

2021
HALF-YEAR
FINANCIAL
REPORT

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TOGETHER



SOMFY

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01

2021 HALF-YEAR BUSINESS REPORT

KEY FIGURES

€ millions	30/06/21	30/06/20	% change
Sales	805.0	568.9	+41.5%
Current operating result	213.8	102.6	+108.3%
Current operating margin	26.6%	18.0%	—
Consolidated net profit	183.4	80.9	+126.7%
Cash flow	206.5	117.7	+75.5%
Net investments in intangible assets and property, plant and equipment (including IFRS 16)	35.3	29.7	+19.0%
Shareholders' equity	1,287.0	1,044.4	—
Net financial debt*	-517.5	-325.6	—
Non-current assets	664.7	592.8	—
Workforce at period end	7,021	6,857	—

* (-) Net financial surplus.

Founded in France in 1969, and now operating in 58 countries, Somfy is the world leader in window and door automation for homes and buildings.

Pioneer in the connected home, the Group is constantly innovating to guarantee its users comfort, well-being, and security in the home and is fully committed to promoting sustainable development.

For 50 years, Somfy has been using automation to improve living environments and has been committed to creating reliable and sustainable solutions that promote better living and well-being for all.

SALES GROWTH BY CUSTOMER LOCATION

Group sales totalled €805.0 million for the first six months of the financial year, a sharp increase of 41.5% (up 40.8% on a like-for-like basis) compared with the same period in the previous financial year, and up 30.9% compared with the first six months of 2019. They increased 29.0% over the first quarter (up 28.7% on a like-for-like basis), to €375.7 million, and posted significant growth of 54.7% over the second quarter (up 53.4% on a like-for-like basis), to €429.3 million.

This record increase reflects sustained growth in March and April (up 57.8% and 141.5% respectively on a like-for-like basis), which were lockdown months in many of the Group's markets during the previous financial year, and a very buoyant market with delayed consumer spending and the home's consolidated position as a safe investment.

As a result, all geographical areas once again ended the half-year with like-for-like growth of more than 10%. There were exceptional performances in Africa & the Middle East, North America, Latin America and Southern Europe with growth exceeding 50%.

Growth in Eastern and Central Europe was also substantial over the first six months (up 34.3% and 12.7% respectively on a like-for-like basis) despite a high comparison basis, as these two regions held up particularly well during the pandemic in the previous financial year.

As anticipated, the base effect was very favourable in the second quarter, particularly in France (up 71.6% like-for-like), Southern Europe (up 77.8%) and North America (up 85.7%).

Sales by Dooya, an equity-accounted Chinese subsidiary, were €117.7 million for the first six months, a substantial increase of 43.0% in real terms and 43.9% on a like-for-like basis. They grew strongly in China (up 49.5% on a like-for-like basis), a country that was heavily impacted by the health crisis in early 2020, as well as in the rest of the world (up 40.4% on a like-for-like basis).

CHANGE IN CURRENT OPERATING RESULT

Current operating result stood at €213.8 million for the half-year, an exceptional increase of 108.3% year-on-year, and represented 26.6% of sales, up 860 basis points. Restated for the scope and forex impacts, the current operating margin was 27.5%.

Against a backdrop of higher raw materials prices and transport costs, over the half-year the Group benefited from its robust hedging policy which limited their impact. It continued to benefit from a favourable product mix and the renewal of non-recurring savings such as travel expenses. The continuing investments in digital should be noted, as should the upturn in marketing expenditure although it has not returned to its usual level.

CHANGE IN NET PROFIT

The impact of non-recurring items and net financial income was not material. Corporation tax rose automatically given the level of profit.

Consolidated net profit reached a record high at €183.4 million, an increase of 126.7% in relation to the corresponding period last year.

NET FINANCIAL DEBT

Shareholders' equity grew from €1,171.0 to €1,287.0 million over the half-year, and the net financial surplus remained virtually stable at €517.5 million.

The sound financial structure was maintained, thanks in particular to the high level of cash flow which covered the main requirements (change in working capital requirements, investments and dividends).

ALTERNATIVE PERFORMANCE MEASURES

The change N/N-1 on a like-for-like basis, current operating margin and net financial debt are Alternative Performance Measures (APMs), definitions and calculation details of which are included in note 6.3 of the notes to the condensed consolidated interim financial statements.

OUTLOOK

As forecast, summer sales declined in comparison with the same period last year. Ongoing market pressures call for prudence over the coming months, given the supply shortages and delivery delays that could impact the Group.

Nevertheless, the Group's solid fundamentals, driven by the focus on comfort in the home and the energy efficiency of buildings, mean we can anticipate steady growth in sales for the financial year with profitability approaching pre health crisis levels.

Mindful of the satisfaction of its customers, the Group will continue in its efforts to secure supplies and make additional investments to limit the consequences of the crisis context and to support its growth in a very buoyant market.

HIGHLIGHTS

HEALTH CRISIS AND PRESSURE ON PROCUREMENT

The health context remains challenging due to the recurrence of Covid-19 waves around the world and the emergence of new variants of the virus. Faced with cyclical pressures on the electronic components and raw materials market and with disruption to the supply chain, the Group has structured itself to ensure continuity of service for its customers. Although this disruption has had a marginal effect on results for the first half-year during which business has been sustained, the Group remains cautious regarding the second half.

CHANGE OF GOVERNANCE

The Combined General Meeting of 2 June 2021 approved the resolution concerning the change in corporate governance to adopt the form of a Limited Company with a Board of Directors. Following the Annual General Meeting, the newly appointed Board of Directors resolved to separate the functions of Chairman and Chief Executive Officer and made the following appointments:

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

It also created four specialist Committees – Audit and Risk Committee, Appointment and Remuneration Committee, Sustainable Development Committee and Strategy Committee.

ACQUISITION OF RÉPAR'STORES

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

The acquisition of Répar'stores is in line with the 10-year strategic plan Ambition 2030 – to consolidate its status as the preferred partner in window and door automation for homes and buildings, while simultaneously securing the necessary resources to capture new market opportunities in the services category and reinforce its commitment to end users. Beyond the operational synergies brought about by this alliance, this combination allows Somfy to strengthen its commitment to sustainable development by investing in the ability to repair roller 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, Répar'stores will be able to leverage Somfy's strong global presence and its network of European subsidiaries.

The purchase price was €34.7 million for 60% of the share capital. The financial impacts of the transaction are detailed in note 4.

Over the first half of 2021, Répar'stores employed 127 people, had approximately 200 franchisees and contributed €17.5 million in sales and €1.6 million to current operating result.

CHANGES TO THE CONSOLIDATION SCOPE

Apart from the transaction discussed above, there were no material changes to the consolidation scope during the first half of 2021.

CONTINGENT LIABILITIES

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

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

The Group continues to qualify this risk as a contingent liability and no provision was recognised at 30 June 2021.

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 submitted a claim to the sellers of the CIAT shares under the liability guarantee. The total amount of this claim is €18.4 million (amount reduced in May 2021), meaning a €8.5 million share for Somfy. The Group considers these requests to be unfounded, and insufficiently detailed and justified. The legal proceeding, brought by UTC in 2017 before the Paris Commercial Court for the liability guarantee action, is still 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 recognised at 30 June 2021.

At 30 June 2021, Somfy SA's financial statements include a receivable for deferred settlement in relation to the sale of the CIAT shares for the sum of €6.8 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 (Somfy share being €2.9 million). These proceedings are however still ongoing. Somfy SA remains confident regarding the settlement of these sums and therefore no writedown of these receivables was recognised at 30 June 2021.

