europe (respective growth of 26.3% and 17.8% on a like-for-like basis) – regions that had ended the first half-year on an already very positive note, as well as Northern Europe, North America, France, Southern Europe, and Africa & the Middle East (respective growth of 24.8%, 22.8%, 22.5%, 21.1% and 16.5% on a like-for-like basis) – regions that were hard hit by the virus at the peak of the pandemic and which have subsequently bounced back strongly.
Another positive is that the recovery was not based on just a few weeks, which would simply be a matter of catching-up, but was spread over the entire second half-year (up 20.1% on a like-for-like basis in total, comprising 24.2% growth in the third quarter and 15.7% in the fourth). It also provides evidence of a base trend that was confirmed – even accentuated – by the pandemic, as a result of the increasingly important role played by the home in everyone's lives, due to the increase in remote working and the development of online services.
Sales of the equity-accounted Chinese subsidiary Dooya totalled €201.1 million over the financial year, an increase of 7.3% (up 9.2% on a like-for-like basis, comprising a drop of 3.8% over the first half-year and an increase of 20.5% over the second). Like-for-like sales fell 1.2% in China, a country severely impacted by the pandemic early in the year, but grew in the rest of the World (up 18.6% on a like-for-like basis).



GROWTH IN CURRENT OPERATING RESULT

Data in € millions	2019	2020	Change 20/19
Current operating result	204.8	260.7	+27.3%
Current operating margin (COR/Sales)	17.1%	20.7%	+360 bps



Current operating result stood at €260.7 million for the financial year just ended, up 27.3% (up 31.3% on a like-for-like basis), and thus represented 20.7% of sales, compared with 17.1% the previous year.

The combined effect of the recovery in sales recorded in the second half-year, a favourable mix of products, and cost savings stemming from the measures taken within the context of the health crisis is behind this growth, which is partially non-structural given the exceptional and provisional nature of these measures (reduction in consulting, marketing and travel budgets).

The impact of the pandemic was particularly pronounced over the first half of the year with, on the one hand, a substantial loss in income due to the loss in revenues, and on the other, significant production and supply chain disruption due to the temporary shutdown of several manufacturing sites and disorganisation of certain sources of supply.

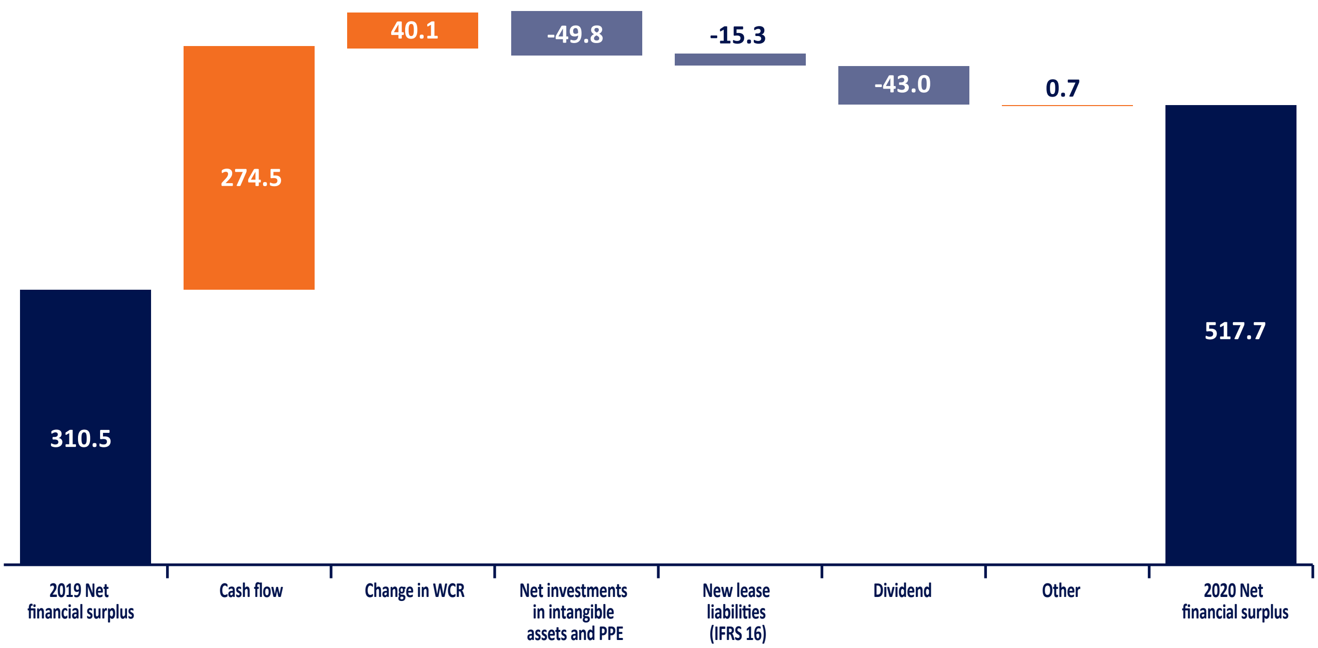
Conversely, the protective measures have had a moderate impact on the financial statements, even though the safety of employees and compliance with guidelines from the administrative authorities, as well as the safeguarding of jobs, have been the priorities. The impact of external support also proved to be marginal since the decision was taken to make minimal use of it and only in certain countries.

GROWTH IN NET PROFIT

Consolidated net profit totalled €213.0 million, an increase of 30.5%. It takes into account a positive contribution of €10.9 million from associates, thanks to the improvement recorded at Dooya, and €52.5 million in income tax.

The return on capital employed (ROCE) stood at 29.6%, compared with 22.2% the previous year, testament to the quality of these results.

NET FINANCIAL DEBT



Shareholders' equity grew from €1,012.8 to €1,171.0 million over the financial year just ended, and the net financial surplus increased from €310.5 to €517.7 million.

The growth in net financial surplus was due to the increase in cash flow, the decline in working capital requirements and the relative stability of other cash flow items.

OUTLOOK

The recent period has made it possible to gauge the strength of the residential and commercial digitalisation market, and as such to better measure the impact of the digital revolution, demographic and society changes and the energy transition on the demand for automated and connected solutions.

However, visibility remains limited over the short-term due to the ongoing uncertainty regarding the development of the current health and economic crisis.

Nevertheless, growth in sales is expected over the current financial year. It should be all the stronger over the first six months given that the base effect will play out favourably in major regions such as France, Southern Europe and North America.

Similarly, a return of the current operating margin to pre-crisis levels is envisioned as there will be no renewal of savings made last year in the fields of consulting and marketing.

The current financial year will also see the roll-out of the new strategic plan, Ambition 2030, with the aim of seeking increased efficiency in processes and an optimised allocation of resources by harmonising practices and increasing synergies, as well as increased added value in terms of the range, thanks to the digitalisation of products, the interoperability of solutions and the development of services.

Potential acquisitions will also continue to be assessed in parallel and implemented where appropriate, as can be seen in the recent takeover of Repar'stores, the French specialist in the restoration of roller shutters.

The Group has not been adversely affected by Brexit to date and does not expect to be in the future. It may, however, be further impacted by the health crisis if new restrictive measures are imposed in its main regions of operation (Europe, the United States and China).

2020 HIGHLIGHTS

COVID-19 HEALTH CRISIS

—

DEVELOPMENT OF THE CRISIS

The sudden emergence of the Covid-19 virus in China in late 2019 and the speed with which it spread throughout the world in early 2020 led to a suspension of operations at Somfy's Chinese sites in February 2020 and the temporary stoppage of operations at its French, Italian and Tunisian production sites, as well as at its Bonneville logistics site in France, between late March and late April 2020.

Somfy rapidly introduced a safety protocol in accordance with local regulations, with a certain number of protective measures including remote working for all positions that allowed it, in order to protect the health of its employees, safeguard jobs and ensure continuity of service for its customers.

Operations resumed in a significant and sustained manner from mid-May. Following disruption to supply, production and logistics, the Group put into place a structure to best deal with the successive waves of the pandemic.

The Group has only made very limited use of government support in a few countries. It demonstrated its commitment to regional organisations and communities by donating equipment and supporting emergency projects against poor housing and social exclusion. The General Meeting also decided to reduce the dividend amount allocated in respect of the 2019 financial year.

IMPACTS FOR SOMFY

After several months of disruption, the Group has seen a significant upturn in sales since mid-May, which was confirmed in June and over the second half-year. For the 12 months to 31 December 2020, Group sales grew 6.1% on a like-for-like basis in relation to the same period of 2019. It fell 7.2% on a like-for-like basis over the first six months due to the impact of the pandemic, before bouncing back strongly, recording an increase of 20.1% over the second half-year, although it is difficult to distinguish the undeniable catch-up effect from the effect of organic growth (the Group's average annual growth is in the region of 6%).

Current operating margin improved (20.7% of sales in 2020 against 17.1% in 2019) thanks to the combined effect of the upturn in sales, a favourable product mix effect, and exceptional one-off cost savings mainly implemented over the first half-year.

The non-recurring costs incurred to manage the crisis continued to have no material impact at Group level. They mainly involved expenses related to the introduction of protective measures, exceptional shipping costs to ensure continuity of customer service and certain penalties for delivery delays.

Net financial expense was impacted by the foreign exchange impact related to fluctuations in currencies under great pressure during the pandemic (BRL, TRY, USD, etc.).

Indicators of impairment (temporary shutdowns of factories and a reduction in activity) emerged at 30 June 2020 following the crisis and led the Group to carry out impairment tests which resulted in the impairment of iHome residual goodwill (€0.7 million). The impairment tests performed at 31 December 2020 according to the methodology set out in note 5.1.2 did not result in any additional impairment.

The Group's financial structure has therefore remained quite sound with an increase in the net financial surplus.

DETAILED OUTLOOK

2020 demonstrated the resilience of Somfy's business model, coupled with the pursuit of comfort in the home. Nevertheless, it is not representative in terms of margin level since certain non-structural savings will not be renewed in future years.

Over the 2021 financial year, sales should increase, with a significant base effect that is favourable over the first six months and is unfavourable over the second. Within a weakened economic environment, the current operating margin rate should return to its pre-crisis level.

The current environment is highly uncertain, and the above assumptions represent the Group's current scenario. They are likely to change in line with the health and economic situation.

INFORMATION ON RISKS

The Covid-19 health crisis does not call into question the Group's business model or its fundamentals, but does compel it to adapt its processes. The risk mapping has been updated and adjusted in line with the feedback relating to the management of the crisis, in particular, the introduction of rapid and appropriate measures to protect its employees and production and supply chain protocols to ensure the continued fulfilment of commitments to customers when crises occur.

The Group is vigilant in its assessment of risks related to foreign exchange and the supply of raw materials and electronic components within a market environment that is challenging. Currency and raw material hedging continue to be adapted in line with forecasts and market trends. The assessment of liquidity and credit risks remains unchanged. In addition to its cash of €588.9 million at the end of 2020, the Group has €174.0 million in confirmed and undrawn credit facilities and is not in breach of any covenants. It will be in a position to meet its maturities over the next 12 months.

NEW ORGANISATIONAL STRUCTURE

—

The building industry is undergoing profound transformations with accelerated digitalisation, the need for greater energy efficiency, ever shorter innovation cycles and more. These are all challenges Somfy has begun to tackle thanks to its Believe & Act strategic plan first implemented in 2017 but now need to take a step further.

The current organisation, whose foundations date back to 2004, has enabled the Group to expand its range of applications, becoming a pioneer of smart home solutions and expanding its geographical presence. After a decade of strong and profitable growth and progress in its main market segments, Somfy aims to accelerate in order to continue establishing its leadership in its markets.

In order to meet these challenges, on 1 January 2020 the Group has set up a new organisation guided by three major principles: **a function-based architecture** to support the Group's development; **a customer-centric organisation** with reduced interfaces to facilitate decision-making and optimise resource allocation; and finally a strong focus on **the digitalisation of its products, customer relations and operations**.

The first definitive act of this change is the appointment of a new Executive Committee, along with the creation of a Strategy & Insights division, the reorganisation of the three activities that are Home & Building, Access and Connected Solutions into three divisions: Products & Services, Engineering & Customer Satisfaction, and Operations & Supply Chain. Finally, the sales subsidiaries will be split into two new geographical areas, for greater transversality.

In addition to the new organisation, the Executive Committee – under the supervision of Jean Guillaume Despature, Chairman of the Management Board – will work on defining and implementing a new, three-year strategic plan, based on the achievements brought by the Believe & Act plan.

The roll-out of this new organisation has not been delayed by the health crisis.

CHANGES TO THE CONSOLIDATION SCOPE

—

There were no material changes to the consolidation scope during the 2020 financial year.

CONTINGENT LIABILITIES

—

The Court of Appeal of Chambéry issued its ruling on 21 May 2019 on the dispute between **Spirel** employees and **Somfy SA**. The claims of the employees in respect of the alleged deliberate bankruptcy of Spirel and the non-material damage caused as a result of anxiety, disappointment and vexation were judged inadmissible, thereby confirming the April 2017 ruling of the High Court of Albertville. The employees lodged an appeal before the *Cour de Cassation* (highest appeal court) in August 2019.

It should be noted that their claims for damages totalled €8.2 million. The liquidator of the company Spirel also sought to have Somfy SA ordered to refund advances of €2.9 million paid by the AGS (Guarantee Fund for the Payment of Salary Claims) in the event the disposal was declared null and void.

Proceedings before the Labour Court – dismissed in 2016 and 2018 and involving the employees contesting the grounds for their dismissal and claiming damages of a substantially similar amount to that sought before the Court of Appeal – are still ongoing.

These factors do not alter the Group's risk evaluation. Consequently, it continues to qualify these risks as contingent liabilities and no provision was thus recognised in relation to these disputes at 31 December 2020.

On 5 January 2015, **Somfy SA** transferred its 46.1% direct and indirect equity investment in the share capital of CIAT Group to **United Technologies Corporation**. On 31 March 2016, United Technologies Corporation filed a complaint against the sellers of the CIAT shares under the liability guarantee for a total of €28.6 million (Somfy's share being €13.2 million). The Group considers these requests to be unfounded, and insufficiently detailed and justified. In mid-November 2017, UTC brought an action against the sellers before the Paris Commercial Court for the liability guarantee. Proceedings before the Commercial Court and the Court of Appeal are ongoing.

As the proceedings and the documentation provided by UTC currently stand, the Group continues to contest the entirety of UTC's claims and remains confident regarding the outcome of this dispute. It has qualified the risk as a contingent liability and no provision was therefore recognised at 31 December 2020.

At 31 December 2020, Somfy SA's financial statements include a receivable for deferred settlement in relation to the sale of the CIAT shares for the sum of €9.7 million. In early July 2017, Somfy SA and the other sellers brought an action against UTC before the Paris Commercial Court seeking the fulfilment of the acquisition contract and the settlement of the deferred payments falling due. In this regard, at a hearing in February 2021, the judge hearing applications for interim measures sentenced UTC to pay a provision of €6.6 million. These proceedings are however still ongoing. Somfy SA remains confident regarding the settlement of these sums and therefore no writedown in relation to these receivables was recognised at 31 December 2020.

POST-BALANCE SHEET EVENTS

ACQUISITION OF REPAR'STORES

—

On 14 December 2020, Somfy completed the acquisition of a 60% majority stake in the share capital of Repar'stores, a specialist in roller blind repair and upgrade services in France. This shareholding became effective at the start of January 2021 following the lifting of the usual conditions precedent. Henceforth, Repar'stores will be fully consolidated in Somfy's financial statements. The agreement is accompanied by additional options allowing for the acquisition of Repar'stores' remaining shares at the end of 2026.

The acquisition of Repar'stores is in line with Ambition 2030, the 10-year strategic plan Ambition 2030 – to consolidate its status as the preferred partner in opening and closing automation for both residential and commercial 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 blinds and in their sustainability.

Roller blind repairs and upgrades is a niche segment with high growth potential due to the size of the installed base (more than 65 million roller blinds 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, Repar'stores will be able to leverage Somfy's strong global presence and its network of European subsidiaries.