POST-BALANCE SHEET EVENT

No significant post-balance sheet event has occurred since 30 June 2021.

INFORMATION ON RISKS

Within a challenging market environment, the Group remains cautious in its assessment of risks related to foreign exchange and the procurement of raw materials and electronic components. The currency and raw material hedging strategy continues to be adapted in line with forecasts and market trends.

The assessment of liquidity and credit risks remains unchanged. Given its cash position of €608.9 million, its €178.0 million in confirmed and undrawn credit facilities at 30 June 2021 and based on its sales and investments forecasts, the Group believes that it will be able to meet its financial obligations as they fall due over the course of the next 12 months with effect from the date of review of the half-year financial statements by the Board of Directors.

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CONSOLIDATED INCOME STATEMENT

€ thousands	Notes	30/06/21 6 months	30/06/20 6 months
Sales	(6.1)	805,026	568,893
Other operating income		10,125	11,271
Purchases consumed and production stocked		-288,878	-202,414
Employee expenses		-203,185	-178,605
External expenses		-75,623	-65,110
EBITDA		247,464	134,036
Amortisation and depreciation charges	(7.2) & (7.3)	-30,486	-28,817
Charges to/reversal of current provisions		-3,168	-2,482
Gains and losses on disposal of non-current operating assets		-12	-114
CURRENT OPERATING RESULT		213,799	102,623
Other non-current operating income and expenses	(6.2)	-1,369	-96
Goodwill impairment	(6.2) & (7.1.1)	—	-736
OPERATING RESULT		212,429	101,792
– Financial income from investments		363	552
– Financial expenses related to borrowings		-1,689	-1,481
Cost of net financial debt		-1,326	-929
Other financial income and expenses		4,181	-3,038
NET FINANCIAL INCOME/(EXPENSE)	(9.1)	2,855	-3,967
PROFIT BEFORE TAX		215,285	97,825
Income tax	(13)	-39,231	-18,329
Share of net profit/(loss) from associates and joint ventures	(14.1)	7,388	1,414
CONSOLIDATED NET PROFIT		183,442	80,909
Attributable to Group share		182,655	80,910
Attributable to Non-controlling interests		787	-1
Basic earnings per share (€)	(8.2)	5.30	2.35
Diluted earnings per share (€)	(8.2)	5.29	2.35

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ thousands	30/06/21	30/06/20
Consolidated net profit	183,442	80,909
Movement in gains and losses on translation of foreign currency	6,375	-7,135
Movement in fair value of foreign currency hedges	600	261
Movement in tax on items that may be reclassified to profit or loss	-155	-67
Items that may be reclassified to profit or loss	6,820	-6,941
Revaluation of net liabilities of defined benefit plans	1,381	—
Movement in tax on items that will not be reclassified to profit or loss	-356	—
Items that will not be reclassified to profit or loss	1,025	—
Items of other comprehensive income	7,845	-6,941
Total comprehensive income for the period	191,287	73,968
Attributable to Group share	190,500	73,969
Attributable to Non-controlling interests	787	-1

CONSOLIDATED CASH FLOW STATEMENT

€ thousands	Notes	30/06/21 6 months	30/06/20 6 months
Consolidated net profit		183,442	80,909
Depreciation, amortisation and impairment loss of assets (excluding current assets)		27,349	27,638
Charges to/reversals of provisions for liabilities (excluding employee benefits)		553	303
Unrealised gains and losses related to fair value movements		-458	-301
Unrealised foreign exchange gains and losses		-1,630	5,828
Income and expenses related to stock options and employee benefits		3,284	3,460
Depreciation, amortisation, provisions and other non-cash items		29,098	36,928
Profit on disposal of assets and others		10	109
Share of net profit/(loss) from associates and joint ventures		-7,388	-1,409
Deferred tax expense		1,349	1,122
Cash flow		206,511	117,659
Cost of net financial debt (excluding non-cash items)		1,326	929
Dividends of non-consolidated companies		-10	—
Tax expense (excluding deferred tax)		37,883	17,207
Change in working capital requirements	(10.2)	-78,746	-38,971
Tax paid		-24,085	-6,810
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		142,878	90,013
Acquisition-related disbursements:			
– Intangible assets and property, plant and equipment		-25,282	-22,679
– Non-current financial assets		-252	-577
Disposal-related proceeds:			
– Intangible assets and property, plant and equipment		406	193
Change in current financial assets		782	346
Acquisition of companies, net of cash acquired	(9.2.2) & (10.3)	-28,381	-769
Disposal of companies, net of cash disposed	(10.3)	2,879	—
Dividends paid by non-consolidated companies		10	—
Interest received		218	426
NET CASH FLOW FROM INVESTING ACTIVITIES (B)		-49,620	-23,061
Increase in loans	(9.2.2)	62	205
Repayment of borrowings and lease liabilities	(9.2.2)	-10,133	-7,326
Net increase in shareholders' equity of subsidiaries		10	—
Dividends and interim dividends paid*		-63,673	—
Movement in treasury shares		75	-187
Interest paid		-1,692	-1,481
NET CASH FLOW FROM FINANCING AND CAPITAL ACTIVITIES (C)		-75,351	-8,788
Impact of changes in foreign exchange rates on cash and cash equivalents (D)		1,671	-2,383
NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D)		19,577	55,781
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	(10.1)	588,519	386,190
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	(10.1)	608,097	441,971

* €43 million in dividends for the 2019 financial year was paid on 2 July 2020 due to the postponement of the Annual General Meeting until the end of June 2020.

CONSOLIDATED BALANCE SHEET – ASSETS

€ thousands	Notes	30/06/21 Net	31/12/20 Net
Non-current assets			
Goodwill	(7.1.1)	119,211	94,390
Net intangible assets	(7.2)	63,970	45,814
Net property, plant and equipment	(7.3)	294,927	288,257
Investments in associates and joint ventures	(14.1)	156,634	145,471
Financial assets	(9.2.1)	7,367	3,653
Other receivables	(6.6.1)	3	7
Deferred tax assets		20,576	20,809
Employee benefits		1,981	1,437
Total Non-current assets		664,669	599,839
Current assets			
Inventories	(6.4)	182,456	179,993
Trade receivables	(6.5)	223,806	133,063
Other receivables	(6.6.2)	25,445	29,397
Current tax assets		3,274	9,522
Financial assets	(9.2.1)	457	406
Derivative instruments - assets		701	657
Cash and cash equivalents		608,922	588,925
Total Current assets		1,045,060	941,963
TOTAL ASSETS		1,709,729	1,541,802

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

€ thousands	Notes	30/06/21	31/12/20
Shareholders' equity			
Share capital		7,400	7,400
Share premium		1,866	1,866
Reserves		1,094,807	948,646
Net profit for the period		182,655	213,008
Group share		1,286,728	1,170,919
Non-controlling interests		269	49
Total Shareholders' equity		1,286,997	1,170,968
Non-current liabilities			
Non-current provisions	(11.1.1)	10,227	9,645
Other financial liabilities	(9.2.2)	69,344	40,531
Other liabilities		1,136	1,082
Employee benefits		32,240	32,573
Deferred tax liabilities		20,403	14,651
Total Non-current liabilities		133,352	98,482
Current liabilities			
Current provisions	(11.1.2)	15,225	11,199
Other financial liabilities	(9.2.2)	25,701	30,817
Trade payables		120,432	112,209
Other liabilities		110,317	107,748
Tax liabilities		17,706	9,825
Derivative instruments - liabilities		—	554
Total Current liabilities		289,381	272,352
TOTAL EQUITY AND LIABILITIES		1,709,729	1,541,802

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ thousands	Share capital*	Share premium	Reserves	Total shareholders' equity	Non-controlling interests	Total equity (Group share)
AT 31 DECEMBER 2020	7,400	1,866	1,161,702	1,170,968	49	1,170,919
Net profit for the period	—	—	183,442	183,442	111	183,331
Items of other comprehensive income	—	—	7,845	7,845	676	7,169
Total comprehensive income for the period	—	—	191,287	191,287	787	190,500
Treasury share transactions	—	—	1,053	1,053	—	1,053
Dividends	—	—	-63,716	-63,716	-105	-63,611
Changes to the consolidation scope**	—	—	-11,227	-11,227	206	-11,433
Other movements***	—	—	-1,368	-1,368	-668	-700
AT 30 JUNE 2021	7,400	1,866	1,277,731	1,286,997	269	1,286,728
AT 31 DECEMBER 2019	7,400	1,866	1,003,583	1,012,849	74	1,012,775
Net profit for the period	—	—	80,909	80,909	2	80,907
Items of other comprehensive income	—	—	-6,941	-6,941	-3	-6,938
Total comprehensive income for the period	—	—	73,968	73,968	-1	73,969
Treasury share transactions	—	—	901	901	—	901
Dividends	—	—	-42,976	-42,976	—	-42,976
Other movements***	—	—	-296	-296	—	-296
AT 30 JUNE 2020	7,400	1,866	1,035,180	1,044,446	73	1,044,374

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

** The change to the consolidation scope primarily includes the impact related to the Répar'stores put option.

*** Other movements include exchange rate differences on transactions involving the share capital, as well as liabilities and subsequent changes in liabilities corresponding to put options granted to holders of non-controlling interests. This item also includes the reclassification in "Equity - Group share" of the portion of comprehensive income attributable to non-controlling interests covered by a put option.

The liability that corresponds to put options granted to holders of non-controlling interests is recognised in consideration for the non-controlling interests that are the subject of the put option, and for Group Equity, where the balance is concerned. The subsequent changes to liabilities are recognised under "Equity - Group share".

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Somfy SA is a French limited company (*société anonyme*) governed by a Board of Directors and listed on Euronext Paris (Compartment A, ISIN Code: FR0013199916). Founded in France in 1969, and now operating in 58 countries, Somfy is the world leader in window and door automation for homes and buildings. Pioneer in the connected home, the Group is constantly innovating to guarantee its users comfort, well-being, and security in the home and is fully committed to promoting sustainable development. For 50 years, Somfy has been using automation to improve living environments and has been committed to creating reliable and sustainable solutions that promote better living and well-being for all. The registered office is located at 50, avenue du Nouveau Monde 74300 Cluses (Haute-Savoie, France). Its main establishment is in Cluses.

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

The **Group's** condensed consolidated IFRS financial statements for the half-year ended 30 June 2021 were approved by the Board of Directors on 8 September 2021. Total assets were €1,709,729 thousand and consolidated net profit €183,442 thousand (Group share: €182,655 thousand).

NOTE 1 HIGHLIGHTS

NOTE 1.1 HEALTH CRISIS AND PRESSURE ON PROCUREMENT

The health context remains challenging due to the recurrence of Covid-19 waves around the world and the emergence of new variants of the virus. Faced with cyclical pressures on the electronic components and raw materials market and with disruption to the supply chain, the Group has structured itself to ensure continuity of service for its customers. Although this disruption has had a marginal effect on results for the first half-year during which business has been sustained, the Group remains cautious regarding the second half.

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It also created four specialist Committees – Audit and Risk Committee, Appointment and Remuneration Committee, Sustainable Development Committee and Strategy Committee.

NOTE 1.3 ACQUISITION OF RÉPAR'STORES

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(driven by both renovation and new builds). To serve this fast-growing market, Répar'stores will be able to leverage Somfy's strong global presence and its network of European subsidiaries.

The purchase price was €34.7 million for 60% of the share capital. The financial impacts of the transaction are detailed in note 4.

Over the first half of 2021, Répar'stores employed 127 people, had approximately 200 franchisees and contributed €17.5 million in sales and €1.6 million to current operating result.

NOTE 1.4 CHANGES TO THE CONSOLIDATION SCOPE

Apart from the transaction discussed above, there were no material changes to the consolidation scope during the first half of 2021.

NOTE 1.5 CONTINGENT LIABILITIES

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

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

The Group continues to qualify this risk as a contingent liability and no provision was recognised at 30 June 2021.

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 submitted a claim to the sellers of the CIAT shares under the liability guarantee. The total amount of this claim is €18.4 million (amount reduced in May 2021), meaning a €8.5 million share for Somfy. The Group considers these requests to be unfounded, and insufficiently detailed and justified. The legal proceeding, brought by UTC in 2017 before the Paris Commercial Court for the liability guarantee action, is still 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 recognised at 30 June 2021.

At 30 June 2021, Somfy SA's financial statements include a receivable for deferred settlement in relation to the sale of the CIAT shares for the sum of €6.8 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 (Somfy share being €2.9 million). These proceedings are however still ongoing. Somfy SA remains confident regarding the settlement of these sums and therefore no writedown of these receivables was recognised at 30 June 2021.

NOTE 2 POST BALANCE-SHEET EVENT

—

No significant post-balance sheet event has occurred since 30 June 2021.

NOTE 3 ACCOUNTING RULES AND METHODS

—

NOTE 3.1 COMPLIANCE WITH ACCOUNTING STANDARDS

In application of European regulation 1606/2002 of 19 July 2002, the Group's condensed consolidated financial statements have been prepared in accordance with IFRS (International Financial Reporting Standards) published by the IASB (International Accounting Standards Board), as adopted by the European Union at 30 June 2021.

These standards are available on the IASB website at <https://www.ifrs.org/issued-standards/>.

The accounting rules and methods applied when preparing the condensed consolidated interim financial statements are

consistent with those used when preparing the consolidated annual financial statements for the year ended 31 December 2020, with the exception of IFRS and associated amendments and interpretations as adopted by the European Union and the IASB, adoption of which is mandatory for financial years beginning on or after 1 January 2021, and which the Group had not opted to adopt early (see note 3.3.1).

The condensed consolidated interim financial statements have been prepared in accordance with the international financial reporting standard IAS 34 ("Interim financial reporting"). They do not contain all disclosures and notes included in the full-year financial statements. As a result, they must be read in conjunction with the Group's consolidated financial statements at 31 December 2020.

The Group's consolidated financial statements for the year ended 31 December 2020 are available on the Group's website www.somfyfinance.com and upon request from head office.

NOTE 3.2 JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires Management to make a number of judgements, estimates and assumptions liable to affect the values of assets, liabilities, and income and expense items in the financial statements, and information provided in certain 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.

As part of the preparation of these condensed consolidated interim financial statements, the main judgements made and the main assumptions (described in the 2020 annual financial statements) used by Management have been updated based on the latest indicators available.

At 30 June, the Group reviews its performance indicators and, if necessary, carries out impairment tests if there is any indication that an asset may have been impaired.

NOTE 3.3 NEW APPLICABLE STANDARDS AND INTERPRETATIONS

Note 3.3.1 Standards, amendments and interpretations applicable within the European Union from the financial year beginning on or after 1 January 2021

The Group has applied the following standards, amendments and interpretations as of 1 January 2021:

Standards	Content	Application date
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	IBOR Reform – Phase 2	Applicable from 1 January 2021

This new standard had no material impact on the Group's results and financial position.