The closing date of Repar'stores' financial statements was 30 June and was changed to 31 December.
Repar'stores' main indicators for the financial year ended 31 December 2020 (6 months) are thus as follows:

€ thousands	31/12/20 Unaudited IFRS consolidated financial statements	30/06/20 Unaudited IFRS consolidated financial statements
Income statement		
Sales	18,847	28,691
Current operating result	3,008	3,683
Net profit	2,151	2,554

€ thousands	31/12/20 Unaudited IFRS consolidated financial statements	30/06/20 Unaudited IFRS consolidated financial statements
Balance sheet		
Non-current assets	3,095	3,396
Current assets	11,354	12,508
Non-current liabilities	580	825
Current liabilities	9,531	11,143
Shareholders' equity	4,338	3,936

Repar'stores employs nearly 100 staff and has approximately 200 franchisees.
Given an acquisition price of €34.7 million for 60% of the capital, the provisional goodwill is approximately €32.1 million, the allocation of which will take place during the 2021 financial year.

HEALTH CRISIS

—

Within the current health crisis environment, the global situation remains uncertain and may change rapidly according to factors that are hard to control. It is difficult to accurately assess and anticipate the repercussions on the economy in general and on the Group's business in particular in 2021.

CONSOLIDATED INCOME STATEMENT

€ thousands	**Notes**	**31/12/20**	**31/12/19**
Sales	(4.1.1)	1,257,128	1,200,241
Other operating income	(4.1.2)	24,630	20,122
Purchases consumed and production stocked		-442,999	-439,181
Employee expenses		-367,319	-359,219
External expenses		-149,017	-159,568
EBITDA		**322,424**	**262,394**
Amortisation and depreciation charges	(5.2) & (5.3)	-60,471	-57,642
Charges to/reversal of current provisions		-1,080	102
Gains and losses on disposal of non-current operating assets		-194	-24
CURRENT OPERATING RESULT		**260,678**	**204,830**
Other non-current operating income and expenses	(4.2)	-211	-2,515
Goodwill impairment	(4.2) & (5.1.1)	-711	-717
OPERATING RESULT		**259,756**	**201,598**
– *Financial income from investments*		*947*	*1,313*
– *Financial expenses related to borrowings*		*-3,228*	*-3,308*
Cost of net financial debt		-2,281	-1,995
Other financial income and expenses		-2,832	-3,071
NET FINANCIAL EXPENSE	**(7.1)**	**-5,114**	**-5,066**
PROFIT BEFORE TAX		**254,643**	**196,533**
Income tax	(11.1)	-52,511	-37,170
Share of net profit/(loss) from associates and joint ventures	(13.1)	10,858	3,846
CONSOLIDATED NET PROFIT		**212,990**	**163,209**
Attributable to Group share		213,008	163,227
Attributable to Non-controlling interests		-18	-18
Basic earnings per share (€)	**(6.2)**	**6.19**	**4.75**
Diluted earnings per share (€)	**(6.2)**	**6.18**	**4.74**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ thousands	31/12/20	31/12/19
Consolidated net profit	**212,990**	**163,209**
Movement in gains and losses on translation of foreign currency	-14,279	2,955
Movement in fair value of foreign currency hedges	452	-182
Movement in tax on items that may be reclassified to profit or loss	-116	32
Items that may be reclassified to profit or loss	**-13,943**	**2,805**
Revaluation of net liabilities of defined benefit plans	-107	-2,637
Movement in tax on items that will not be reclassified to profit or loss	25	19
Items that will not be reclassified to profit or loss	**-82**	**-2,618**
Items of other comprehensive income	**-14,025**	**187**
Total comprehensive income for the period	**198,965**	**163,396**
Attributable to Group share	198,983	163,414
Attributable to Non-controlling interests	-18	-18

CONSOLIDATED CASH FLOW STATEMENT

€ thousands	Notes	31/12/20	31/12/19
Consolidated net profit		**212,990**	**163,209**
Depreciation, amortisation and impairment loss of assets (excluding current assets)		58,856	57,739
Charges to/reversals of provisions for liabilities (excluding employee benefits)		1,213	-379
Unrealised gains and losses related to fair value movements		96	-14
Unrealised foreign exchange gains and losses		6,884	-1,238
Income and expenses related to stock options and employee benefits		5,563	4,854
Depreciation, amortisation, provisions and other non-cash items		**72,613**	**60,963**
Profit on disposal of assets and others		-868	33
Share of net profit/(loss) from associates and joint ventures		-10,858	-3,845
Deferred tax expense		617	-270
Cash flow		**274,493**	**220,091**
Cost of net financial debt (excluding non-cash items)		2,281	1,995
Tax expense (excluding deferred tax)		51,891	37,439
Change in working capital requirements	(8.3)	19,333	14,001
Tax paid		-31,147	-25,774
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		**316,850**	**247,752**
Acquisition-related disbursements:			
– intangible assets and property, plant and equipment	(8.2)	-50,885	-54,257
– non-current financial assets		-686	-514
Disposal-related proceeds:			
– intangible assets and property, plant and equipment	(8.2)	1,044	950
– non-current financial assets		343	–
Change in current financial assets		1,357	2,274
Acquisition of companies, net of cash acquired	(8.4)	-793	-870
Interest received		701	812
NET CASH FLOW FROM INVESTING ACTIVITIES (B)		**-48,919**	**-51,605**
Increase in loans		427	–
Repayment of borrowings and lease liabilities		-14,459	-14,868
Dividends and interim dividends paid		-42,976	-48,094
Movement in treasury shares		209	747
Interest paid		-3,234	-3,308
NET CASH FLOW FROM FINANCING AND CAPITAL ACTIVITIES (C)		**-60,033**	**-65,523**
Impact of changes in foreign exchange rates on cash and cash equivalents (D)		-5,569	2,152
NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D)		**202,329**	**132,776**
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	**(8.1)**	**386,190**	**253,413**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**(8.1)**	**588,519**	**386,190**

CONSOLIDATED BALANCE SHEET - ASSETS

€ thousands	Notes	31/12/20 Net	31/12/19 Net
Non-current assets			
Goodwill	(5.1.1)	94,390	95,553
Net intangible assets	(5.2)	45,814	39,219
Net property, plant and equipment	(5.3)	288,257	297,314
Investments in associates and joint ventures	(13.1)	145,471	136,549
Financial assets	(7.2.1)	3,653	4,216
Other receivables	(4.6.2)	7	36
Deferred tax assets	(11.3)	20,809	25,305
Employee benefits	(10.2.1)	1,437	683
Total Non-current assets		**599,839**	**598,875**
Current assets			
Inventories	(4.4)	179,993	169,596
Trade receivables	(4.5)	133,063	138,035
Other receivables	(4.6.1)	29,397	35,833
Current tax assets	(11.1)	9,522	27,724
Financial assets	(7.2.1)	406	477
Derivative instruments - assets	(7.2.4)	657	160
Cash and cash equivalents	(7.2.5)	588,925	387,547
Total Current assets		**941,963**	**759,371**
TOTAL ASSETS		**1,541,802**	**1,358,246**

CONSOLIDATED BALANCE SHEET - EQUITY AND LIABILITIES

€ thousands	Notes	31/12/20	31/12/19
Shareholders' equity			
Share capital		7,400	7,400
Share premium		1,866	1,866
Reserves		948,646	840,282
Net profit for the period		213,008	163,227
Group share		**1,170,919**	**1,012,775**
Non-controlling interests		49	74
Total Shareholders' equity		**1,170,968**	**1,012,849**
Non-current liabilities			
Non-current provisions	(9.1.1)	9,645	8,548
Other financial liabilities	(7.2.2)	40,531	45,030
Other liabilities	(4.7.2)	1,082	1,296
Employee benefits	(10.2.1)	32,573	30,507
Deferred tax liabilities	(11.3)	14,651	16,240
Total Non-current liabilities		**98,482**	**101,622**
Current liabilities			
Current provisions	(9.1.2)	11,199	11,253
Other financial liabilities	(7.2.2)	30,817	32,267
Trade payables		112,209	90,003
Other liabilities	(4.7.1)	107,748	102,462
Tax liabilities	(11.1)	9,825	7,281
Derivative instruments - liabilities	(7.2.4)	554	511
Total Current liabilities		**272,352**	**243,776**
TOTAL EQUITY AND LIABILITIES		**1,541,802**	**1,358,246**

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 2018	**7,400**	**1,866**	**885,128**	**894,394**	**64**	**894,329**
Net profit for the period	–	–	163,209	**163,209**	9	**163,200**
Items of other comprehensive income	–	–	187	**187**	-27	**214**
Total comprehensive income for the period	**–**	**–**	**163,396**	**163,396**	**-18**	**163,414**
Treasury share transactions	–	–	2,263	**2,263**	–	**2,263**
Dividends	–	–	-48,094	**-48,094**	–	**-48,094**
Other movements**	–	–	891	**891**	28	**863**
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**

* *Share capital comprises 37,000,000 shares with a par value of €0.20 each.*

** *Other movements include changes to the consolidation scope, 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.*

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".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Somfy SA is a public limited company governed by a Management Board and a Supervisory Board under French law, listed on the Eurolist of Euronext Paris (Compartment A, ISIN Code: FR0013199916). The company name did not change during the financial year. Founded in France in 1969, and today operating in 58 countries, Somfy is the global leader in opening and closing automation for both residential and commercial buildings. A pioneer in the connected home, the Group is constantly innovating to guarantee comfort, well-being and security in the home and is fully committed to promoting sustainable development. For 50 years, Somfy has been using automation to improve living environments and has been committed to creating reliable and sustainable solutions, which help promote better living and well-being for all. The company has its registered office at 50, avenue du Nouveau Monde 74300 Cluses in the Haute-Savoie region of France. Its main establishment is in Cluses.

Somfy SA is a 52.65%-subsidiary of the French company J.P.J.S.

The **Group**'s IFRS consolidated financial statements for the 12-month financial year ended 31 December 2020 were approved by the Management Board on 5 March 2021. At its meeting of 10 March 2021, the Supervisory Board, following verification and review, did not issue any observations and duly authorised their publication. Total assets were €1,541,802 thousand and consolidated net profit €212,990 thousand (Group share: €213,008 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 2020 have been prepared in accordance with the international financial reporting standards ("IFRS") applicable at that date, as approved by the European Union at the date of preparation of these financial statements.

NOTE 1.3 JUDGEMENTS AND ESTIMATES

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 1.4 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 2020

The Group has applied the following standards, amendments and interpretations as of 1 January 2020:

Standards	Content	Application date
Amendment to IFRS 3	Definition of a Business	Applicable from 1 January 2020
Amendments to IAS 1 and IAS 8	Definition of Material	Applicable from 1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7	IBOR Reform – Phase 1	Applicable from 1 January 2020
Amendment to IFRS 16	Covid-19-Related Rent Concessions	Applicable from 1 June 2020
Amendments to the Conceptual Framework in IFRS Standards	Amendments to References to the Conceptual Framework in IFRS Standards	Applicable from 1 January 2020

Other **new standards**, including amendments to IFRS 9, IAS 39 and IFRS 7 and to IFRS 16, had no material impact on the Group's results and financial position.

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 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, not yet approved by the EU
Amendments to IAS 37	Cost of Fulfilling a Contract	Applicable from 1 January 2022 according to the IASB, not yet approved by the EU
Amendments to IFRS 3	Reference to the Conceptual Framework	Applicable from 1 January 2022 according to the IASB, not yet approved by the EU
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	IBOR Reform – Phase 2	Applicable from 1 January 2021 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, not yet approved by the EU

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 2020 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 2020, 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 (acquisition 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, earnout 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 earnout payments are recognised directly in the income statement, unless the earnout payments are offset against an equity instrument.

Newly-acquired companies are consolidated from the date effective control is assumed.

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 has not performed any transaction within the scope of IFRS 5 in 2019 and 2020.

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.

Following the new organisation put in place on 1 January 2020, Somfy now includes entities 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.
Since 1 January 2020, the two geographic regions 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).

2019 data have been restated.

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	–	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**

AT 31 DECEMBER 2019

€ thousands	North & West	South & East	Intra-regional eliminations	Consolidated
Segment sales	483,298	991,801	-274,859	**1,200,241**
Intra-segment sales	-2,208	-272,651	274,859	**–**
Segment sales - Contribution to sales	481,091	719,150	–	**1,200,241**
Segment current operating result	51,990	152,841	–	**204,830**
Share of net profit/(loss) from associates	–	3,846	–	**3,846**
Cash flow	36,300	183,791	–	**220,091**
Net investments in intangible assets and PPE (including IFRS 16)	14,945	57,025	–	**71,969**
Goodwill	2,739	92,813	–	**95,553**
Net intangible assets and PPE	40,654	295,879	–	**336,533**
Investments in associates and joint ventures	–	136,549	–	**136,549**

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	31/12/20	31/12/19	Change N/N-1	Change N/N-1 on a like-for-like basis
Central Europe	261,044	231,716	12.7%	12.2%
of which Germany	*212,185*	*186,538*	*13.7%*	*13.7%*
Northern Europe	146,613	134,911	8.7%	9.5%
North America	107,127	102,972	4.0%	6.2%
Latin America	19,286	23,331	-17.3%	-2.1%
NORTH & WEST	**534,069**	**492,930**	**8.3%**	**9.5%**
France	347,444	341,548	1.7%	1.7%
Southern Europe	119,880	121,910	-1.7%	-1.8%
Africa & the Middle East	60,604	64,236	-5.7%	1.6%
Eastern Europe	127,187	107,099	18.8%	23.2%
Asia-Pacific	67,943	72,518	-6.3%	-4.3%
SOUTH & EAST	**723,059**	**707,312**	**2.2%**	**3.7%**
TOTAL SALES	**1,257,128**	**1,200,241**	**4.7%**	**6.1%**

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 2020 and 31 December 2019, in accordance with the simplification measures of IFRS 15.

Note 4.1.2 Other operating income

Other operating income totalled €24.6 million in 2020 compared with €20.1 million in 2019. 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	31/12/20	31/12/19
Charge to/reversal of non-current provisions	1,091	-466
Other non-recurring items	-1,198	-2,040
– *Non-current income*	*96*	*156*
– *Non-current expenses*	*-1,294*	*-2,197*
Net gain/(loss) on disposal of non-current assets	-104	-9
OTHER NON-CURRENT OPERATING INCOME AND EXPENSES	**-211**	**-2,515**
GOODWILL IMPAIRMENT	**-711**	**-717**

Both at 31 December 2020 and 2019, the revision of the iHome business plan led to the recognition of goodwill impairment of €0.7 million. Goodwill related to iHome is now fully written down.
Other non-current operating income and expenses were not material in 2020. It should be noted that in 2019 other non-current operating income and expenses included the cost of closing down small distribution entities (€1.5 million) and additional expenditure incurred in shutting down the project in China (€0.3 million).

NOTE 4.3 ALTERNATIVE PERFORMANCE MEASURES

Note 4.3.1 Change N/N-1 on a like-for-like basis

The N/N-1 change 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 N/N-1 change 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 31/12/20	Sales	Current operating result
N/N-1 CHANGE ON A LIKE-FOR-LIKE BASIS	**6.1%**	**31.3%**
Forex impact	-1.4%	-4.0%
Scope impact	–	–
Change in accounting method impact	–	–
N/N-1 CHANGE AT ACTUAL ACCOUNTING METHODS, EXCHANGE RATES AND CONSOLIDATION SCOPE	**4.7%**	**27.3%**

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	31/12/20	31/12/19
Current operating result	260,678	204,830
Sales	1,257,128	1,200,241
CURRENT OPERATING MARGIN	**20.7%**	**17.1%**

Note 4.3.3 ROCE

ROCE corresponds to the return on capital invested (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	31/12/20	31/12/19
Current operating result		260,678	204,830
Restated effective tax rate	*(11.1)*	*20.62%*	*18.91%*
Current operating result after tax impact		**206,923**	**166,091**
Shareholders' equity		1,170,968	1,012,849
Neutralisation of goodwill impairment	(5.1.2)	45,353	45,259
Restated shareholders' equity		1,216,321	1,058,108
Net financial debt	(7.2.3)	-517,719	-310,535
Capital invested (capital employed)		**698,602**	**747,574**
ROCE (RETURN ON CAPITAL EMPLOYED)		**29.6%**	**22.2%**

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, earnout 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	31/12/20	31/12/19
Gross values		
Raw materials and other supplies	54,065	54,166
Finished goods and merchandise	139,390	130,055
Total	**193,455**	**184,221**
Provisions	**-13,462**	**-14,626**
NET VALUES	**179,993**	**169,596**

€ thousands	Value 31/12/19	Net charges	Exchange rate movements	Changes in consolidation scope and method	Other movements	Value 31/12/20
Inventory provisions	-14,626	755	409	–	–	**-13,462**

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. This table has not been affected by the health crisis. While some customers were subject to specific monitoring, no major defaults or significant delays in customer payments were identified in the year.
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	31/12/20	31/12/19
Gross value	144,005	150,633
Provision	-10,941	-12,598
NET VALUE	**133,063**	**138,035**

€ thousands	Value 31/12/19	Charges	Used reversals	Unused reversals	Exchange rate movements	Changes in consolidation scope and method	Other move-ments	Value 31/12/20
Provision for bad debts	-12,598	-1,200	1,340	936	580	–	–	**-10,941**

At 31 December 2020, 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	121,060	11,147	1,155	775	9,870	**144,005**
Provision	-31	-358	-707	-578	-9,268	**-10,941**

NOTE 4.6 OTHER CURRENT AND NON-CURRENT RECEIVABLES

Note 4.6.1 Other current receivables

€ thousands	31/12/20	31/12/19
Gross values		
Receivables from employees	569	579
Other taxes (including VAT)	10,434	10,182
Prepaid expenses	7,077	6,979
Other receivables	11,317	18,092
TOTAL	**29,397**	**35,833**

“Other receivables” notably include current receivables on the disposal of CIAT totalling €9.7 million at 31 December 2020, unchanged from 31 December 2019.

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	31/12/20	31/12/19
Social liabilities	91,650	82,948
Tax liabilities	12,425	15,085
Deferred income	315	346
Fixed assets suppliers	2,868	3,539
Other	491	544
TOTAL	**107,748**	**102,462**

Note 4.7.2 Other non-current liabilities

€ thousands	31/12/20	31/12/19
Other operating liabilities	–	162
Other non-operating liabilities	1,082	1,133
TOTAL	**1,082**	**1,296**

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 2019	96,225
Impact of changes in consolidation scope and method	–
Impact of changes in foreign exchange rates	45
Charge for impairment	-717
AT 31 DECEMBER 2019	**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**

At both 31 December 2020 and 2019, 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 2020, 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.

Indicators of impairment (temporary shutdowns of factories and a reduction in activity) emerged following the health crisis and led the Group to refine the impairment test assumptions of its major CGUs.

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, in order to take into account the consequences of the current crisis and recovery assumptions. The Management Board and the Audit Committee have also ruled on the findings of these tests.

The main assumptions used are as follows:

- 2020 demonstrated the resilience of Somfy's business model. Nevertheless, it is not representative in terms of margin level since certain non-structural savings will not be renewed in future years;
- over the 2021 financial year, sales should increase, with a significant base effect that is favourable over the first six months and is unfavourable over the second;
- within a weakened 2021 economic environment, the current operating margin rate should return to its pre-crisis level;
- discount and growth to infinity rates are identical to those used at 31 December 2019.

The current environment is highly uncertain, and the above assumptions represent the Group's current scenario. They are likely to change in line with the health and economic situation.

BREAKDOWN OF THE GOODWILL OF THE MAIN CGUS AND DETAILS OF THE MAIN ASSUMPTIONS USED FOR EACH CGU AT 31 DECEMBER 2020

€ thousands	Gross value	Impairment	Net value	Discount rate	Rate of growth to infinity
BFT	100,578	-20,397	**80,182**	10.0%	2.0%
Domis	1,091	–	**1,091**	10.0%	2.0%
Axis/Somfy Activités SA/Somfy Protect by Myfox	20,126	-9,700	**10,426**	10.0%	2.0%
Pujol	4,975	-4,975	**–**	–	–
Neocontrol	300	-300	**–**	–	–
Lian Da	8,659	-8,659	**–**	–	–
iHome	1,322	-1,322	**–**	18.0%	2.5%
Simu	2,367	–	**2,367**	10.0%	2.0%
Other	325	–	**325**	10.0%	2.0%
TOTAL FULLY-CONSOLIDATED COMPANIES	**139,743**	**-45,353**	**94,390**	**–**	**–**

O&O and Pujol Italia were merged into BFT with effect from 1 January 2020.

These impairment tests led to the recognition of additional goodwill impairment of €0.7 million in relation to iHome at 30 June 2020.

Following a review of the value of other goodwill, no other impairment charge was recognised during the 2020 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 2020 was €20.4 million (including O&O and Pujol Italia). A two-point increase in the discount rate combined with a one and a half-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 €1.5 million.

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).

€ thousands	Allocated intangible assets	Develop-ment costs	Patents and brands	Software	Other intangible assets	In progress and advance payments	Total
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 2020	-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.*

€ thousands	Allocated intangible assets	Develop-ment costs	Patents and brands	Software	Other intangible assets	In progress and advance payments	Total
Gross value at 1 January 2019	9,789	48,957	4,244	53,588	2,061	5,799	**124,437**
Acquisitions	–	–	75	1,201	8	10,329	**11,613**
Disposals	–	-15,492	-176	-708	–	–	**-16,376**
Impact of changes in foreign exchange rates	1	-1	5	32	2	1	**38**
Impact of changes in consolidation scope and method	–	–	–	–	–	–	**–**
Other movements	1	3,582	1	1,935	323	-5,771	**71**
AT 31 DECEMBER 2019	**9,791**	**37,045**	**4,149**	**56,048**	**2,393**	**10,358**	**119,784**
Accumulated amortisation at 1 January 2019	-7,027	-33,763	-3,304	-41,617	-1,662	–	**-87,373**
Amortisation charge for the period	-1,004	-3,975	-441	-4,026	-44	–	**-9,490**
Disposals	–	15,507	168	662	–	–	**16,337**
Impact of changes in foreign exchange rates	1	1	-4	-23	–	–	**-26**
Impact of changes in consolidation scope and method	–	–	–	–	–	–	**–**
Other movements	–	41	–	-55	–	–	**-14**
AT 31 DECEMBER 2019	**-8,030**	**-22,188**	**-3,581**	**-45,059**	**-1,707**	**–**	**-80,566**
NET VALUE AT 31 DECEMBER 2019	**1,761**	**14,857**	**568**	**10,989**	**686**	**10,358***	**39,219**

* *Including €5.9 million in development expenses in progress.*

Development expenses fulfilling the criteria of IAS 38 are capitalised and deemed as internally-generated intangible assets. At 31 December 2020, the gross value of these assets was €43.2 million, of which €7.2 million was in progress and the net value was €20.4 million.

In addition to capitalised expenses, the amount of research and development expenses recognised during the year was €103.3 million.
There are no contractual commitments to purchase intangible assets.
Net intangible assets recognised in the context of business combinations at 31 December 2020 comprised €0.1 million in customer relationships and €0.7 million in capitalised research and development expenses (€0.2 million and €1.5 million respectively at 31 December 2019).
Amid the health crisis, no indicators of impairment were identified that would have resulted in impairment losses being recognised against certain intangible assets.

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 the end of each year.

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. Leases classified as **operating leases** were not restated and lease payments were recognised as expenses for the financial year.

€ thousands	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
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 option for a land and building lease.*

At 31 December 2020, uncapitalised lease expenses relating to services and short-term or low-value leases are 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.

Covid-19-related rent concessions were not material. They are recognised in the income statement as a negative variable rent in accordance with the amendment to IFRS 16.

Since 2019, the Group has applied IFRIC provisions over the enforceable duration of the leases.

Amid the health crisis, no indicators of impairment were identified that would have resulted in impairment losses being recognised against certain items of property, plant and equipment.

€ thousands	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
Gross value at 1 January 2019	22,710	161,468	–	278,180	–	67,182	–	22,187	**551,726**
Impact of the application of IFRS 16 from 1 January 2019	–	–	34,523	–	420	–	7,162	–	**42,105**
New right-of-use assets	–	–	13,955	–	816	–	4,367	–	**19,138**
Acquisitions	250	1,232	–	7,274	–	4,532	–	27,759	**41,047**
Disposals	-47	-2,158	-666	-12,502	-65	-6,305	-677	–	**-22,420**
Impact of changes in foreign exchange rates	76	317	388	430	1	518	42	48	**1,820**
Impact of changes in consolidation scope and method	–	–	–	–	–	–	–	–	**–**
Other movements	-6,366	-9,956	23,305	20,265	6	3,209	104	-30,638	**-71**
AT 31 DECEMBER 2019	**16,623**	**150,903**	**71,505**	**293,647**	**1,178**	**69,136**	**10,998**	**19,355**	**633,344**
Accumulated depreciation at 1 January 2019	-965	-83,380	–	-176,376	–	-47,106	–	–	**-307,828**
Depreciation charge for the period	-254	-5,505	-9,419	-21,640	-322	-6,870	-4,518	–	**-48,528**
Disposals	1	1,763	367	12,100	38	6,202	526	–	**20,997**
Impact of changes in foreign exchange rates	-9	-121	-13	-206	–	-329	-6	–	**-685**
Impact of changes in consolidation scope and method	–	–	–	–	–	–	–	–	**–**
Other movements	–	8,167	-8,151	59	-6	-16	-39	–	**14**
AT 31 DECEMBER 2019	**-1,227**	**-79,077**	**-17,216**	**-186,063**	**-290**	**-48,120**	**-4,037**	**–**	**-336,030**
NET VALUE AT 31 DECEMBER 2019	**15,396**	**71,826**	**54,289**	**107,584**	**888**	**21,016**	**6,961**	**19,355**	**297,314**

In 2019, the impact of IFRS 16 adoption with effect from 1 January 2019 on property, plant and equipment is €42.1 million.
Other movements in leased assets also include the reclassification at 1 January 2019 of finance leases restated under IAS 17, consisting of land and buildings with a gross value of €23.3 million and €8.2 million in associated accumulated depreciation.
At 31 December 2019, uncapitalised lease expenses relating to services and short-term or low-value leases are broken down as follows: €1.6 million in respect of property lease expenses, €1.6 million in respect of vehicle lease expenses and €1.0 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 company shares, in accordance with applicable 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

	31/12/20	31/12/19
Total number of shares	37,000,000	37,000,000
Treasury shares	2,616,125	2,616,647
Par value	€0.20	€0.20
Proposed dividends	€1.85	€1.25*

** Dividend amount revised downwards at the General Meeting of 24 June 2020.*

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	31/12/20	31/12/19
Net profit - Group share (€ thousands)	213,008	163,227
Total number of shares (1)	37,000,000	37,000,000
Treasury shares* (2)	2,616,125	2,616,647
Number of shares used in calculation (1)-(2)	34,383,875	34,383,353
BASIC EARNINGS PER SHARE (€)	**6.19**	**4.75**

** Representing all treasury shares held by Somfy SA.*

Diluted earnings per share	31/12/20	31/12/19
Net profit - Group share (€ thousands)	213,008	163,227
Total number of shares (1)	37,000,000	37,000,000
Treasury shares** (2)	2,551,620	2,558,969
Number of shares used in calculation (1)-(2)	34,448,380	34,441,031
DILUTED EARNINGS PER SHARE (€)	**6.18**	**4.74**

*** 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	31/12/20	31/12/19
Cost of net financial debt	-2,281	-1,995
– *Financial income from investments*	*947*	*1,313*
– *Financial expenses related to borrowings*	*-3,228*	*-3,308*
• *Of which financial charges related to IFRS 16*	*-934*	*-1,064*
Effect of foreign currency translation	-6,242	-3,730
Other	3,409	660
NET FINANCIAL EXPENSE	**-5,114**	**-5,066**

Net financial expense was €5.1 million for the year to 31 December 2020, unchanged from 2019. This stability was mainly due to an increase in unrealised exchange rate losses on foreign currency receivables and payables (BRL, TRY and USD in particular), partly offset by a higher reversal of the provisions on Garen's financial assets (€2.3 million in 2020 compared with €1.0 million in 2019) and the cancellation of the €1.4 million earnout related to Somfy Protect by Myfox due to failure to meet eligibility criteria.

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 2020	1,959	285	2,447	3	**4,693**	477	**4,216**
Increase	547	–	139	–	**686**	–	**686**
Decrease	-577	-830	-526	–	**-1,934**	-1,357	**-577**
Net change in impairment	1	2,327	–	–	**2,328**	–	**2,328**
Impact of changes in foreign exchange rates	–	-1,974	-74	–	**-2,048**	-18	**-2,030**
Impact of changes in consolidation scope and method	–	–	–	–	**–**	–	**–**
Fair value recognised in items of other comprehensive income	–	–	–	–	**–**	–	**–**
Other movements	–	334	–	–	**334**	1,303	**-970**
AT 31 DECEMBER 2020	**1,929**	**142**	**1,986**	**3**	**4,060**	**406**	**3,653**
Non-current financial assets	1,929	84	1,640	–	**3,653**	–	**–**
Current financial assets	–	58	345	3	**406**	–	**–**

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 2020	924	51,998	23,018	**75,940**	1,357	**77,297**	32,267	**45,030**
Increase in loans	–	–	427	**427**	–	**427**	68	**359**
Repayment of borrowings and lease liabilities	-325	-14,134	–	**-14,459**	-3,431	**-17,890**	-18,830	**940**
Other movements related to business acquisitions	–	–	-769	**-769**	–	**-769**	-769	**–**
Total cash movements	**-325**	**-14,134**	**-342**	**-14,801**	**-3,431**	**-18,232**	**-19,531**	**1,299**
Impact of the revaluation of put options	–	–	-442	**-442**	–	**-442**	–	**-442**
Impact of changes in foreign exchange rates	–	-1,359	-31	**-1,390**	2,480	**1,090**	2,172	**-1,082**
New lease liabilities	–	15,271	–	**15,271**	–	**15,271**	–	**15,271**
Adjustments to lease liabilities with no cash impact	–	-983	–	**-983**	–	**-983**	–	**-983**
Impact of changes in consolidation scope and method	–	–	-3	**-3**	–	**-3**	1	**-4**
Other movements	–	-1	-2,649	**-2,651**	–	**-2,651**	15,908	**-18,559**
Total non-cash movements	**–**	**12,928**	**-3,125**	**9,803**	**2,480**	**12,283**	**18,081**	**-5,799**
AT 31 DECEMBER 2020	**599**	**50,792**	**19,551**	**70,942**	**405**	**71,348**	**30,817**	**40,531**
Non-current financial liabilities	274	38,143	2,114	**40,531**	–	**40,531**	–	**–**
Current financial liabilities	325	12,649	17,437	**30,411**	405	**30,817**	–	**–**

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 2020 and 2019 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 to earnouts, whose variations are recognised in the income statement.

Note 7.2.2.2 Analysis by maturity

€ thousands	31/12/20	31/12/19
1 year or less	30,817	32,267
Between 1 and 5 years	29,095	32,535
5 years or more	11,436	12,495
TOTAL	**71,348**	**77,297**

The maturity profile of non-discounted and discounted minimum payments on leases is as follows:

€ 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**

€ thousands	Undiscounted 2019 liability	Discounted 2019 liability
1 year or less	13,662	12,590
Between 1 and 5 years	29,082	26,963
5 years or more	13,215	12,446
TOTAL	**55,959**	**51,998**

Note 7.2.2.3 Analysis by rate

€ thousands	31/12/20	31/12/19
Variable rate	3,481	4,883
Fixed rate	40,537	41,091
Non-interest bearing	27,330	31,323
TOTAL	**71,348**	**77,297**

Non-interest-bearing financial liabilities mainly include put options granted to holders of non-controlling interests and earnouts.

Note 7.2.2.4 Analysis by currency

€ thousands	31/12/20	31/12/19
Euro	33,241	38,027
Other	38,107	39,270
TOTAL	**71,348**	**77,297**

Note 7.2.2.5 Secured liabilities

The Group had no liabilities secured by collateral at 31 December 2020.