The Group is in the process of analysing the impact of IFRS Interpretation Committee agenda decisions on the allocation of service costs (IAS 19) and the recognition of configuration and customisation costs in a cloud computing arrangement (IAS 38). Market analysis is currently in progress. Accordingly, it is still too early to establish the impacts of these decisions, which will be determined before the next accounting year-end.

Note 3.3.2 Standards 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 1	Disclosure of Accounting Policies	Applicable from 1 January 2023 according to the IASB, not yet approved by the EU
Amendments to IAS 8	Definition of Accounting Estimates	Applicable from 1 January 2023 according to the IASB, not yet approved by the EU
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Applicable from 1 January 2023 according to the IASB, not yet approved by the EU
Amendments to IAS 16	Proceeds before Intended Use	Applicable from 1 January 2022 according to the IASB
Amendments to IAS 37	Cost of Fulfilling a Contract	Applicable from 1 January 2022 according to the IASB
Amendments to IFRS 3	Reference to the Conceptual Framework	Applicable from 1 January 2022 according to the IASB
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	Applicable from 1 April 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

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: <https://www.ifrs.org>.

NOTE 3.4 SEASONALITY

The Group generally sees seasonal variations in its activities which could affect, from one half-year to another, the level of sales. As such, interim results are not necessarily indicative of the results that may be expected for the year as a whole. More than half of Somfy's sales are usually generated in the first half of the year. However, the 2020 financial year was disrupted by the health crisis and seasonality effects are more difficult to measure.

NOTE 4 ACQUISITION OF RÉPAR'STORES

The financial impact of the acquisition of Répar'stores is broken down as follows:

€ thousands	Fair value recognised at the acquisition date
Goodwill	24,813
Other non-current assets	19,125
– o/w Allocated intangible assets (brand, customer base and software)	17,071
Current assets	10,477
– o/w Inventories	1,875
– o/w Trade receivables	977
– o/w Cash and cash equivalents	7,212
Non-current liabilities excluding put option-related liability	-5,027
– o/w Deferred tax liabilities	-4,342
Current liabilities	-7,790
– o/w Financial liabilities	-3,638
Put option-related liability	-17,976
Impact of the put option on shareholders' equity	11,363
Shareholders' equity of residual minority interests	-252
Purchase price paid	34,732
Cash acquired	-7,235
ACQUISITION-RELATED CASH FLOW NET OF CASH ACQUIRED	27,497

(+) cash outflow.

In accordance with IFRS 3, the purchase price of Répar'stores has been allocated on a provisional basis in the 2021 interim financial statements. Goodwill on acquisition, calculated on the percentage interest acquired (*i.e.* using the partial goodwill method), came to €24.8 million after recognising assets and liabilities at fair value, mainly consisting of a customer base measured at €15.5 million amortisable over 15 years.

NOTE 5 SEGMENT REPORTING

Somfy includes the companies whose activities correspond to the business lines “Exterior”, “Window Fashion”, “Access and Security”, “Controls and Sensors” and “Connected Services”, and is structured around two geographic regions.

The geographic location of assets is used as sole segment reporting criterion. Management makes its decisions based on this strategic focus using reporting by geographic region as its key analysis tool.

The two geographic regions being monitored are:

- North & West (Central Europe, Northern Europe, North America and Latin America);
- South & East (France, Southern Europe, Africa & the Middle East, Eastern Europe and Asia-Pacific).

AT 30 JUNE 2021

€ thousands	North & West	South & East	Intra-regional eliminations	Consolidated
Segment sales	321,385	659,534	-175,893	805,026
Intra-segment sales	-1,345	-174,548	175,893	—
Segment sales – Contribution to sales	320,040	484,986	—	805,026
Segment current operating result	51,020	162,779	—	213,799
Share of net profit/(loss) from associates and joint ventures	—	7,388	—	7,388
Cash flow	41,642	164,869	—	206,511
Net investments in intangible assets & property, plant and equipment (including IFRS 16)	4,517	30,761	—	35,278
Goodwill	2,728	116,483	—	119,211
Net intangible assets and PPE	37,662	321,234	—	358,897
Investments in associates and joint ventures	—	156,634	—	156,634

AT 30 JUNE 2020

€ thousands	North & West	South & East	Intra-regional eliminations	Consolidated
Segment sales	251,166	462,151	-144,424	568,893
Intra-segment sales	-899	-143,525	144,424	—
Segment sales – Contribution to sales	250,267	318,626	—	568,893
Segment current operating result	33,705	68,918	—	102,623
Share of net profit/(loss) from associates and joint ventures	—	1,414	—	1,414
Cash flow	28,415	89,244	—	117,659
Net investments in intangible assets & property, plant and equipment (including IFRS 16)	2,664	26,993	—	29,657
Goodwill	2,572	91,910	—	94,482
Net intangible assets and PPE	39,266	293,830	—	333,096
Investments in associates and joint ventures	—	136,988	—	136,988

NOTE 6 PERFORMANCE-RELATED DATA**NOTE 6.1 SALES BY CUSTOMER LOCATION**

This presentation by customer location is 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 region and the South & East region.

€ thousands	30/06/21 6 months	30/06/20 6 months	Change N/N-1	Change N/N-1 on a like-for-like basis
Central Europe	142,601	126,885	12.4%	12.7%
<i>of which Germany</i>	<i>116,259</i>	<i>103,194</i>	<i>12.7%</i>	<i>12.7%</i>
Northern Europe	104,563	70,412	48.5%	47.3%
North America	71,756	49,393	45.3%	57.4%
Latin America	11,063	8,168	35.4%	53.2%
NORTH & WEST	329,982	254,859	29.5%	32.2%
France	237,573	148,074	60.4%	48.6%
Southern Europe	77,283	50,662	52.5%	52.8%
Africa & the Middle East	44,582	26,726	66.8%	82.7%
Eastern Europe	77,587	59,079	31.3%	34.3%
Asia-Pacific	38,019	29,493	28.9%	29.6%
SOUTH & EAST	475,044	314,034	51.3%	47.7%
TOTAL SALES	805,026	568,893	41.5%	40.8%

NOTE 6.2 OTHER NON-CURRENT OPERATING INCOME AND EXPENSES

€ thousands	30/06/21 6 months	30/06/20 6 months
Charge to/reversal of non-current provisions	-128	277
Other non-recurring items	-1,242	-379
– <i>Non-current income</i>	5	275
– <i>Non-current expenses</i>	-1,247	-653
Net gain/(loss) on disposal of non-current assets	2	6
OTHER NON-CURRENT OPERATING INCOME AND EXPENSES	-1,369	-96
GOODWILL IMPAIRMENT	—	-736

At 30 June 2021, other non-current operating income and expenses mainly consisted of €0.5 million in restructuring costs associated with the closure of small distribution entities.

At 30 June 2020, the revision of the iHome business plan had led to the recognition of goodwill impairment of €0.7 million.

NOTE 6.3 ALTERNATIVE PERFORMANCE MEASURES**Note 6.3.1 Change N/N-1 on a like-for-like basis**

The change N/N-1 on a like-for-like basis is calculated by applying the N-1 accounting and consolidation methods and exchange rates to the periods compared and using the N-1 scope for both financial years.

The change N/N-1 at actual accounting methods, exchange rates and consolidation scope – or change in real terms – corresponds to the change based on actual accounting and consolidation methods, exchange rates and consolidation scope.