Note 7.2.2.6 Covenants

At 31 December 2020, Somfy SA had a total of €174.0 million undrawn medium-term loan facilities (confirmed credit lines) with seven 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 2020.

Somfy SA also had undrawn overdraft facilities totalling €45.0 million at 31 December 2020.

Note 7.2.3 Analysis of net financial debt

The net financial debt is defined in note 4.3.4.

€ thousands	31/12/20	31/12/19
Financial liabilities included in net financial debt calculation	71,348	77,297
– *Of which liabilities related to lease agreements (IFRS 16)*	*50,792*	*51,998*
Financial assets included in net financial debt calculation	142	285
– *Marketable securities*	–	–
– *Loans*	*142*	*285*
– *Miscellaneous*	–	–
Cash and cash equivalents	588,925	387,547
NET FINANCIAL DEBT	**-517,719**	**-310,535**
Liabilities related to put options and earnouts	19,137	23,015
RESTATED NET FINANCIAL DEBT	**-536,856**	**-333,550**

(-) 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, forward 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.

€ thousands	Amount at 31 December 2020	Assets and liabilities at amortised cost (1) *(Fair value equal to net book value)*	Financial assets and liabilities (2) *(Fair value recognised in items of other comprehensive income)*	Financial assets and liabilities (3) *(Fair value recognised in income statement)*	Fair value hierarchy (2 & 3)
Assets					
Non-current financial assets	**3,653**	1,724	1,929	–	Level 3
Current financial assets	**406**	406	–	–	
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
Current derivative instruments	**554**	–	276	278	Level 2

€ thousands	Amount at 31 December 2019	Assets and liabilities at amortised cost (1) *(Fair value equal to net book value)*	Financial assets and liabilities (2) *(Fair value recognised in items of other comprehensive income)*	Financial assets and liabilities (3) *(Fair value recognised in income statement)*	Fair value hierarchy (2 & 3)
Assets					
Non-current financial assets	**4,216**	2,258	1,959	–	Level 3
Current financial assets	**477**	477	–	–	
Current derivative instruments	**160**	–	160	–	Level 2
Cash and cash equivalents	**387,547**	387,474	–	73	Level 2
Liabilities					
Non-current financial liabilities	**45,030**	40,009	2,227	2,794	Level 3
Current financial liabilities	**32,267**	14,273	–	17,994	Level 3
Non-current derivative instruments	**511**	–	328	183	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 instruments, as well as earnouts 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	31/12/20	31/12/19
Cash	439,460	253,874
Cash equivalents	149,464	133,673
CASH AND CASH EQUIVALENTS	**588,925**	**387,547**

Cash equivalents are mainly interest-bearing current accounts and term deposits with maturities of less than three months.

NOTE 7.3 FINANCIAL RISK MANAGEMENT POLICY

Foreign exchange risk

Somfy'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 2020, unchanged from 31 December 2019.
Foreign currency denominated assets represent 11.5% of total assets at 31 December 2020, compared with 12.8% at 31 December 2019. 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 vigilant in its assessment of the risk related to foreign exchange within a market environment that is challenging. Currency hedging continues to be adapted 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 adapted in line with forecasts.
The impact of the effective portion of hedges at 31 December 2020 was nil on items of other comprehensive income and was not material on profit and loss (transfer) at a negative €0.1 million. Since indirect exposure to exchange rate fluctuations is low, implementation of amendments to IFRS 9, IAS 39 and IFRS 7 (IBOR reform) will have no material impact on the hedging instruments used.
The ineffective portion of hedges was nil at 31 December 2020 and 2019.

Foreign exchange hedges by currency

31/12/20 € thousands	Contract nominal value		Net total	Fair value
	Sales	Purchases		
AUD	7,367	–	**7,367**	-186
CAD	3,262	–	**3,262**	7
CHF	4,073	-1,203	**2,870**	43
CNY	–	-17,451	**-17,451**	262
CZK	–	-4,001	**-4,001**	29
GBP	10,122	-4,173	**5,949**	-28
HKD	809	-347	**462**	27
HUF	409	–	**409**	-1
ILS	3,929	–	**3,929**	-29
JPY	2,925	–	**2,925**	25
MXN	1,028	–	**1,028**	-35
NOK	2,407	–	**2,407**	-118
PLN	2,522	–	**2,522**	-5
RON	565	–	**565**	-7
RUB	1,181	–	**1,181**	-21
SEK	2,173	–	**2,173**	-98
SGD	1,535	-247	**1,289**	-2
THB	381	–	**381**	-3
TRY	2,271	–	**2,271**	-70
USD	–	-8,475	**-8,475**	-342
	46,961	**-35,897**	**11,064**	**-554**

31/12/19 € thousands	Contract nominal value		Net total	Fair value
	Sales	Purchases		
AUD	3,032	–	**3,032**	2
CAD	2,877	–	**2,877**	-1
CHF	6,541	–	**6,541**	-105
CNY	–	-15,472	**-15,472**	236
CZK	–	-4,762	**-4,762**	95
GBP	8,486	–	**8,486**	-576
HKD	1,623	-915	**709**	-9
HUF	197	–	**197**	–
ILS	4,763	-940	**3,823**	-90
JPY	4,084	-246	**3,838**	66
MXN	1,051	-113	**938**	-49
NOK	831	-233	**598**	22
PLN	3,641	-2,608	**1,034**	-17
RON	165	–	**165**	–
RUB	1,021	–	**1,021**	-39
SEK	2,680	-57	**2,623**	-56
SGD	1,999	–	**1,999**	-29
THB	560	–	**560**	-21
TRY	1,436	-165	**1,272**	-55
USD	2,225	-12,996	**-10,771**	113
ZAR	–	-24	**-24**	–
	47,213	**-38,531**	**8,682**	**-511**

Foreign exchange hedges by type

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**

31/12/19 € thousands	Contract nominal value		Net total	Fair value
	Sales	Purchases		
Fair Value Hedges	19,200	-14,532	**4,668**	-511
Cash Flow Hedges	28,012	-23,999	**4,014**	
Net Investment Hedges	–	–	**–**	–
Trading	–	–	**–**	–
	47,213	**-38,531**	**8,682**	**-511**

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 variable 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 2020 financial year, as was also the case in 2019.

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.

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 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 low but must be closely monitored given the uncertain economic environment stemming from the health 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 fluctuations in the price of raw material 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 hedging**) on components that cannot be physically hedged.

The Group is vigilant in its assessment of the risk related to the supply of raw materials and electronic components within a market environment that is challenging. 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 adapted in line with forecasts.

The positive impact of efficient hedges on items of other comprehensive income was €0.4 million net of deferred tax at 31 December 2020. The ineffective portion of hedges was nil at 31 December 2020 and 2019.

31/12/20	Tonnes	Hedging of off-balance sheet items *€ thousands*	Fair value *€ thousands*	Types
Copper	170	830	250	Swap
Zinc	1,300	2,520	407	Swap
	1,470	**3,350**	**657**	

31/12/19	Tonnes	Hedging of off-balance sheet items *€ thousands*	Fair value *€ thousands*	Types
Copper	700	3,584	230	Swap
Zinc	1,760	3,571	-69	Swap
	2,460	**7,155**	**160**	

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	31/12/20	31/12/19
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	**386,190**	**253,413**
Cash and cash equivalents at the start of the period	387,547	259,345
Bank overdrafts	-1,357	-5,932
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**588,519**	**386,190**
Cash and cash equivalents at the end of the period	588,925	387,547
Bank overdrafts	-405	-1,357

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 decreased by €0.6 million in the year ended 31 December 2020 compared with a decrease of €1.6 million in 2019.
During 2020, the Group acquired intangible assets and property, plant and equipment totalling €50.3 million, compared with €52.7 million in 2019.

Net of cash receipts related to disposals of intangible assets and property, plant and equipment, investments totalled €49.8 million in 2020 compared with €53.3 million in 2019.
New right-of-use assets and associated new lease liabilities are not considered cash flows.

NOTE 8.3 CHANGE IN WORKING CAPITAL REQUIREMENTS

€ thousands	31/12/20	31/12/19
Net decrease/(increase) in inventory	-15,120	6,836
Net decrease/(increase) in trade receivables	-261	2,518
Net (decrease)/increase in trade payables	25,282	-1,419
Net movement in other receivables and payables	9,432	6,066
CHANGE IN WORKING CAPITAL REQUIREMENTS	**19,333**	**14,001**

NOTE 8.4 BUSINESS ACQUISITIONS AND DISPOSALS, NET OF CASH ACQUIRED OR DISPOSED OF

As in 2019, net cash flow from acquisitions in 2020 mainly consisted of the part-payment of one of the Somfy Protect by Myfox earnouts and the acquisition of non-controlling interests in BFT Group Italiberica de Automatismos SL.

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 2020
At 1 January 2020	5,111	968	465	2,003	**8,548**
Charges	193	2,124	31	154	**2,502**
Used reversals	-361	-154	-53	-138	**-706**
Unused reversals	–	-208	–	-375	**-583**
Impact of foreign exchange rates	-118	–	–	2	**-116**
Impact of changes in consolidation scope and method	–	–	–	–	**–**
Other movements	–	–	–	–	**–**
AT 31 DECEMBER 2020	**4,825**	**2,730**	**443**	**1,647**	**9,645**

Note 9.1.2 Current provisions

€ thousands	Provisions for guarantees	Provisions for litigation	Provisions for liabilities and charges	Total 2020
At 1 January 2020	4,889	1,821	4,543	**11,253**
Charges	508	1,487	1,384	**3,378**
Used reversals	-701	-113	-1,622	**-2,436**
Unused reversals	–	-184	-403	**-587**
Impact of foreign exchange rates	-96	-4	-308	**-408**
Impact of changes in consolidation scope and method	–	–	–	**–**
Other movements	–	-197	197	**–**
AT 31 DECEMBER 2020	**4,600**	**2,810**	**3,790**	**11,199**

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, arbitration or regulatory proceedings arising in the normal course of its business. Known or ongoing claims and litigation involving Somfy or any of the Group companies were reviewed at the end of the reporting period. Based on the advice of legal counsel, all provisions deemed necessary have been made to cover the related 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 2020, including temporary and part-time employees recorded on a full-time equivalent basis, was as follows:

	31/12/20	31/12/19
Average workforce	6,460	6,223
Workforce at period end	6,498	6,067

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 plan's formula 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 net financial expense.

Seniority 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 2020, actuarial losses recognised in reserves amounted to €8.9 million (*i.e.* a negative €11.9 million in "Employee benefits" and a positive €3.0 million in deferred tax).

Movements between 2019 and 2020 can be analysed as follows:

RETIREMENT BENEFITS

€ thousands	2020 France	2020 Other countries	2020 Total	2019 France	2019 Other countries	2019 Total
GROSS COMMITMENTS						
Opening balance	**21,690**	**21,968**	**43,658**	**18,704**	**20,750**	**39,454**
Net expense for the period:	1,835	968	**2,803**	583	1,083	**1,666**
– *current service cost and financial cost*	*1,835*	*968*	***2,803***	*583*	*1,083*	***1,666***
– *return on plan assets*	–	–	–	–	–	–
– *employee contributions*	–	–	–	–	–	–
Contributions paid	–	–	–	–	–	–
Benefits paid	-32	-354	**-386**	-293	-227	**-520**
Actuarial gains & losses/Past service cost	87	–	**87**	2,696	17	**2,713**
Changes in foreign exchange rates	–	-1,543	**-1,543**	–	345	**345**
Changes in consolidation scope	–	–	–	–	–	–
Closing balance	**23,580**	**21,039**	**44,619**	**21,690**	**21,968**	**43,658**
PLAN ASSETS						
Opening balance	**-560**	**-18,070**	**-18,630**	**-825**	**-15,696**	**-16,521**
Net expense for the period:	-3	-425	**-428**	-12	-412	**-424**
– *current service cost and financial cost*	–	–	–	–	–	–
– *return on plan assets*	*-3*	*-425*	***-428***	*-12*	*-412*	***-424***
– *employee contributions*	–	–	–	–	–	–
Contributions paid	–	-876	**-876**	–	-1,598	**-1,598**
Benefits paid	32	25	**57**	282	–	**282**
Actuarial gains and losses	-3	1,568	**1,565**	-5	-73	**-78**
Changes in foreign exchange rates	–	–	–	–	-291	**-291**
Changes in consolidation scope	–	–	–	–	–	–
Closing balance	**-534**	**-17,778**	**-18,312**	**-560**	**-18,070**	**-18,630**
OPENING BALANCE OF PROVISION	**21,130**	**3,898**	**25,028**	**17,879**	**5,054**	**22,933**
CLOSING BALANCE OF PROVISION	**23,046**	**3,261**	**26,307**	**21,130**	**3,898**	**25,028**
TOTAL MOVEMENTS RECOGNISED DURING THE FINANCIAL YEAR	**-1,833**	**-541**	**-2,374**	**-563**	**-670**	**-1,233**

LONG SERVICE & JUBILEE AWARDS AND TFR – *TRATTAMENTO DI FINE RAPPORTO*

	2020			2019		
€ thousands	Actuarial liabilities Long service and jubilee awards	TFR liability	Total	Actuarial liabilities Long service and jubilee awards	TFR liability	Total
OPENING BALANCE	**2,812**	**1,984**	**4,796**	**2,419**	**2,087**	**4,506**
Cost	118	1,133	**1,251**	470	1,099	**1,569**
Benefits paid	-76	-1,132	**-1,208**	-84	-1,202	**-1,286**
Changes in consolidation scope & foreign exchange rates	-9	–	**-9**	7	–	**7**
CLOSING BALANCE	**2,845**	**1,985**	**4,830**	**2,812**	**1,984**	**4,796**

The main actuarial assumptions used are as follows:

At 31 December	2020	2019
Discount rate		
France	0.5%	0.5%
Germany	0.7%	0.5%
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	1.0-3.0%	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 -6.87%/+7.60%, respectively.

Note 10.2.2 Gross remuneration of Management Board and Supervisory Board members

€ thousands	31/12/20	31/12/19
Short-term benefits	2,167	1,959
Post-employment benefits	22	24

Post-employment benefits correspond to retirement benefits associated with the employment contracts of Management Board members.

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 employee 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, stock 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 2020, no more stock option plans existed.
At its meeting of 12 November 2018, the Management Board of Somfy SA decided to allocate Somfy SA performance shares to 7 beneficiaries employed by Somfy Protect by Myfox. 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 2021. The shares vested will be available from 1 July 2021 and will not be subject to a retention obligation.
During 2019, the Management Board of Somfy SA agreed on the following allocations of Somfy SA performance shares:
- at its meeting of 20 May 2019, allocation of Somfy performance shares to 173 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 2021. The shares vested will be available from 1 July 2021 and will not be subject to a retention obligation;
- at its meeting of 15 November 2019, allocation of Somfy performance shares to 1 beneficiary. 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 2021. The shares vested will be available from 17 November 2021 since they will be subject to a retention obligation;
- at its meeting of 15 November 2019, allocation of Somfy performance shares to 10 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 2021. The shares vested will be available from 17 November 2021 since they will be subject to a retention obligation.

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.