At 30/06/21	Sales	Current operating result
CHANGE N/N-1 ON A LIKE-FOR-LIKE BASIS	40.8%	114.4%
Forex impact	-2.4%	-7.6%
Scope impact	3.1%	1.5%
Change in accounting method impact	—	—
CHANGE N/N-1 AT ACTUAL ACCOUNTING METHODS, EXCHANGE RATES AND CONSOLIDATION SCOPE	41.5%	108.3%

Note 6.3.2 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	30/06/21 6 months	30/06/20 6 months
Current operating result	213,799	102,623
Sales	805,026	568,893
CURRENT OPERATING MARGIN	26.6%	18.0%

Note 6.3.3 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 9.2.3.

NOTE 6.4 INVENTORIES

€ thousands	30/06/21	31/12/20
Gross values		
Raw materials and other supplies	60,574	54,065
Finished goods and merchandise	134,579	139,390
Total	195,153	193,455
Provisions	-12,697	-13,462
NET VALUES	182,456	179,993

	Value 31/12/20	Net charges	Exchange rate movements	Changes in consolidation scope and method	Value 30/06/21
€ thousands					
Inventory provisions	-13,462	970	-136	-69	-12,697

NOTE 6.5 TRADE RECEIVABLES

The €90.7 million increase in trade receivables relative to the position at end December 2020 was mainly due to sales growth between the fourth quarter of 2020 and the second quarter of 2021 (with sales up €109.4 million over the period). The Group did not see any unusually late payments as a result of the health crisis.

NOTE 6.6 OTHER NON-CURRENT AND CURRENT RECEIVABLES**Note 6.6.1 Other non-current receivables**

Other non-current receivables are not material.

Note 6.6.2 Other current receivables

€ thousands	30/06/21	31/12/20
Gross values		
Receivables from employees	567	569
Other taxes (including VAT)	4,962	10,434
Prepaid expenses	11,859	7,077
Other receivables	8,058	11,317
TOTAL	25,445	29,397

“Other receivables” notably include current receivables on the disposal of CIAT totalling €6.8 million at 30 June 2021 and €9.7 million at 31 December 2020. This reduction is the result of a €2.9 million partial payment following a court ruling (see “Highlights”).

NOTE 7 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT**NOTE 7.1 GOODWILL AND IMPAIRMENT TEST****Note 7.1.1 Goodwill**

€ thousands	Value
At 1 January 2021	94,390
Impact of changes in consolidation scope and method	24,813
Impact of changes in foreign exchange rates	8
Charge for impairment	—
AT 30 JUNE 2021	119,211

The impact of changes in consolidation scope is linked to the acquisition of Répar'stores (see note 4).

Note 7.1.2 Impairment test

At 30 June 2021, as part of its review of significant intangible assets, the Group did not identify any indications of impairment that would require impairment testing.

NOTE 7.2 OTHER INTANGIBLE ASSETS

€ thousands	Allocated intangible assets	Development costs	Patents and brands	Software	Other intangible assets	In progress and advance payments	Total
Gross value at 1 January 2021	9,679	35,971	4,149	59,686	2,519	19,499	131,503
Acquisitions	—	515	38	472	3	5,696	6,724
Disposals	—	-153	-15	-18	—	—	-186
Impact of changes in foreign exchange rates	6	4	2	53	—	—	65
Impact of changes in consolidation scope and method	17,071	1	406	—	306	18	17,802
Other movements	—	3,755	—	13,026	—	-16,781	—
AT 30 JUNE 2021	26,756	40,092	4,581	73,219	2,828	8,431	155,908
Accumulated amortisation at 1 January 2021	-8,859	-22,855	-3,915	-48,412	-1,648	—	-85,690
Amortisation charge for the period	-1,025	-1,972	-198	-2,545	-61	—	-5,801
Disposals	—	—	6	15	—	—	21
Impact of changes in foreign exchange rates	-5	-4	1	-40	—	—	-49
Impact of changes in consolidation scope and method	—	-1	-406	—	-13	—	-420
Other movements	—	—	7	-16	9	—	—
AT 30 JUNE 2021	-9,890	-24,832	-4,506	-50,998	-1,713	—	-91,938
NET VALUE AT 30 JUNE 2021	16,867	15,261	75	22,221	1,115	8,431*	63,970

* Including €5.0 million in development expenses in progress.

The impact of changes in consolidation scope is linked to the acquisition of Répar'stores, mainly resulting in the recognition of a customer base measured at €15.5 million.

NOTE 7.3 PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Right-of-use Land and buildings	Plant, machinery and tools	Right-of-use Plant, machinery and tools	Other property, plant and equipment	Right-of-use Other property, plant and equipment	In progress and advance payments	Total
€ thousands									
Gross value at 1 January 2021	16,908	165,103	63,047	302,106	1,190	66,441	13,497	21,953	650,246
New right-of-use assets	—	—	8,763	—	129	—	2,323	—	11,215
Acquisitions	2	185	—	3,003	—	1,755	—	14,010	18,956
Disposals	—	-256	-2,103	-3,792	-47	-1,096	-1,271	—	-8,566
Impact of changes in foreign exchange rates	42	128	588	671	—	367	47	57	1,900
Impact of changes in consolidation scope and method	—	—	622	300	15	959	308	—	2,204
Other movements	2	784	—	6,558	-43	1,623	43	-8,968	—
AT 30 JUNE 2021	16,955	165,944	70,917	308,847	1,244	70,048	14,948	27,052	675,955
Accumulated depreciation at 1 January 2021	-1,414	-91,746	-16,951	-197,020	-446	-47,961	-6,451	—	-361,989
Depreciation charge for the period	-124	-2,993	-4,665	-11,092	-132	-3,429	-2,281	—	-24,716
Disposals	—	250	1,338	3,663	47	984	1,219	—	7,502
Impact of changes in foreign exchange rates	-9	21	-197	-433	—	-234	-31	—	-883
Impact of changes in consolidation scope and method	—	-56	—	-257	—	-626	-1	—	-941
Other movements	—	-310	310	—	13	-3	-10	—	—
AT 30 JUNE 2021	-1,547	-94,833	-20,165	-205,140	-518	-51,270	-7,555	—	-381,028
NET VALUE AT 30 JUNE 2021	15,408	71,110	50,753	103,707	726	18,778	7,393	27,052	294,927

The impact of changes in consolidation scope is linked to the acquisition of Répar' stores.

At 30 June 2021, uncapitalised lease expenses relating to services and short-term or low-value leases are broken down as follows: €0.5 million in respect of property lease expenses, €0.7 million in respect of vehicle lease expenses and €0.5 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.

NOTE 8 DIVIDENDS AND EARNINGS PER SHARE**NOTE 8.1 DIVIDENDS**

The gross dividend proposed at the AGM of 2 June 2021 called to approve the 2020 financial statements was €1.85. It was paid on 10 June 2021.

NOTE 8.2 EARNINGS PER SHARE

Basic earnings per share	30/06/21 6 months	30/06/20 6 months
Net profit – Group share (€ thousands)	182,655	80,910
Total number of shares (1)	37,000,000	37,000,000
Treasury shares* (2)	2,561,322	2,618,989
Number of shares used in calculation (1)-(2)	34,438,678	34,381,011
BASIC EARNINGS PER SHARE (€)	5.30	2.35

* Representing all treasury shares held by Somfy SA.