At 31 December 2020, the free share position was as follows:

Plan date		Plan n°	Number of beneficiaries	Number of shares granted	Price per share (€)	Allocation date	Vesting date	Revision of the shares number related to presence and performance conditions	Number of shares vested in 2020	Number of shares potentially granted at 31/12/20
12/11/18	Myfox plan	AGA 4	7	5,239	66.26	30/06/21	01/07/21	–	–	**5,239**
20/05/19	AGAP 2021 plan		45	32,370	75.62	30/06/21	01/07/21	-11,192	–	**21,178**
20/05/19	AGA 2021 plan		128	37,637	75.62	30/06/21	01/07/21	-13,012	–	**24,625**
15/11/19	AGAP 2021 plan n°2		1	1,080	81.51	30/06/21	17/11/21	-237	–	**843**
15/11/19	Security Business Group plan		10	6,015	81.51	30/06/21	17/11/21	-6,015	–	**–**
31/08/20	AGAP 2022 plan		52	17,340	100.83	15/09/22	16/09/22	-5,150	–	**12,190**
25/11/20	AGAP 2022 plan n°2		3	516	126.24	28/11/22	29/11/22	-86	–	**430**

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 2020: Somfy SA, Somfy Activités SA, Simu, CMC, SEM-T, Domis SA, BFT Sud-Est, 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	**31/12/20**	**31/12/19**
Profit before tax from continuing operations	**254,643**	**196,533**
Share of expenses on dividends	*1,525*	*1,391*
Goodwill impairment	*711*	*710*
Reclassification of CVAE to Income tax	*-4,783*	*-4,132*
Reclassification of CIR to Other operating income	*-5,966*	*-6,639*
Other	*2,355*	*-248*
Permanent differences	-6,159	-8,918
Net profit taxed at reduced rate	-37,096	-32,005
Net profit taxable at standard rate	211,388	155,610
Tax rate in France	*32.02%*	*34.43%*
Tax charge recalculated at the French standard rate	67,693	53,576
Tax at reduced rate	3,832	3,306
Difference in standard rate in foreign countries	*-25,143*	*-22,333*
Tax losses for the year, unrecognised in previous periods, deficits used	*-126*	*330*
Effect of the rate difference	-25,269	-22,003
Tax credits	-950	-1,919
Other taxes and miscellaneous	7,205	4,210
GROUP TAX	**52,511**	**37,170**
Effective rate	***20.62%***	***18.91%***

The results taxed at a **reduced rate** in France involve patent royalties, which were taxed at 10.33%.
In France, the ordinary taxation rate fell from 34.43% in 2019 to 32.02% in 2020, 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 (€13.0 million), other European countries (€4.6 million), Poland (€4.0 million), Middle Eastern countries (€0.9 million), the United States (€1.1 million) and Germany (€0.6 million).
Tax credits were primarily affected by the SOPEM tax credit (Poland): €0.7 million in 2020 compared with €1.6 million in 2019.
In 2020, the "**Other taxes and miscellaneous**" item notably included €4.8 million in respect of the CVAE corporate value-added contribution and €0.9 million in respect of the impact of the change in the taxation rate. In 2019, this item mainly consisted of €4.1 million in respect of the CVAE contribution.

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 €50.0 million at the end of 2020, based on the standard tax rate, compared with €54.9 million at the end of 2019.
No significant deferred tax assets were recognised in 2019 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	31/12/20	31/12/19
Deferred tax assets		
– actuarial gains and losses on employee benefits	3,012	2,985
– foreign currency hedges	143	132
– raw material hedges	–	–
Deferred tax liabilities		
– foreign currency hedges	–	–
– raw material hedges	169	42
NET DEFERRED TAX	**2,986**	**3,075**

NOTE 11.3 ANALYSIS BY TYPE

€ thousands	31/12/20	31/12/19	Of which income statement impact
Deferred tax on restatements related to IFRS standards and temporary differences, including:	-2,699	2,469	-3,216
– *restatements to employee benefits*	*6,194*	*5,887*	*289*
– *restatements resulting from provision methods*	*5,299*	*5,933*	*-499*
– *restatements due to tax and social liabilities*	*3,850*	*2,887*	*994*
– *restatements due to SOPEM tax credit*	*8,232*	*14,325*	*-5,275*
– *restatements on the fair value of hedge instruments*	*143*	*132*	*25*
– *restatements resulting from acquisition expenses*	*255*	*317*	*-63*
– *restatements related to the fair value of non-current assets*	*-349*	*-711*	*-362*
– *restatements related to leases (IFRS 16)*	*-6,537*	*-6,643*	*111*
– *restatements related to differences in amortisation and depreciation*	*-10,634*	*-9,168*	*-637*
– *restatements from the capitalisation of development costs*	*-4,686*	*-5,039*	*353*
– *other*	*-4,465*	*-5,452*	*1,849*
Deferred tax on intragroup margins	8,917	6,656	2,596
Miscellaneous	-60	-60	–
TOTAL	**6,158**	**9,065**	**-620**
DEFERRED TAX ASSETS	**20,809**	**25,305**	**–**
DEFERRED TAX LIABILITIES	**-14,651**	**-16,240**	**–**

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	31/12/20	31/12/19
Guarantees & deposits granted and liability guarantee on CIAT disposal, Dooya put option	105,356	94,667
Interest over the remaining terms of loans and lease liabilities	3,356	3,996
Copper forward purchase	3,350	7,155
Foreign currency forward sale and purchase	11,064	8,682
TOTAL	**123,125**	**114,500**

Given the change in the consolidation method used for Dooya, the put option granted to the co-owners constitutes an off-balance sheet commitment with effect from end 2018. 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	31/12/20	31/12/19
Guarantees & deposits received, liability guarantees (Myfox, iHome)	7,663	8,869
Unused credit lines	174,500	190,750
TOTAL	**182,163**	**199,619**

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

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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.

€ thousands	31/12/20	31/12/19
Investments in associates and joint ventures at the beginning of the year	136,549	132,781
Changes in consolidation scope and method	–	–
Share of profit/(loss) from associates	10,858	3,846
Dividends paid	–	–
Changes in foreign exchange rates	-1,834	384
Other	-102	-462
INVESTMENTS IN ASSOCIATES AND JOINT VENTURES AT THE END OF THE PERIOD	**145,471**	**136,549**

"Investments in associates and joint ventures" consists of investments in Dooya (€144.8 million) and Arve Finance (€0.7 million).

Dooya's major aggregates are as follows:

€ thousands	31/12/20	31/12/19
Income statement		
Sales	204,052	191,467
Current operating result	20,305	9,275
Net profit	15,517	5,502

Dooya's net profit was €15.5 million for the year to 31 December 2020. The share attributable to Somfy was €10.9 million, being a profit of €1.4 million for the first half and €9.5 million for the second half.

€ thousands	31/12/20	31/12/19
Balance sheet		
Non-current assets	34,884	44,485
Current assets	114,272	85,866
Non-current liabilities	3,708	4,616
Current liabilities	88,119	82,430
Shareholders' equity	57,329	43,305

€ thousands	31/12/20	31/12/19
Consolidated cash flow statement		
Net cash flow from operating activities	34,212	18,214
Net cash flow from investing activities	-2,309	-4,010
Net cash flow from financing and capital activities	-11,029	-4,566

At 31 December 2020, the Group reviewed the value of equity-accounted investments.
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.

Sales are expected to grow in 2021, with the current operating margin rate returning to pre-crisis levels.
For the purposes of the impairment test on the investment in Dooya, a discount rate of 12.5% (unchanged from 31 December 2019) and a growth rate to infinity of 2.3% (2.75% at 31 December 2019) were used.
No impairment charge was recorded during the 2020 financial year.
A three-point increase in the discount rate combined with a three-point decrease in the EBITDA to sales ratio in the normative flow used in the calculation of the terminal value could lead to a €6 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 the Management Board, the Supervisory Board 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 €3.0 million for the year to 31 December 2020 and €4.0 million for the year to 31 December 2019. Group trade payables with Dooya stood at €0.3 million at 31 December 2020 and €0.6 million at 31 December 2019.
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:

	Ernst & Young		KPMG		Total	
€ thousands	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Certification of financial statements						
Issuer	102	100	78	77	**180**	**177**
Subsidiaries	660	683	405	387	**1,065**	**1,070**
Sub-total	**761**	**782**	**484**	**464**	**1,245**	**1,246**
Other services*						
Issuer	14	46	57	10	**70**	**56**
Subsidiaries	131	191	22	55	**153**	**246**
Sub-total	**145**	**237**	**78**	**65**	**223**	**301**
TOTAL	**906**	**1,019**	**562**	**529**	**1,468**	**1,548**

* *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 31/12/20	% interest 31/12/20	% interest 31/12/19
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	Rydalmere (Australia)	100.00	100.00	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	Plantation (US)	100.00	100.00	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.	Tărlungeni (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	Cornella de Llobregat (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
SAP SRL (liquidated)	Pomezia (Italy)	–	–	100.00
Somfy Systems Inc	Dayton (US)	100.00	100.00	100.00

Company name	Head office	% control 31/12/20	% interest 31/12/20	% interest 31/12/19
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
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	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	Tlalnepantla (Mexico)	100.00	100.00	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	Dover (US)	100.00	100.00	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)	96.63	96.63	96.63
Overkiz Asia Co. Limited	Hong Kong	96.63	96.63	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
SEM-T	Cluses (France)	100.00	100.00	100.00

Company name	Head office	% control 31/12/20	% interest 31/12/20	% interest 31/12/19
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	99.02
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.	Boca Raton (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
O&O SRL (merged into BFT SpA)	Soliera (Italy)	–	–	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)	51.00	51.00	51.00
Pujol Italia SRL (merged into BFT SpA)	Schio (Italy)	–	–	100.00
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	Saint Laurent du Var (France)	100.00	100.00	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	Shanghai (China)	70.00	70.00	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.	Ningbo (China)	70.00	70.00	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

06
PARENT COMPANY FINANCIAL STATEMENTS

06
PARENT COMPANY FINANCIAL STATEMENTS

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

€ thousands	31/12/20	31/12/19
Net sales	3,862	3,705
Other revenue	-57	680
Other charges:	-12,810	-14,139
Personnel expenses	*-2,065*	*-1,981*
Taxes and duties	*-261*	*-229*
Net operating expenses	*-10,484*	*-11,928*
Amortisation, depreciation and provision charges/reversals	–	–
OPERATING RESULT	**-9,004**	**-9,754**
Net financial income	**107,677**	**122,143**
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	**98,673**	**112,388**
Extraordinary result	**-58**	**-313**
PROFIT BEFORE TAX	**98,615**	**112,076**
Income tax	2,345	2,913
NET PROFIT	**100,960**	**114,988**

BALANCE SHEET AT 31 DECEMBER 2020

BALANCE SHEET - ASSETS

€ thousands	31/12/20 Net	31/12/19 Net
Non-current assets		
Intangible assets	1	1
Property, plant and equipment	–	–
Financial assets	398,213	403,001
Total Non-current assets	**398,214**	**403,002**
Current assets		
Inventories and work-in progress	–	–
Trade receivables	1,050	1,052
Other receivables and accruals	53,007	74,111
Marketable securities and term deposits	139,576	163,022
Cash and cash equivalents	447,470	256,162
Total Current assets	**641,104**	**494,347**
TOTAL ASSETS	**1,039,318**	**897,349**

EQUITY AND LIABILITIES

€ thousands	31/12/20	31/12/19
Shareholders' equity		
Share capital	7,400	7,400
Merger and issue premium	1,866	1,866
Reserves	605,586	533,574
Net profit	100,960	114,988
Total Shareholders' equity	**715,812**	**657,828**
Provisions for liabilities and charges	**9,717**	**6,275**
Liabilities		
Borrowings and financial liabilities	5,883	793
Trade payables	1,710	1,686
Other payables and accruals	306,195	230,766
Total Liabilities	**313,788**	**233,245**
TOTAL EQUITY AND LIABILITIES	**1,039,318**	**897,349**

PROPOSED ALLOCATION OF 2020 PROFIT

Euros	
Source	
Retained earnings from prior years	3,273,611.25
Net profit for the year	100,960,384.65
	104,233,995.90

Euros	
Allocation	
Dividends	68,450,000.00
Optional reserves	35,783,995.90
	104,233,995.90

NOTES TO THE SOMFY SA FINANCIAL STATEMENTS

The financial statements have been prepared for the 12-month period from 1 January 2020 to 31 December 2020.

A – SIGNIFICANT EVENT OF THE FINANCIAL YEAR

COVID-19 HEALTH CRISIS

Somfy SA is the Group's parent company.
2020 was primarily characterised by the health crisis linked to the Covid-19 virus. How the crisis unfolded, the impacts for the Group and information on the risks are all detailed in the notes to the consolidated financial statements.
Somfy SA's activity has not been affected by this crisis.
At a financial level, the main impacts were a fall in the dividend allocated in relation to the 2019 financial year, as decided by the General Meeting. As a precaution, Somfy SA also decided to reduce certain dividends received from subsidiaries in order to maintain said subsidiaries' financial resources during an uncertain time. Somfy SA has not recorded any writedown of securities or any financial advances in connection with the pandemic over the period.
The financial structure of Somfy SA has therefore remained sound with an increase in the net financial surplus.
As the Group's parent company, Somfy SA is vigilant in its assessment of risks related to foreign exchange and the supply of raw materials and electronic components within a market environment that is challenging. Currency and raw material hedging continue to be adapted in line with forecasts and market trends. The assessment of liquidity and credit risks remains unchanged. Somfy SA has €174.0 million in confirmed and undrawn credit facilities and is not in breach of any covenants. It will be in a position to meet its maturities over the next 12 months.

B – CONTINGENT LIABILITIES

The company has contingent liabilities relating to legal, arbitration or regulatory proceedings arising in the normal course of its business. Known or ongoing claims and litigation involving Somfy were reviewed at the end of the reporting period. Based on the advice of legal counsel, all provisions deemed necessary have been made to cover the related risks.

SPIREL

The Court of Appeal of Chambéry issued its ruling on 21 May 2019 on the dispute between **Spirel** employees and **Somfy SA**. The claims of the employees in respect of the alleged deliberate bankruptcy of Spirel and the non-material damage caused as a result of anxiety, disappointment and vexation were judged inadmissible, thereby confirming the April 2017 ruling of the High Court of Albertville. The employees lodged an appeal before the *Cour de Cassation* (highest appeal court) in August 2019.
It should be noted that their claims for damages totalled €8.2 million. The liquidator of the company Spirel also sought to have Somfy SA ordered to refund advances of €2.9 million paid by the AGS (Guarantee Fund for the Payment of Salary Claims) in the event the disposal was declared null and void.
Proceedings before the Labour Court – dismissed in 2016 and 2018 and involving the employees contesting the grounds for their dismissal and claiming damages of a substantially similar amount to that sought before the Court of Appeal – are still ongoing.

These factors do not alter Somfy SA's risk evaluation. Consequently, it continues to qualify these risks as contingent liabilities and no provision was thus recognised in relation to these disputes at 31 December 2020.

CIAT

On 5 January 2015, **Somfy SA** transferred its 44.49% equity investment in the share capital of CIAT Group to **United Technologies Corporation**. On 31 March 2016, United Technologies Corporation filed a complaint against the sellers of the CIAT shares under the liability guarantee for a total of €28.6 million (Somfy's share being €12.7 million). Somfy SA considers these requests to be unfounded, and insufficiently detailed and justified. In mid-November 2017, UTC brought an action against the sellers before the Paris Commercial Court for the liability guarantee. Proceedings before the Commercial Court and the Court of Appeal are ongoing.
As the proceedings and the documentation provided by UTC currently stand, Somfy SA continues to contest the entirety of UTC's claims and remains confident regarding the outcome of this dispute. It has qualified the risk as a contingent liability and no provision was therefore recognised at 31 December 2020.
At 31 December 2020, Somfy SA's financial statements include a receivable for deferred settlement in relation to the sale of the CIAT shares for the sum of €9.7 million. In early July 2017, Somfy SA and the other sellers brought an action against UTC before the Paris Commercial Court seeking the fulfilment of the acquisition contract and the settlement of the deferred payments falling due. In this regard, at a hearing in February 2021, the judge hearing applications for interim measures sentenced UTC to pay a provision of €6.6 million. These proceedings are however still ongoing. Somfy SA remains confident regarding the settlement of these sums and therefore no writedown in relation to these receivables was recognised at 31 December 2020.

C – POST-BALANCE SHEET EVENTS

ACQUISITION OF REPAR'STORES

On 14 December 2020, Somfy SA finalised the acquisition of a majority shareholding of 60% in the share capital of Repar'stores, a specialist in repair and modernisation services for roller blinds in France. This shareholding became effective at the start of January 2021 following the lifting of the usual conditions precedent.

HEALTH CRISIS

Within the current health crisis environment, the global situation remains uncertain and may change rapidly according to factors that are hard to control. It is difficult to accurately assess and anticipate the repercussions on the economy in general and on Somfy SA's business, in particular in 2021.

D – ACCOUNTING RULES AND METHODS

The 2020 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

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 2020 and are impaired when this is lower than cost.

At 31 December 2020, marketable securities totalled €96.8 million, comprising:

- treasury shares of €98.3 million;
- a provision of €1.6 million for the writedown of treasury shares.

TREASURY SHARES

The company has implemented several successive share buyback programmes. The most recent buyback programme was launched in 2020; it was authorised by the Combined General Meeting of 24 June 2020, 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 Management Board.

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 2020.

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 2020.

Disposals are valued based on the first in, first out method.

SOMFY SA STOCK OPTION AND FREE SHARE ALLOCATION PLANS

At 31 December 2020, no more stock option plans existed.

At its meeting of 12 November 2018, the Management Board of Somfy SA decided to allocate Somfy SA performance shares to 7 beneficiaries who are employees of Somfy Protect by Myfox. 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 2021. The shares vested will be available from 1 July 2021 and will not be subject to a retention obligation.

During 2019, the Management Board of Somfy SA agreed on the following allocations of Somfy SA performance shares:

- at its meeting of 20 May 2019, allocation of Somfy performance shares to 173 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 2021. The shares vested will be available from 1 July 2021 and will not be subject to a retention obligation;
- at its meeting of 15 November 2019, allocation of Somfy performance shares to 1 beneficiary. 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 2021. The shares vested will be available from 17 November 2021 since they will be subject to a retention obligation;
- at its meeting of 15 November 2019, allocation of Somfy performance shares to 10 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 2021. The shares vested will be available from 17 November 2021 since they will be subject to a retention obligation.

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.

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 2020, "Asset" and "Liability" translation adjustments of €9,592 thousand and €7 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 2020, 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 2020, all financial instruments entered into by the company qualified as hedging instruments.

E – CONSOLIDATING ENTITY

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 2020

NOTE 1 OPERATING ITEMS

Somfy SA sales for the year to 31 December 2020 were €3.9 million, an increase compared with the previous year. The operating loss was €9.0 million, compared with a loss of €9.8 million in 2019.

NOTE 1.1 SALES BREAKDOWN

€ thousands	
France	2,242
European Union	1,197
Non-EU	423
TOTAL	**3,862**

NOTE 1.2 DIRECTORS' REMUNERATION

€ thousands	
Remuneration allotted	
– to members of the Management Board	1,168
– to members of the Supervisory Board	374
Pension commitments subscribed	N/A

NOTE 1.3 WORKFORCE AT 31 DECEMBER 2020

	Male	Female	Total
Managers & executives	8	3	**11**

In respect of 2020, the average headcount of managers & executives was 11, as was the case in 2019.

NOTE 2 FINANCIAL ITEMS

The net financial income of the Somfy SA holding company was €107.7 million, compared with €122.1 million in 2019, a decline of €14.4 million. Dividends received decreased by €19.2 million.

NOTE 3 EXTRAORDINARY ITEMS

Net extraordinary loss was €58 thousand compared with €313 thousand in 2019, and was primarily comprised of losses on financial receivables.

NOTE 4 INCOME TAX

An income tax gain of €2.3 million was recognised, including a €2.6 million tax consolidation profit.

NOTE 4.1 BREAKDOWN OF INCOME TAX AT 31 DECEMBER 2020

	Tax		
€ thousands	**Base**	**Rate**	**Amount**
1. Current result			
Net profit for the year	98,673	32.02%	-31,595
Tax adjustments:			
– long-term capital gains and losses	–	–	–
– income from equity investments	-104,292	32.02%	33,394
– other	-1,402	32.02%	449
Subtotal Current Result	**-7,021**	**32.02%**	**2,248**
2. Extraordinary result			
Net profit for the year	-58	32.02%	19
Tax adjustments:			
– long-term capital gains and losses	–	–	–
– deductions	–	–	–
– reinstatements	–	–	–
Subtotal Extraordinary Result	**-58**	**32.02%**	**19**
Subtotal Total theoretical tax	**-7,078**	**32.02%**	**2,267**
3. Other tax items			
Tax paid by group tax consolidation companies	–	–	19,079
Tax charge/income for the tax consolidation group (excluding total theoretical tax)	–	–	-18,734
Contribution on distributed earnings	–	–	-246
Tax charge/relief from previous periods	–	–	-21
Subtotal Other tax items	**–**	**–**	**78**
TOTAL INCOME TAX	**–**	**–**	**2,345**

	Before tax	Tax	After tax
Current result	98,673	2,248	100,921
Extraordinary result	-58	19	-39
Other tax items	–	78	78
ACCOUNTING RESULT	**98,615**	**2,345**	**100,960**

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 2020, 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
BFT Sud-Est		Saint Laurent du Var
Opendoors		Cluses
Overkiz		Épagny Metz-Tessy
Somfy Protect by Myfox		Labège

NOTE 5 NET PROFIT

Net profit totalled €101.0 million.

NOTE 6 NON-CURRENT ASSETS

NOTE 6.1 GROSS NON-CURRENT ASSETS

€ thousands	Gross value 31/12/19	Increase	Decrease	Merger movements	Other movements	Gross value 31/12/20
Intangible assets	**215**	–	–	–	–	**215**
Property, plant and equipment	**2**	–	–	–	–	**2**
Financial assets	**440,328**	**1,287**	**-10,549**	–	**-1,014**	**430,051**
Equity investments*	406,886	–	–	–	-1,014	405,871
Receivables from equity investments**	22,458	490	-7,382	–	–	15,566
Other financial assets	3,327	463	-457	–	–	3,333
Bonds***	7,658	334	-2,710	–	–	5,282

* *Other movements include a €1,400 thousand negative adjustment to the earnout on Somfy Protect by Myfox shares and the capitalisation of a €386 thousand receivable related to Somfy Colombia.*

** *Movements in receivables from equity investments is linked to the refunding or granting of financial advances made to certain subsidiaries.*

*** *Bond receivables fell by €2,710 thousand as a result of the revaluation and redemption of 2020 instalments by Garen.*
The increases also relate to Garen (capitalisation of 2020 interest).

It should be noted that the value of the shares in the company under joint control Dooya, indirectly held by Somfy SA, amounts to €110,972 thousand at 31 December 2020.

NOTE 6.2 AMORTISATION AND DEPRECIATION

€ thousands	Amount at 31/12/19	Charges	Reversals	Merger movements	Other movements	Amount at 31/12/20
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 31/12/19	Charges	Reversals used	Reversals unused	Merger movements	Other movements	Amount at 31/12/20
Equity investments*	29,638	715	–	-4,562	–	–	25,791
Receivables from equity investments	5,683	201	–	-806	–	–	5,078
Other financial assets**	2,005	–	-1,036	–	–	–	969
	37,327	**916**	**-1,036**	**-5,368**	**–**	**–**	**31,839**

* *Net reversals for the financial year primarily relate to shares in Lian Da.*
** *These reversals primarily relate to Garen.*

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	15,566	649	14,917
Other financial assets	3,333	–	3,333
Bonds	5,282	1,083	4,198
Current receivables			
Trade receivables	1,050	1,050	–
Miscellaneous receivables	43,378	43,378	–
Prepaid expenses and translation adjustment	9,629	9,629	–
	78,238	**55,790**	**22,448**

Other receivables mainly comprise €29,188 thousand of intragroup current accounts, primarily originating from the implementation of cash pooling at Group level, as well as receivables on the disposal of CIAT totalling €9,652 thousand.

NOTE 8 DEFERRED INCOME AND OTHER RECEIVABLES

€ thousands	
Dividends	–
Accrued interest on cash accounts	5
Trade receivables, invoices to be issued	385
Government, tax and duties	5,990
Other (incl. CIAT)	9,759

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

	Asset side impact	
€ thousands	Total	Provision for liability
Bonds	6,778	6,778
Receivables from equity investments	2,685	2,685
Miscellaneous receivables	129	129
Financial debts	–	–
	9,592	**9,592**

NOTE 10 SHAREHOLDERS' EQUITY

NOTE 10.1 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

€ thousands	Balance at 31/12/19 before allocation of net profit	Allocation of net profit 31/12/19	2020 movements	Balance at 31/12/20 before allocation of net profit	Proposed allocation of 2020 net profit	Balance at 31/12/20 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	523,200	72,444	–	595,644	35,784	631,428
Retained earnings	3,706	-3,706	3,274	3,274	-3,274	–
Net profit	114,988	-114,988	100,960	100,960	-100,960	–
Regulated provisions	–	–	–	–	–	–
	657,828	**-46,250**	**104,234**	**715,812**	**-68,450**	**647,362**

The €3.3 million change in 2020 "Retained earnings" corresponds to dividends not paid to treasury shares.

NOTE 10.2 COMPOSITION OF SHARE CAPITAL

Euros	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		31/12/19	Increase	Decrease	Transfer	31/12/20
Stock options and free shares	€ thousands	49,348	–	–	–	49,348
	number	*1,387,241*	–	–	–	*1,387,241*
Liquidity contract	€ thousands	648	2,966	-2,669	–	945
	number	*7,636*	*28,717*	*-29,239*	–	*7,114*
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**	**98,052**	**2,966**	**-2,669**	**–**	**98,349**
	number	***2,616,647***	***28,717***	***-29,239***	**–**	***2,616,125***

NOTE 10.4 FREE SHARE PLANS

Plan date		Plan n°	Number of benefi-ciaries	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 2020	Number of shares potentially vested at 31/12/20
12/11/18	Myfox plan	AGA 4	7	5,239	66.26	30/06/21	01/07/21	–	–	**5,239**
20/05/19	AGAP 2021 plan		45	32,370	75.62	30/06/21	01/07/21	-11,192	–	**21,178**
20/05/19	AGA 2021 plan		128	37,637	75.62	30/06/21	01/07/21	-13,012	–	**24,625**
15/11/19	AGAP 2021 plan n°2		1	1,080	81.51	30/06/21	17/11/21	-237	–	**843**
15/11/19	Security Business Group plan		10	6,015	81.51	30/06/21	17/11/21	-6,015	–	**–**
31/08/20	AGAP 2022 plan		52	17,340	100.83	15/09/22	16/09/22	-5,150	–	**12,190**
25/11/20	AGAP 2022 plan n°2		3	516	126.24	28/11/22	29/11/22	-86	–	**430**

NOTE 11 BALANCE SHEET PROVISIONS

€ thousands	Amount at 31/12/19	Charges	Reversals used	Reversals unused	Merger movements	Other movements	Amount at 31/12/20
Regulated provisions	–	–	–	–	–	–	–
Provisions for liabilities and charges (incl. exchange losses)	6,275	3,442	–	–	–	–	9,717
	6,275	**3,442**	**–**	**–**	**–**	**–**	**9,717**

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	5,883	328	5,555	–
Miscellaneous loans and borrowings	–	–	–	–
Operating liabilities				
Trade payables and related items	1,710	1,710	–	–
Tax and social security payable	278	278	–	–
Other liabilities	305,910	305,910	–	–
Deferred income and translation adjustment	7	7	–	–
	313,788	**308,233**	**5,555**	**–**

Other liabilities mainly comprise €304,375 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	353
Employees, statutory bodies, government, duties and taxes	278
Miscellaneous	–
Attendance fees	–

NOTE 14 OFF-BALANCE SHEET COMMITMENTS

NOTE 14.1 FINANCIAL COMMITMENTS

€ thousands	31/12/20	31/12/19
– Guarantees and deposits received	6,729	7,931
– Unused credit facilities	174,000	190,000
TOTAL COMMITMENTS RECEIVED	**180,729**	**197,931**

€ thousands	31/12/20	31/12/19
– 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

Somfy'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

31/12/20 € thousands	Contract nominal value		Net total	Fair value
	Sales	Purchases		
AUD	7,367	–	**7,367**	-186
CAD	3,262	–	**3,262**	7
CHF	4,073	-1,203	**2,870**	43
CNY	–	-17,451	**-17,451**	262
CZK	–	-4,001	**-4,001**	29
GBP	10,122	-4,173	**5,949**	-28
HKD	809	-347	**462**	27
HUF	409	–	**409**	-1
ILS	3,929	–	**3,929**	-29
JPY	2,925	–	**2,925**	25
MXN	1,028	–	**1,028**	-35
NOK	2,407	–	**2,407**	-118
PLN	2,522	–	**2,522**	-5
RON	565	–	**565**	-7
RUB	1,181	–	**1,181**	-21
SEK	2,173	–	**2,173**	-98
SGD	1,535	-247	**1,289**	-2
THB	381	–	**381**	-3
TRY	2,271	–	**2,271**	-70
USD	–	-8,475	**-8,475**	-342
	46,961	**-35,897**	**11,064**	**-554**

31/12/19 € thousands	Contract nominal value			
	Sales	**Purchases**	**Net total**	**Fair value**
AUD	3,032	–	**3,032**	2
CAD	2,877	–	**2,877**	-1
CHF	6,541	–	**6,541**	-105
CNY	–	-15,472	**-15,472**	236
CZK	–	-4,762	**-4,762**	95
GBP	8,486	–	**8,486**	-576
HKD	1,623	-915	**709**	-9
HUF	197	–	**197**	–
ILS	4,763	-940	**3,823**	-90
JPY	4,084	-246	**3,838**	66
MXN	1,051	-113	**938**	-49
NOK	831	-233	**598**	22
PLN	3,641	-2,608	**1,034**	-17
RON	165	–	**165**	–
RUB	1,021	–	**1,021**	-39
SEK	2,680	-57	**2,623**	-56
SGD	1,999	–	**1,999**	-29
THB	560	–	**560**	-21
TRY	1,436	-165	**1,272**	-55
USD	2,225	-12,996	**-10,771**	113
ZAR	–	-24	**-24**	–
	47,213	**-38,531**	**8,682**	**-511**

Foreign exchange hedges by type

31/12/20 € thousands	Contract nominal value			
	Sales	**Purchases**	**Net total**	**Fair value**
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**

31/12/19 € thousands	Contract nominal value			
	Sales	**Purchases**	**Net total**	**Fair value**
Fair Value Hedges	19,200	-14,532	**4,668**	-511
Cash Flow Hedges	28,012	-23,999	**4,014**	
Net Investment Hedges	–	–	**–**	–
Trading	–	–	**–**	–
	47,213	**-38,531**	**8,682**	**-511**

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 reinvoiced 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 2020, the effective portion of hedges was valued at €0.7 million and the ineffective portion was nil.