Diluted earnings per share	30/06/21 6 months	30/06/20 6 months
Net profit – Group share (€ thousands)	182,655	80,910
Total number of shares (1)	37,000,000	37,000,000
Treasury shares** (2)	2,499,786	2,551,347
Number of shares used in calculation (1)-(2)	34,500,214	34,448,653
DILUTED EARNINGS PER SHARE (€)	5.29	2.35

** 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 9 FINANCIAL ITEMS**NOTE 9.1 NET FINANCIAL INCOME/(EXPENSE)**

€ thousands	30/06/21 6 months	30/06/20 6 months
Cost of net financial debt	-1,326	-929
– Financial income from investments	363	552
– Financial expenses related to borrowings	-1,689	-1,481
• Of which financial charges related to IFRS 16	-434	-496
Effect of foreign currency translation	1,076	-4,883
Other	3,105	1,845
NET FINANCIAL INCOME/(EXPENSE)	2,855	-3,967

Net financial income was €2.9 million for the six months to 30 June 2021, compared with an expense of €4.0 million for the period ended 30 June 2020. The increase was mainly due to more favourable unrealised exchange rate effects on foreign currency receivables and payables (BRL in particular, which deteriorated significantly in 2020), and by a higher reversal of the provision on Garen's financial assets (€3.2 million in 2021 compared with €1.9 million in 2020).

NOTE 9.2 FINANCIAL ASSETS AND LIABILITIES**Note 9.2.1 Financial assets**

€ thousands	Equity investments	Loans	Deposits and guarantees	Other	Current and non-current financial assets	Realisable within 1 year	Non-current financial assets
At 1 January 2021	1,929	142	1,986	3	4,060	406	3,653
Increase	50	—	202	—	252	—	252
Decrease	—	-733	-46	-3	-782	-782	—
Net change in impairment	—	3,168	—	—	3,168	—	3,168
Impact of changes in foreign exchange rates	—	817	—	—	817	6	812
Impact of changes in consolidation scope and method	—	—	81	81	162	—	162
Fair value recognised in items of other comprehensive income	—	—	—	—	—	—	—
Other movements	—	146	1	—	147	827	-680
AT 30 JUNE 2021	1,979	3,540	2,223	80	7,823	457	7,367
Non-current financial assets	1,979	3,479	1,830	78	7,367	—	—
Current financial assets	—	61	393	3	457	—	—

The impact of changes in consolidation scope is linked to the acquisition of Répar's stores.

Financial assets realisable within one year mainly comprise short-term deposits.

Note 9.2.2 Financial liabilities

€ thousands	Borrowings from credit institutions	Lease liabilities	Other borrowings and financial liabilities	Total liabilities from financing activities	Bank overdrafts	Current and non-current financial liabilities	Due within 1 year	Non-current financial liabilities
At 1 January 2021	599	50,792	19,551	70,942	405	71,348	30,817	40,531
Increase in loans	—	—	62	62	1,014	1,076	1,076	—
Repayment of borrowings and lease liabilities	-2,699	-7,121	-313	-10,133	—	-10,133	-10,132	-1
Other movements related to business acquisitions	—	—	-769	-769	—	-769	-769	—
Total cash movements	-2,699	-7,121	-1,019	-10,839	1,014	-9,826	-9,825	-1
Impact of the revaluation of put options	—	—	1,038	1,038	—	1,038	—	1,038
Impact of changes in foreign exchange rates	—	473	31	504	-572	-67	-484	416
New lease liabilities	—	11,216	—	11,216	—	11,216	—	11,216
Adjustments to lease liabilities with no cash impact	—	-813	—	-813	—	-813	-813	—
Dividends payable	—	—	43	43	—	43	43	—
Impact of changes in consolidation scope and method	3,205	944	17,976	22,125	-22	22,103	3,638	18,465
Other movements	—	3	—	3	—	3	2,325	-2,322
Total non-cash movements	3,205	11,823	19,088	34,117	-594	33,523	4,709	28,814
AT 30 JUNE 2021	1,105	55,495	37,620	94,220	825	95,045	25,701	69,344
Non-current financial liabilities	274	48,091	20,980	69,344	—	69,344	—	—
Current financial liabilities	831	7,404	16,641	24,875	825	25,701	—	—

The impact of changes in consolidation scope is linked to the acquisition of Répar's stores.

Other borrowings and financial liabilities 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 between 31 December 2020 and 30 June 2021 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 earnouts, whose variations are recognised in the income statement. This item increased by €18.0 million as a result of the acquisition of Répar's stores.

Note 9.2.3 Analysis of net financial debt

The net financial debt is defined in note 6.3.3.

€ thousands	30/06/21	31/12/20
Financial liabilities included in net financial debt calculation	95,045	71,348
– Of which liabilities related to lease agreements (IFRS 16)	55,495	50,792
Financial assets included in net financial debt calculation	3,598	142
– Marketable securities	—	—
– Loans	3,540	142
– Miscellaneous	58	—
Cash and cash equivalents	608,922	588,925
NET FINANCIAL DEBT*	-517,475	-517,719
Liabilities related to put options and earnouts	37,412	19,137
RESTATEMENT NET FINANCIAL DEBT*	-554,887	-536,856

* (-) Net financial surplus.

NOTE 10 ANALYSIS OF CASH FLOW STATEMENT**NOTE 10.1 CASH AND CASH EQUIVALENTS**

€ thousands	30/06/21 6 months	30/06/20 6 months
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	588,519	386,190
Cash and cash equivalents at the start of the period	588,925	387,547
Bank overdrafts	-405	-1,357
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	608,097	441,971
Cash and cash equivalents at the end of the period	608,922	442,930
Bank overdrafts	-825	-959

NOTE 10.2 CHANGE IN WORKING CAPITAL REQUIREMENTS

€ thousands	30/06/21 6 months	30/06/20 6 months
Net decrease/(increase) in inventory	355	2,108
Net decrease/(increase) in trade receivables	-89,452	-43,052
Net (decrease)/increase in trade payables	6,749	996
Net movement in other receivables and payables	3,602	977
CHANGE IN WORKING CAPITAL REQUIREMENTS	-78,746	-38,971

NOTE 10.3 BUSINESS ACQUISITIONS AND DISPOSALS NET OF CASH ACQUIRED OR DISPOSED OF

Net cash flows from acquisitions included €27.5 million from the acquisition of Répar'stores (see note 4), €0.8 million from payment of the last earnout on Somfy Protect and €0.1 million arising from the buyout of non-controlling interests from BFT India. Net cash flows from disposals correspond to the partial payment of current receivables on the CIAT disposal (see "Highlights").

NOTE 11 PROVISIONS AND CONTINGENT LIABILITIES**NOTE 11.1 PROVISIONS****Note 11.1.1 Non-current provisions**

€ thousands	Provisions for guarantees	Provisions for litigation	Provision for agents	Provisions for liabilities and charges	Total 2021
At 1 January 2021	4,825	2,730	443	1,647	9,645
Charges	539	899	18	209	1,665
Used reversals	-59	-434	-47	-140	-680
Unused reversals	—	-432	—	—	-432
Impact of foreign exchange rates	32	—	—	-3	29
Impact of changes in consolidation scope and method	—	—	—	—	—
Other movements	—	—	—	—	—
AT 30 JUNE 2021	5,337	2,763	414	1,713	10,227

Note 11.1.2 Current provisions

€ thousands	Provisions for guarantees	Provisions for litigation	Provisions for liabilities and charges	Total 2021
At 1 January 2021	4,600	2,810	3,790	11,199
Charges	890	170	5,189	6,249
Used reversals	-95	-640	-489	-1,223
Unused reversals	—	-431	-682	-1,113
Impact of foreign exchange rates	4	8	102	114
Impact of changes in consolidation scope and method	—	—	—	—
Other movements	—	—	—	—
AT 30 JUNE 2021	5,399	1,917	7,909	15,225

NOTE 11.2 CONTINGENT LIABILITIES

All the Group's contingent liabilities are listed in the Highlights.