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**	

31/12/19	Tonnes	Hedging of items off-balance sheet *€ thousands*	Fair value *€ thousands*	Types
Copper	700	3,584	230	Swap
Zinc	1,760	3,571	-69	Swap
	2,460	**7,155**	**160**	

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
Subsidiaries (at least 34% of share capital held by the company)						
DSG Coordination Center SA	668	18	100.00%	275	–	–
Somfy Activités SA	35,000	146,634	100.00%	63,389	512,785	–
CMC	8	168	100.00%	453	–	–
Somfybat	6,830	13,425	100.00%	1,793	–	–
Somfy Ltd	146	957	100.00%	731	15,254	–
Somfy PTY. Limited	306	2,477	100.00%	1,863	16,575	341
N.V Somfy S.A	348	2,794	100.00%	3,413	41,595	–
Somfy Brasil LTDA	11,188	-11,533	99.99%	170	4,646	–
Somfy GmbH (Germany)	1,500	17,095	100.00%	13,348	195,597	–
Somfy Kereskedelmi Kft	787	132	100.00%	570	5,327	–
Somfy spol s.r.o.	177	234	100.00%	1,858	29,033	–
Somfy spolka z ograniczona odpowiedzialnoscia	132	45	100.00%	3,847	58,814	–
Somfy S.R.L.	307	198	100.00%	218	2,869	–
Chusik Hoesa Somfy	314	1,889	100.00%	180	7,506	–
Somfy Italia SRL	2,000	16,443	95.00%	6,856	24,941	–
Somfy España SA	10,010	79,891	100.00%	12,138	30,818	10,000
Somfy Systems Inc	8,786	12,357	100.00%	7,774	94,127	–
Somfy SA (Suisse)	30	1,161	100.00%	3,176	34,208	–

€ 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
Somfy Sweden Aktiebolag	71	1,479	100.00%	704	8,476	–
Somfy PTE Ltd	533	-28	100.00%	-317	2,641	–
Somfy Co Limited	10,423	1,930	100.00%	-1,136	1,765	170
Zhejiang Lian Da Science and Technology Co., Ltd.	6,960	-3,280	95.00%	5,275	42,780	–
Somfy Middle East Co. Ltd	62	5,278	100.00%	1,309	22,311	–
Somfy Mexico, S.A. DE C.V.	27	1,215	99.75%	236	3,654	–
Somfy Kabushiki Kaisha	205	1,845	100.00%	539	11,737	–
PROMOFI BV	91	446	100.00%	33,497	–	33,500
Simu	5,000	17,588	100.00%	9,594	99,594	–
Somfy ULC	904	1,383	100.00%	1,347	12,105	–
Arve Finance	3,010	-1,620	50.17%	-9	–	–
Somfy SIA	521	130	100.00%	337	4,927	–
Somfy South Africa PTY Limited	410	363	100.00%	321	1,926	–
Somfy Colombia SAS	28	49	100.00%	-119	645	–
Domis SA	1,115	1,652	100.00%	737	13,086	–
Somfy Limited Liability Company	1,104	-37	100.00%	692	8,062	–
Sisa Home Automation Ltd	249	5,180	100.00%	919	12,480	–
Somfy EV Otomasyon Sistemleri Ticaret Ltd Sti	801	1,832	99.86%	2,251	11,531	–
Asian Capital International Limited	113,776	4,735	100.00%	-264	–	–
Somfy Maroc	60	344	100.00%	374	5,285	–
Somfy Hellas SA	750	717	100.00%	558	9,555	–
Somfy India Pvt Ltd	1,706	-384	100.00%	-22	3,584	–
Somfy Bulgaria AD	102	370	99.90%	241	1,723	–
Somfy (Thailand) Co., Ltd	306	855	99.98%	27	3,240	–
Limited Liability Company Somfy	370	-109	100.00%	125	601	–
Somfy Services	99	-53	50.00%	-2	–	–
Somfy Egypt	140	-208	99.91%	16	–	–
SOPEM spolka z ograniczona odpowiedzialnoscia	90,219	-6,537	100.00%	22,152	154,522	–
GABR Participações LTDA	3,139	-5,024	99.99%	-25	–	–
Somfy Argentina S.R.L.	1,151	-1,233	99.77%	103	2,748	–
Somfy Norway AS	67	250	100.00%	524	8,783	–
Somfy Eastern Europe Area sp Zoo	36	262	100.00%	36	–	–
Somfy Asia-Pacific Co Ltd	76	512	100.00%	-42	–	–
Opendoors	500	-1,610	100.00%	46	23	–
Somfy Protect by Myfox	583	-118	100.00%	-2,917	16,690	–
Somfy Saudi Arabia	6,350	-1,074	75.00%	352	7,963	–

€ thousands	
Loans and advances granted to the companies above, not yet repaid	4,428
Total guarantees granted to the companies above	–
Dividends received from the above companies during the year	105,748

NOTE 18 EQUITY INVESTMENTS AT 31 DECEMBER 2020

€ 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	189	–
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	1,489	–
399	Somfy Mexico, S.A. DE C.V. shares	44	44	–
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	1,696	–
52,250	Zhejiang Lian Da Science and Technology Co., Ltd. shares	7,307	3,654	–
124,274	Somfy S.R.L. shares	311	311	–
100,000	Somfy ULC shares	333	333	–
1,510,000	Arve Finance shares	1,510	693	–
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	–

€ thousands		Gross value	Net value	Quoted value
16,776	Somfy EV Otomasyon Sistemleri Ticaret Ltd Sti shares	875	875	–
1,220,956,515	Asian Capital International Limited shares	107,369	107,369	–
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	–
379,449	Somfybat shares	10,280	10,280	–
		405,871	**380,080**	**–**

€ thousands	Gross Value	Net Value	Quoted Value
Portfolio investments	–	–	–
Marketable securities			
Treasury shares	98,349	96,799	362,595
Marketable securities	–	–	–
	98,349	**96,799**	**362,595**

07
LEGAL DOCUMENTS

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 2020.

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 2020 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 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 2020 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.

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
The net value of the equity investments in the jointly controlled entity Dooya, indirectly held by Somfy SA, stood at €111 million with total assets of €1,039.3 million at 31 December 2020. 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. 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.	Our work as part of the audit of the parent company financial statements specifically consisted of, with the support of our valuation specialists: – 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 pandemic in these forecasts; – performing sensitivity analyses on impairment tests; – comparing the carrying value of the equity investments in the jointly controlled entity Dooya with the net book value of said equity investments and, where applicable, verifying the impairment amount recorded.

CLASSIFICATION OF LITIGATIONS AS CONTINGENT LIABILITIES

Risk identified	Our response
The company has contingent liabilities relating to legal, arbitration or regulatory proceedings arising in the normal course of its business. Known or ongoing claims involving Somfy SA were reviewed at the end of the reporting period. Based on the advice of legal counsel, all provisions deemed necessary have been made to cover the related risks. 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.	Our work as part of the audit of the company's parent company financial statements specifically consisted of: – 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 appropriateness of the information presented in note B "Contingent liabilities" to the parent company financial statements.

SPECIFIC VERIFICATIONS

—

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 Management Board's 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 Supervisory Board's 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 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 REQUIREMENTS

—

FORMAT OF PRESENTATION OF THE PARENT COMPANY FINANCIAL STATEMENTS INTENDED TO BE INCLUDED IN THE ANNUAL FINANCIAL REPORT

In accordance with paragraph III of Article 222-3 of the AMF general regulations, the company's Management informed us on its decision to postpone the presentation of the parent company financial statements in compliance with the European single electronic format as defined in the European delegated regulation n°2019/815 of 17 December 2018 to financial years beginning on or after 1 January 2021. Therefore, this report does not include a conclusion on the compliance with this format of 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.

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 2020, KPMG SA was in its fifth year of uninterrupted engagement and ERNST & YOUNG et Autres in its eleventh 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 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 Management Board.

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 COMMITTEE

We submit a report to the Audit 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 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 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 Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Lyon, 27 April 2021
The Statutory Auditors

KPMG Audit
A Department of KPMG SA
Stéphane Devin
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. 225-58 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. 225-58 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. 225-86 of the Commercial Code.

AGREEMENTS ALREADY APPROVED BY THE GENERAL MEETING

—

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, 27 April 2021
The Statutory Auditors

KPMG Audit
A Department of KPMG SA
Stéphane Devin
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 2020.

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 2020 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 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 2020 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.

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.

MEASUREMENT OF THE JOINTLY CONTROLLED SHAREHOLDING IN THE DOOYA COMPANY

Risk identified	Our response
At 31 December 2020, the jointly controlled shareholding in the Dooya company was valued at €144.8 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 note 13.1 to the consolidated financial statements. This impairment test involves comparing the recoverable amount of the 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. 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.	Our work as part of the audit of the Group's consolidated financial statements specifically consisted of, with the support of our valuation specialists: – 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 pandemic in these forecasts; – performing sensitivity analyses on impairment tests; – comparing the recoverable amount of the shareholding in the Dooya company with the net book value.

CLASSIFICATION OF LITIGATIONS AS CONTINGENT LIABILITIES

Risk identified	Our response
The Group has contingent liabilities relating to legal, arbitration or regulatory proceedings arising in the normal course of its business. As specified in notes “2020 highlights”, 1.3 “Judgements and estimates” and 9.2 “Contingent liabilities” 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 and, in this regard, no provision has been made for them in the Group’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.	Our work as part of the audit of the Group’s consolidated financial statements specifically consisted of: – 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 “2020 highlights”, 1.3 “Judgements and estimates” and 9.2 “Contingent liabilities” 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 Management Board’s 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 REQUIREMENTS

—

FORMAT OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS INTENDED TO BE INCLUDED IN THE ANNUAL FINANCIAL REPORT

In accordance with paragraph III of Article 222-3 of the AMF general regulations, the company’s Management informed us on its decision to postpone the presentation of the consolidated financial statements in compliance with the European single electronic format as defined in the European delegated regulation n°2019/815 of 17 December 2018 to financial years beginning on or after 1 January 2021. Therefore, this report does not include a conclusion on the compliance with this format of 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.

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 2020, KPMG SA was in its fifth year of uninterrupted engagement and ERNST & YOUNG et Autres in its eleventh year.

Previously, ERNST & YOUNG Audit had been Statutory Auditor from 1993.

RESPONSIBILITIES 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 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 Management Board.

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 COMMITTEE

We submit a report to the Audit 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 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 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 Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Lyon, 27 April 2021
The Statutory Auditors

KPMG Audit
A Department of KPMG SA
Stéphane Devin
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 General Meeting,

In our capacity as Statutory Auditor of your company (hereinafter the "entity") appointed as Independent Third Party (ITP), and accredited by the French Accreditation Committee (*Comité Français d'Accréditation* or COFRAC) under number 3-1049[1], we hereby report to you on the consolidated non-financial statement for the year ended 31 December 2020 (hereinafter 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*).

RESPONSIBILITY OF THE ENTITY

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

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

INDEPENDENCE AND QUALITY CONTROL

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

RESPONSIBILITY OF THE STATUTORY AUDITOR APPOINTED AS ITP

Conversely, it is not our responsibility to issue an opinion on compliance by the entity with the other applicable statutory and regulatory provisions, notably in relation to combating corruption and tax evasion, nor regarding the conformity of the products and services with applicable regulations.

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

- the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with Article R. 225-105 I, 3° and II of the French Commercial Code, *i.e.*, the outcomes of the policies, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular anti-corruption and tax avoidance legislation, nor on the compliance of products and services with the applicable regulations.

NATURE AND SCOPE OF THE WORK

The work described below was performed in accordance with the provisions of Articles A. 225-1 *et seq.* of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes* or CNCC) applicable to such engagements and with ISAE 3000[2]:

- 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 set out in Article L. 22-10-36, paragraph 2;
- 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[3], 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[4];

(1) Accreditation Cofrac Inspection, number 3-1049, scope available at www.cofrac.fr
(2) ISAE 3000: international standard on assurance engagements other than audits or reviews of historical financial information.
(3) Environmental impact of products; Impact of the environment on Somfy activities; Local impact of the sites and image with local stakeholders; Business ethics and fair practices; Privacy and personal data; Responsible purchasing and Supply Chain transparency; Regulatory safety and compliance of products; Product innovation serving our customers and society.
(4) Somfy Activités SA, BFT SpA.

- we verified that the Statement covers the scope of consolidation, *i.e.* all the consolidated entities in accordance with Article L. 233-16 of the French Commercial Code, within the limitations set out in the Statement;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix, 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(1) and covers between 31% 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.

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

MEANS AND RESOURCES

—

Our work was carried out by a team of six people between July 2020 and April 2021 and took a total of approximately three weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted about ten interviews with the people responsible for preparing the Statement.

CONCLUSION

—

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

Paris-La Défense, 27 April 2021
KPMG SA

Fanny Houlliot Partner, Sustainability Services	Stéphane Devin Partner

(1) Somfy Activités SA, BFT SpA.

APPENDIX

Qualitative information (actions and results) considered most important	
People	Mechanism for monitoring professions developments
	Programmes to promote employee health and well-being
Planet	Carbon assessment results for scopes 1, 2 and 3
	Assessment of financial risks related to climate change and related insurance to protect against the financial consequences
Prosperity	Group Code of Ethics
	Supplier risk analysis tool
	Information System Security policy
	Introduction of a product compliance committee
	Overall assessment of customer satisfaction
	Somfy Foundation sponsorship activities

Key performance indicators and other quantitative results considered most important	
People	Breakdown of total workforce by age
	% of employees who were promoted or relocated
	% of employees who received training
	Somfyscope survey engagement rate
	% of women in total workforce
	% of women in management
	Frequency rate of work-related accidents resulting in an absence
	Work-related accident severity rate
Planet	Energy consumption of the industrial sites per m^2
	CO_2 emissions related to energy consumption of industrial sites
	Average annual power consumption per motor
	Proportion of products sold under the Somfy brand that bear the Act for Green label
	Volume of non-hazardous and hazardous waste
	Waste recycling rate
Prosperity	% of people who have completed the anti-corruption e-learning course
	% of purchases made locally
	% of people who completed GDPR training
	Net Promoter Score

STATUTORY AUDITORS' REPORT ON THE AUTHORISATION TO ALLOCATE SHARE PURCHASE OPTIONS
(GENERAL MEETING OF 2 JUNE 2021 – RESOLUTION N°12)

To the General Meeting of Somfy SA,

As Statutory Auditors to your company and in compliance with the assignment set forth in Articles L. 225-177 and R. 225-144 of the Commercial Code, we hereby report on the authorisation for the allocation of share purchase options for the benefit of employees, or certain employees or certain categories of staff, and/or corporate officers as defined by law, of your company or related companies or affiliated economic interest groups related to it as defined by Article L. 225-180 of the Commercial Code, a transaction which is submitted for your approval.

The total number of options thus granted may not entitle beneficiaries to a total number of shares representing more than 1.5% of the share capital of your company outstanding on the date of this Meeting, it being specified that this limit will count towards the total number of shares that may be granted free of charge by the Management Board or the Board of Directors, as applicable, under the authorisation granted to the Management Board by the 12th resolution to the General Meeting of 22 May 2019, sitting in extraordinary session, and under any other similar subsequent authorisation granted by the General Meeting.

On the basis of its report, your Management Board or your Board of Directors, as applicable, proposes that it be authorised, for a period of 38 months, to allocate share purchase options.

It is the responsibility of the Management Board or the Board of Directors, as applicable, to prepare a report on the reasons for allocating the share purchase options as well as the terms and conditions proposed to set the purchase price. It is our role to give our opinion on the terms and conditions proposed to set the purchase price of the shares.

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. These consisted in verifying that the terms and conditions proposed to set the purchase price of the shares are disclosed in the report of the Management Board and comply with legal and regulatory provisions.

We have no observations to make in respect of the terms and conditions proposed to set the purchase price of the shares.

Lyon, 27 April 2021
The Statutory Auditors

KPMG Audit
A Department of KPMG SA
Stéphane Devin
Partner

ERNST & YOUNG et Autres
Sylvain Lauria
Partner

DRAFT RESOLUTIONS TO THE COMBINED GENERAL MEETING OF 2 JUNE 2021

ORDINARY SESSION

FIRST RESOLUTION – Approval of the parent company financial statements for the financial year ended 31 December 2020

The General Meeting, having considered the reports of the Management Board, the Supervisory Board and the Statutory Auditors on the financial statements for the year ended 31 December 2020, approves the parent company financial statements, as submitted, which show a net profit of €100,960,384.65.

SECOND RESOLUTION – Approval of the consolidated financial statements for the financial year ended 31 December 2020

The General Meeting, having considered the reports of the Management Board, the Supervisory Board and the Statutory Auditors for the financial year ended 31 December 2020, approves the consolidated financial statements, as submitted, which show a net profit (Group share) of €213,008,000.00.

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 2020 proposed by the Management Board:

Source

– Net profit for the financial year	€100,960,384.65
– Retained earnings	€3,273,611.25

Allocation

– Dividends	€68,450,000.00
– Optional reserve	€35,783,995.90

The General Meeting notes that the total gross dividend is set at €1.85 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 8 June 2021.
The dividend will be paid on 10 June 2021.
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 (ii) 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	
2017	€44,645,450.20* being €1.30** per share	–	–
2018	€48,094,109.00* being €1.40 per share	–	–
2019	€42,976,388.75* being €1.25*** per share	–	–

* *Does not include unpaid dividends attributable to treasury shares and transferred to retained earnings.*
** *The share par value was divided by five on 24 May 2017. Since that date, share capital comprises 37,000,000 shares with a par value of €0.20 each.*
*** *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 commitments – 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. 225-86 and subsequent of the Commercial Code, simply acknowledges this fact.

FIFTH 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 mentioned 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 2020 Annual Financial Report.

SIXTH RESOLUTION – Approval of the fixed, variable and exceptional items comprising total remuneration and benefits of any kind paid or allocated during the financial year just ended to Jean Guillaume DESPATURE, Chairman of the Management Board

The General Meeting, acting pursuant to Article L. 22-10-34 II of the Commercial Code, approves the fixed, variable and exceptional items comprising total remuneration and benefits of any kind paid or allocated during the financial year just ended to Jean Guillaume DESPATURE, Chairman of the Management Board, as presented in the report on corporate governance included in the 2020 Annual Financial Report, paragraph “Fixed, variable and exceptional items comprising total remuneration and benefits of any kind paid or allocated during the financial year just ended to the Chairman of the Management Board, members of the Management Board and the Chairman of the Supervisory Board”.

SEVENTH RESOLUTION – Approval of the fixed, variable and exceptional items comprising total remuneration and benefits of any kind paid or allocated during the financial year just ended to Pierre RIBEIRO, member of the Management Board and Chief Financial Officer

The General Meeting, acting pursuant to Article L. 22-10-34 II of the Commercial Code, approves the fixed, variable and exceptional items comprising total remuneration and benefits of any kind paid or allocated during the financial year just ended to Pierre RIBEIRO, member of the Management Board and Chief Financial Officer, as presented in the report on corporate governance included in the 2020 Annual Financial Report, paragraph "Fixed, variable and exceptional items comprising total remuneration and benefits of any kind paid or allocated during the financial year just ended to the Chairman of the Management Board, members of the Management Board and the Chairman of the Supervisory Board".

EIGHTH RESOLUTION – Approval of the fixed, variable and exceptional items comprising total remuneration and benefits of any kind paid or allocated during the financial year just ended to Michel ROLLIER, Chairman of the Supervisory Board

The General Meeting, acting pursuant to Article L. 22-10-34 II of the Commercial Code, approves the fixed, variable and exceptional items comprising total remuneration and benefits of any kind paid or allocated during the financial year just ended to Michel ROLLIER, Chairman of the Supervisory Board, as presented in the report on corporate governance included in the 2020 Annual Financial Report, paragraph "Fixed, variable and exceptional items comprising total remuneration and benefits of any kind paid or allocated during the financial year just ended to the Chairman of the Management Board, members of the Management Board and the Chairman of the Supervisory Board".

NINTH RESOLUTION – Approval of the remuneration policy for the Chairman of the Management Board and the member(s) of the Management Board

The General Meeting, acting pursuant to Article L. 22-10-26 of the Commercial Code, approves the remuneration policy for the Chairman and members of the Management Board as presented in the report on corporate governance included in the 2020 Annual Financial Report (paragraph "Corporate officers' remuneration policy").

TENTH RESOLUTION – Authorisation to be granted to the Management Board or the Board of Directors, as applicable, 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 Management Board, authorises the latter or the Board of Directors, as applicable, for a period of 18 months and in accordance with Articles L. 225-10-62 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.

This authorisation supersedes the authorisation granted to the Management Board by the 15th resolution to the General Meeting of 24 June 2020, 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 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, subject to the authorisation granted by the General Meeting of shareholders of 24 June 2020 in its 16th resolution, sitting in extraordinary session.

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

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

The maximum purchase price is set at €200 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 €216,775,000.

The General Meeting confers all powers to the Management Board or the Board of Directors, as applicable, to proceed with these transactions, set their terms and conditions, conclude all agreements and fulfil all of the required formalities.

EXTRAORDINARY SESSION

ELEVENTH RESOLUTION – Change to the company's administration and management form by adopting the Board of Directors form

The General Meeting, having considered the report of the Management Board, has decided to change, with effect from today's date, the company's administration and management form by adopting the form with of a Board of Directors, governed by Articles L. 225-17 to L. 225-56 and L. 22-10-3 to L. 22-10-17 of the Commercial Code.

As a result, the General Meeting notes the automatic termination of the terms of office of the members of the Management Board and Supervisory Board (including that of the member representing employees).

The General Meeting notes the continuation of the terms of the incumbent principal Statutory Auditors for the duration of their terms originally set, namely:

- the firm Ernst & Young et Autres until the end of the Ordinary General Meeting to be held in 2022 and called to approve the financial statements for the financial year ending 31 December 2021;
- the firm KPMG SA until the end of the Ordinary General Meeting to be held in 2022 and called to approve the financial statements for the financial year ending December 2021.

TWELFTH RESOLUTION – Authorisation to be granted to the Management Board or the Board of Directors, as applicable, to grant stock options to salaried employees (and/or certain corporate officers)

The General Meeting, having considered the report of the Management Board and the special report of the Statutory Auditors:

1) authorises the Management Board or the Board of Directors, as applicable, under the provisions of Articles L. 225-177 to L. 225-185, L. 22-10-56 and L. 22-10-57 of the Commercial Code, to grant, on one or more occasions and for the benefit of the beneficiaries indicated below, options giving the right to purchase existing shares of the company originating from buybacks carried out under the conditions set out by law;
2) sets the term of this authorisation at 38 months starting from the day of this General Meeting;
3) decides that the beneficiaries of these options may only be:
   - on the one hand, employees, or certain employees or certain categories of staff, either employed by Somfy or, if applicable, companies or related economic interest groups according to the terms and conditions set out by Article L. 225-180 of the Commercial Code,
   - on the other hand, corporate officers that fall under the conditions set forth by Article L. 225-185 of the Commercial Code;
4) the total number of options that may be granted by the Management Board or the Board of Directors, as applicable, under this authorisation may not entitle beneficiaries to purchase more than 1.5% of the share capital outstanding on the date of this Meeting, it being specified that this limit will count towards the total number of shares that may be granted free of charge by the Management Board or the Board of Directors, as applicable, under the authorisation granted by the 12th resolution to the General Meeting of 22 May 2019, sitting in extraordinary session, and under any other similar subsequent authorisation granted by the General Meeting. The nominal amount of the capital increase necessary to preserve the rights of beneficiaries of options in the event of a share capital transaction to the Company's share capital – in accordance with the law and, where applicable, the contractual stipulations providing for other terms and conditions related to their protection – would be added to this amount where applicable;
5) decides that the purchase price of the shares by the beneficiaries will be set on the date options are granted by the Management Board or the Board of Directors, as applicable, pursuant to regulations, and cannot be lower than the average closing price of the last 20 trading days of the share on Euronext Paris preceding the date options are granted;
6) decides that no options may be granted during the closed periods specified by regulations;
7) delegates full power to the Management Board or the Board of Directors, as applicable, to set other terms and conditions for the granting and exercising of options, and especially to:
   - set the terms and conditions under which options will be granted and determining the list or categories of beneficiaries as provided for above; set, if need be, conditions of seniority and performance that beneficiaries must meet; decide the terms and conditions under which the price and number of shares must be adjusted, especially in cases provided for in Articles R. 225-137 to R. 225-142 of the Commercial Code,
   - set the period or periods in which options can be exercised, it being specified that the term of these options cannot exceed six years from the date they are granted,
   - if necessary, provide the right to temporarily suspend the exercise of options for a maximum of three months if financial transactions involving the exercise of rights attached to shares are carried out;
8) takes note that this authorisation, where applicable, will cause any unused portion of any prior authorisation to lapse from today's date.

THIRTEENTH RESOLUTION – Powers to complete formalities

The General Meeting grants all powers to the bearer of copies or extracts of the present minutes to complete all the filing and publication formalities required by law.

RESOLUTIONS TO BE SUBMITTED FOR VOTING IN THE EVENT OF APPROVAL OF THE 11TH RESOLUTION OF THIS GENERAL MEETING

—

EXTRAORDINARY SESSION

—

FOURTEENTH RESOLUTION – Approval of the new wording of the company's bylaws

The General Meeting, having considered the report of the Management Board, has decided to remove from the bylaws the reference according to which *"The Ordinary General Meeting has sole authority to decide on or authorise the issue of ordinary bonds"*, so that the Board of Directors has the capacity to decide on or authorise the issue of ordinary bonds, in accordance with the provisions of Article L. 228-40 of the Commercial Code.

The General Meeting, having considered the report of the Management Board and the wording of the new draft bylaws, and as a result of the approval of the eleventh resolution relating to the adoption of the form of a Board of Directors, is adopting, article by article, and then in its entirety, the new wording of the bylaws (incorporating the changes inherent in the adoption of the company's new administration and management form as well as the specific amendments approved pursuant to this resolution), which will govern the company with effect from today's date, a copy of which is included in the Appendix.

The General Meeting notes that the amendments to the bylaws make no changes to the corporate contract likely to lead to the creation of a new moral entity.

The General Meeting has decided that the overhaul of the bylaws, which has just been adopted, shall take immediate effect.

FIFTEENTH RESOLUTION – Transfer to the Board of Directors of the authorisations granted to the Management Board by the General Meeting

The General Meeting, as a result of the change in the administration and management form of the company covered the eleventh resolution, finds that the authorisations previously granted by the General Meeting to the Management Board pursuant to the resolutions covered below, will now benefit the Board of Directors, for the remainder of their term:

- the authorisation to cancel the shares bought back by the company under the provisions of Article L. 225-209 of the Commercial Code (recodified in Article L. 22-10-62 of the Commercial Code with effect from 1 January 2021), granted by the Combined General Meeting of 24 June 2020 as part of its sixteenth ordinary resolution;
- the authorisation 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 twelfth extraordinary resolution.

ORDINARY SESSION

—

SIXTEENTH RESOLUTION – Appointment of Jean Guillaume DESPATURE as Director

The General Meeting decides to appoint Jean Guillaume DESPATURE as Director for a period of four years, to expire at the end of the General Meeting called in 2025 to approve the financial statements for the year then ended.

SEVENTEENTH RESOLUTION – Appointment of Florence NOBLOT as Director

The General Meeting decides to appoint Florence NOBLOT as Director for a period of four years, to expire at the end of the General Meeting called in 2025 to approve the financial statements for the year then ended.

EIGHTEENTH RESOLUTION – Appointment of Michel ROLLIER as Director

The General Meeting decides to appoint Michel ROLLIER as Director for a period of one year pursuant to Article 14 of the bylaws, to expire at the end of the General Meeting called in 2022 to approve the financial statements for the year then ended.

NINETEENTH RESOLUTION – Appointment of Sophie DESORMIÈRE as Director

The General Meeting decides to appoint Sophie DESORMIÈRE as Director for a period of four years, to expire at the end of the General Meeting called in 2025 to approve the financial statements for the year then ended.

TWENTIETH RESOLUTION – Appointment of Anthony STAHL as Director

The General Meeting decides to appoint Anthony STAHL as Director for a period of two years pursuant to Article 14 of the bylaws, to expire at the end of the General Meeting called in 2023 to approve the financial statements for the year then ended.

TWENTY-FIRST RESOLUTION – Appointment of Paule CELLARD as Director

The General Meeting decides to appoint Paule CELLARD as Director for a period of four years, to expire at the end of the General Meeting called in 2025 to approve the financial statements for the year then ended.

TWENTY-SECOND RESOLUTION – Appointment of Bertrand PARMENTIER as Director

The General Meeting decides to appoint Bertrand PARMENTIER as Director for a period of three years pursuant to Article 14 of the bylaws, to expire at the end of the General Meeting called in 2024 to approve the financial statements for the year then ended.

TWENTY-THIRD RESOLUTION – Appointment of Marie BAVAREL-DESPATURE as Director

The General Meeting decides to appoint Marie BAVAREL-DESPATURE as Director for a period of three years pursuant to Article 14 of the bylaws, to expire at the end of the General Meeting called in 2024 to approve the financial statements for the year then ended.

TWENTY-FOURTH RESOLUTION – Fixed annual sum to be allocated to members of the Board of Directors

The General Meeting decides to set the annual fixed amount to be allocated to the Board of Directors to €700,000.
This decision applies to the current financial year and will remain in force until further notice.

TWENTY-FIFTH 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 2020 Annual Financial Report (paragraph “Corporate officers’ remuneration policy”).

TWENTY-SIXTH 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 2020 Annual Financial Report (paragraph “Corporate officers’ remuneration policy”).

TWENTY-SEVENTH 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 2020 Annual Financial Report (paragraph "Corporate officers' remuneration policy").

TWENTY-EIGHTH 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 2020 Annual Financial Report (paragraph "Corporate officers' remuneration policy").

RESOLUTIONS TO BE SUBMITTED FOR VOTING IN THE EVENT OF REJECTION OF THE 11TH RESOLUTION OF THIS GENERAL MEETING

—

ORDINARY SESSION

—

TWENTY- NINTH RESOLUTION – Renewal of the term of office of Florence NOBLOT as member of the Supervisory Board

The General Meeting decides to renew the term of office of Florence NOBLOT as member of the Supervisory Board for a period of four years, to expire at the end of the General Meeting called in 2025 to approve the financial statements for the year then ended.

THIRTIETH RESOLUTION – Renewal of the term of office of Sophie DESORMIÈRE as member of the Supervisory Board

The General Meeting decides to renew the term of office of Sophie DESORMIÈRE as member of the Supervisory Board for a period of four years, to expire at the end of the General Meeting called in 2025 to approve the financial statements for the year then ended.

THIRTY-FIRST RESOLUTION – Renewal of the term of office of Paule CELLARD as member of the Supervisory Board

The General Meeting decides to renew the term of office of Paule CELLARD as member of the Supervisory Board for a period of four years, to expire at the end of the General Meeting called in 2025 to approve the financial statements for the year then ended.

THIRTY-SECOND RESOLUTION – Non-replacement and non-renewal of the term of office of Victor DESPATURE as member of the Supervisory Board

The General Meeting, having noted that the term of office of Victor DESPATURE as member of the Supervisory Board expired at the end of this Meeting, decided not to reappoint or replace him.

THIRTY-THIRD RESOLUTION – Approval of the remuneration policy for the members of the Supervisory Board

The General Meeting, acting pursuant to Article L. 22-10-26 of the Commercial Code, approves the remuneration policy of the members for the Supervisory Board as presented in the report on corporate governance included in the 2020 Annual Financial Report (paragraph "Corporate officers' remuneration policy").

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, 28 April 2021

Pierre Ribeiro
Member of the Management Board and Chief Financial Officer

08
RECENT EVENT

PRESS RELEASE OF 20 APRIL 2021

PLAN TO CHANGE GOVERNANCE MODEL

—

Somfy is announcing its plan to modify its limited company's current governance model to a Board of Directors with separate Chairman of the Board of Directors and Chief Executive Officer functions.

Over the past three years, Somfy has undertaken a profound transformation to become the preferred partner for window and door automation for homes, notably through its 2030 Ambition project and the implementation of a new functional organization. This new organization, combined with every employee's dedication, has enabled the Group to meet the challenges formed by the health crisis. The Covid-19 crisis has not only brought the home back to the forefront of consumers' attention and accelerated the pace of market change, but it also is creating new underlying trends for the Group.

Faced with these challenges, the Management Board wishes to adapt the Group's governance model to strengthen the agility of its model and create balanced governance that will better combine strategic vision and operational excellence. A proposal will be made during the General Assembly meeting to change the form of governance to that of a limited company with a Board of Directors. After the General Assembly meeting, and pending its approval, the Board will consider the separation of the Chairman of the Board of Directors and Chief Executive Officer functions, with the following appointments:

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

To execute the company's project, the governing bodies will be supported by the Executive Committee, which will be joined by a new, soon-to-be-appointed Chief Financial Officer. The role of the Executive Committee will be to execute the strategy, roll out the transformation, manage performance, and define and roll out the culture.

*"During the health crisis, Somfy demonstrated the resilience of its model and the relevance of its project, 2030 Ambition. This new governance model will help us face the major changes in the housing and construction market, by strengthening our ability to anticipate while giving Executive Management and the Executive Committee the means to focus on operational excellence to pursue our profitable growth objectives," **explains Jean Guillaume Despature, Chairman of the Management Board**.*

*"The Supervisory Board, which I have chaired for the past eight years, has supported Somfy in its development and in consolidating its position as the world leader. I am pleased to contribute to the implementation of this new governance model, which will provide the Group with the governing bodies needed to meet the new challenges of digitalization, sustainable development, and market transformation," s**tates Michel Rollier, Chairman of the Supervisory Board**.*

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