NOTE 12 WORKFORCE

The Group's workforce at 30 June 2021, including temporary and part-time employees recorded on a full-time equivalent basis, was as follows:

	30/06/21	30/06/20
Average workforce	6,922	6,679
Workforce at period end	7,021	6,857

NOTE 13 INCOME TAX

€ thousands	30/06/21 6 months	30/06/20 6 months
Profit before tax	215,285	97,825
<i>Share of expenses on dividends</i>	2,487	1,444
<i>Goodwill impairment</i>	—	736
<i>Reclassification of CVAE to Income tax</i>	-1,459	-2,039
<i>Reclassification of CIR to Other operating income</i>	-2,867	-3,004
<i>Other</i>	1,764	1,100
Permanent differences	-75	-1,763
Net profit taxed at reduced rate	-22,569	-16,635
Net profit taxable at standard rate	192,641	79,426
<i>Tax rate in France</i>	28.41%	32.02%
Tax charge recalculated at the French standard rate	54,724	25,435
Tax at reduced rate	2,331	1,718
<i>Difference in standard rate in foreign countries</i>	-14,655	-11,714
<i>Tax losses for the year, unrecognised in previous periods, deficits used</i>	-418	484
Effect of the rate difference	-15,073	-11,230
Tax credits	-3,608	-573
Other taxes and miscellaneous	856	2,979
GROUP TAX	39,231	18,329
<i>Effective rate</i>	18.22%	18.74%

The results taxed at a **reduced rate** in France involve patent royalties taxed at 10.33%.

In France, the ordinary taxation rate fell from 32.02% in 2020 to 28.41% in 2021, in line with the gradual reduction in the normal rate of corporate income tax.

The main countries that contributed to the **difference in the tax rate** were Tunisia (€7.5 million), other European countries (€2.8 million), Poland (€2.2 million), Middle Eastern countries (€1.0 million) and the United States (€0.8 million).

Tax credits were mainly affected by incentives in Italy measuring -€2.9 million at 30 June 2021 and investment-related tax credits measuring -€0.7 million at 30 June 2021, compared with -€0.6 million at 30 June 2020.

Other taxes and miscellaneous items include the CVAE corporate value-added contribution of €1.5 million and €2.1 million for the periods ended 30 June 2021 and 30 June 2020 respectively, less a profit related to tax claims measuring -€0.8 million at 30 June 2021.

NOTE 14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES AND RELATED PARTIES

NOTE 14.1 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

€ thousands	30/06/21	31/12/20
Investments in associates and joint ventures at the beginning of the period	145,471	136,549
Changes in consolidation scope and method	—	—
Share of profit/(loss) from associates	7,388	10,858
Dividends paid	—	—
Changes in foreign exchange rates	3,805	-1,834
Other	-29	-102
INVESTMENTS IN ASSOCIATES AND JOINT VENTURES AT THE END OF THE PERIOD	156,634	145,471

“Investments in associates and joint ventures” consists of investments in Dooya (€155.9 million) and Arve Finance (€0.7 million).

Dooya’s performance over the first six months was as follows:

€ thousands	30/06/21	30/06/20
Income statement		
Sales	118,884	84,049
Current operating result	12,748	3,168
Net profit	10,560	2,019

NOTE 14.2 RELATED-PARTY DISCLOSURES

Related parties include:

- the parent company;
- companies which exert joint control or a significant influence over the company;
- subsidiaries;
- associates;
- joint ventures;
- members of General Management, the Board of Directors and the Management Committee.

Transactions with associates

Associates are companies over which the Group has a significant influence or exercises 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 €1.2 million over the six months to 30 June 2021, €3.0 million over the 12 months to 31 December 2020 and €1.7 million over the 6 months to 30 June 2020. Group trade payables with Dooya stood at €0.4 million at 30 June 2021, €0.3 million at 31 December 2020 and €1.0 million at 30 June 2020.

Transactions with other related parties involved negligible amounts.

NOTE 15 LIST OF CONSOLIDATED ENTITIES

Company name	Head office	% control 30/06/21	% interest 30/06/21	% interest 31/12/20
Somfy SA	74300 Cluses (France)	(parent company)	(parent company)	(parent company)
Fully-consolidated companies				
Somfy Activités SA	Cluses (France)	100.00	100.00	100.00
CMC	Cluses (France)	100.00	100.00	100.00
Somfybat	Cluses (France)	100.00	100.00	100.00
Domis SA	Rumilly (France)	100.00	100.00	100.00
SITEM	Zaghouan (Tunisia)	100.00	100.00	100.00
SITEM Services	Zaghouan (Tunisia)	100.00	100.00	100.00
SOPEM spolka z ograniczona odpowiedzialnoscia	Niepolomicie (Poland)	100.00	100.00	100.00
Somfy Eastern Europe Area sp zoo	Warsaw (Poland)	100.00	100.00	100.00
Somfy Ltd	Yeadon (UK)	100.00	100.00	100.00
Somfy PTY. Limited	Rydalmerie (Australia)	100.00	100.00	100.00
Somfy Automation Services PTY Ltd	Rydalmerie (Australia)	100.00	100.00	100.00
N.V Somfy S.A	Zaventem (Belgium)	100.00	100.00	100.00
Somfy Brazil 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 (liquidated)	Plantation (USA)	—	—	100.00
Somfy Colombia SAS	Bogota (Colombia)	100.00	100.00	100.00
Somfy Argentina S.R.L.	San Fernando (Argentina)	100.00	100.00	100.00
GABR Participações LTDA	São Paulo (Brazil)	100.00	100.00	100.00
Somfy GmbH (Germany)	Rottenburg (Germany)	100.00	100.00	100.00
HIMOTION BV	Leiden (Netherlands)	100.00	100.00	100.00
Somfy GmbH (Austria)	Elsbethen-Glasenbach (Austria)	100.00	100.00	100.00
Somfy Kereskedelmi Kft	Vecsés (Hungary)	100.00	100.00	100.00
Somfy spolka z ograniczona odpowiedzialnoscia	Warsaw (Poland)	100.00	100.00	100.00
Somfy spol s.r.o.	Prague (Czech Republic)	100.00	100.00	100.00
Somfy S.R.L.	Târlungeni (Romania)	100.00	100.00	100.00
Somfy Limited Liability Company	Moscow (Russia)	100.00	100.00	100.00
Somfy SIA	Riga (Latvia)	100.00	100.00	100.00
Limited Liability Company Somfy	Kiev (Ukraine)	100.00	100.00	100.00
Somfy Bulgaria AD	Sofia (Bulgaria)	100.00	100.00	100.00
Chusik Hoesa Somfy	Seongnam (Korea)	100.00	100.00	100.00
Somfy Italia SRL	Milan (Italy)	100.00	100.00	100.00
Somfy Nederland BV	Hoofddorp (Netherlands)	100.00	100.00	100.00
Somfy España SA	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
Somfy Systems Inc	Dayton (USA)	100.00	100.00	100.00
Somfy SA (Suisse)	Bassersdorf (Switzerland)	100.00	100.00	100.00
Somfy Sweden Aktiebolag	Malmö (Sweden)	100.00	100.00	100.00
Somfy Norway AS	Skedsmokorset (Norway)	100.00	100.00	100.00
Somfy PTE Ltd	Singapore	100.00	100.00	100.00
Somfy (Thailand) Co., Ltd	Bangkok (Thailand)	100.00	100.00	100.00

Company name	Head office	% control 30/06/21	% interest 30/06/21	% interest 31/12/20
Somfy Taiwan Co Ltd	Taipei (Taiwan)	100.00	100.00	100.00
Asian Capital International Limited	Hong Kong	100.00	100.00	100.00
Sino Global International Holdings Limited	Hong Kong	100.00	100.00	100.00
Sino Link Trading Limited	Hong Kong	100.00	100.00	100.00
Somfy Asia-Pacific Co Ltd	Hong Kong	100.00	100.00	100.00
Somfy Co Limited	Hong Kong	100.00	100.00	100.00
Somfy China Co Ltd	Shanghai (China)	100.00	100.00	100.00
Zhejiang Lian Da Science and Technology Co., Ltd.	Huzhou (China)	95.00	95.00	95.00
Somfy Middle East Co. Ltd	Limassol (Republic of Cyprus)	100.00	100.00	100.00
Somfy Egypt	New Cairo (Egypt)	100.00	100.00	100.00
Sisa Home Automation Ltd	Rishon Le Zion (Israel)	100.00	100.00	100.00
Somfy Maroc	Casablanca (Morocco)	100.00	100.00	100.00
Somfy Hellas SA	Acharnae (Greece)	100.00	100.00	100.00
Somfy EV Otomasyon Sistemleri Ticaret Ltd Sti	Istanbul (Turkey)	100.00	100.00	100.00
Somfy South Africa PTY Limited	Cape Town (South Africa)	100.00	100.00	100.00
Somfy Tunisie	Tunis (Tunisia)	100.00	100.00	100.00
Somfy Services	Tunis (Tunisia)	50.00	50.00	50.00
Somfy Mexico, S.A. DE C.V.	Tlalnepantla (Mexico)	100.00	100.00	100.00
Syservmex SRL DE CV	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 (USA)	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
RS FRANCHISE (acquisition)	Saint-Jean-de-Védas (France)	60.00	60.00	—
RS BOUTIQUE (acquisition)	Saint-Jean-de-Védas (France)	60.00	60.00	—
ABIPEC FORMATION (acquisition)	Saint-Jean-de-Védas (France)	60.00	60.00	—
VOLETS SERVICES MONTPELLIER (acquisition)	Saint-Jean-de-Védas (France)	60.00	30.60	—
VOLETS SERVICES NANTES (acquisition)	La Guyonnière (France)	60.00	30.60	—
VOLETS SERVICES TOULOUSE (acquisition)	Saint-Geniès-Bellevue (France)	60.00	30.60	—
VOLETS SERVICES LUXEMBOURG (creation)	Luxembourg (Luxembourg)	60.00	30.60	—
VOLETS SERVICES IDF (acquisition)	Cormeilles-en-Parisis (France)	60.00	60.00	—
EUROSTORES (acquisition)	Frontignan (France)	60.00	30.00	—

Company name	Head office	% control 30/06/21	% interest 30/06/21	% interest 31/12/20
SEM-T	Cluses (France)	100.00	100.00	100.00
DSG Coordination Center SA	Geneva (Switzerland)	100.00	100.00	100.00
BFT SpA	Schio (Italy)	100.00	100.00	100.00
Automatismes BFT France	Saint-Priest (France)	100.00	100.00	100.00
BFT Group Italiberica de Automatismos SL	Granollers (Spain)	100.00	100.00	100.00
BFT Antriebssysteme GmbH	Oberasbach (Germany)	100.00	100.00	100.00
BFT Automation UK Ltd	Stockport (UK)	100.00	100.00	100.00
BFT Benelux SA	Nivelles (Belgium)	100.00	100.00	100.00
BFT Adria d.o.o.	Drazice (Croatia)	100.00	100.00	100.00
BFT Polska sp zoo	Zielonka (Poland)	100.00	100.00	100.00
BFT Americas Inc.	Boca Raton (USA)	100.00	100.00	100.00
BFT Portugal SA	Coimbra (Portugal)	100.00	100.00	100.00
BFT Automation (South) Ltd	Swindon (UK)	100.00	100.00	100.00
BFT Automation Australia PTY	Wetherill Park (Australia)	100.00	100.00	100.00
BFT CZ Sro	Prague (Czech Republic)	100.00	100.00	100.00
BFT Veneto SRL	Schio (Italy)	100.00	100.00	100.00
BFT Otomasyon Kapi	Istanbul (Turkey)	100.00	100.00	100.00
BFT Istanbul	Kocaeli (Turkey)	100.00	100.00	100.00
BFT Greece	Athens (Greece)	100.00	100.00	100.00
BFT Automation Ireland	Dublin (Ireland)	100.00	100.00	100.00
BFT Automation Systems PTL	Hyderabad (India)	100.00	100.00	51.00
BFT Middle East FZO	Dubai (United Arab Emirates)	100.00	100.00	100.00
BFT Auto Gate and Door (Shanghai) Co. Ltd	Shanghai (China)	100.00	100.00	100.00
BFT Gates and Doors SRL	Bucharest (Romania)	100.00	100.00	100.00
BFT Automation New Zealand	Auckland (New Zealand)	100.00	100.00	100.00
BFT Sud-Est (merged into Automatismes BFT France)	Saint Laurent du Var (France)	—	—	100.00
Equity-accounted companies				
Arve Finance	Cluses (France)	50.17	50.17	50.17
Hong Kong CTLT Trade Co., Limited	Hong Kong	70.00	70.00	70.00
Ningbo Dooya Mechanic and Electronic Technology Co Ltd	Ningbo (China)	70.00	70.00	70.00
Shanghai Zhengshang Co., Ltd	Shanghai (China)	70.00	70.00	70.00
Shanghai Branch (liquidated)	Shanghai (China)	—	—	70.00
Hui Gong Intelligence Technology Ltd	Shanghai (China)	70.00	70.00	70.00
New Unity Limited	Hong Kong	70.00	70.00	70.00
Dooya Sun Shading Technology Co. Ltd. (liquidated)	Ningbo (China)	—	—	70.00
Ningbo Sleepwell Co Ltd	Ningbo (China)	70.00	70.00	70.00
Baixing Co Ltd	Ningbo (China)	70.00	70.00	70.00
Shanghai Goodnight	Ningbo (China)	70.00	70.00	70.00

03

STATUTORY AUDITORS' REPORT ON THE 2021 INTERIM FINANCIAL REPORT

- 34 Opinion on the financial statements
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03

STATUTORY AUDITORS' REPORT ON THE 2021 INTERIM FINANCIAL REPORT

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting and pursuant to Article L. 451-1-2 III of the French Monetary and Financial Code, we have conducted:

- a limited review of the accompanying condensed consolidated interim financial statements of the company Somfy SA, for the period from 1 January to 30 June 2021;
- a review of the information disclosed in the half-year business report.

Due to the global crisis related to the Covid-19 pandemic, the condensed consolidated interim financial statements of this period have been prepared and reviewed 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 organization and the performance of our procedures.

These condensed consolidated interim financial statements were prepared under the responsibility of the Board of Directors. It is our responsibility to express an opinion on these financial statements on the basis of our limited review.

OPINION ON THE FINANCIAL STATEMENTS

We have conducted our limited review in accordance with the professional auditing standards applicable in France.

A limited review consists principally of making inquiries of persons responsible for financial and accounting matters and applying analytical procedures. The scope is substantially less than an audit conducted in accordance with the professional auditing standards applicable in France. Consequently, this review can only provide reasonable assurance, to a lesser degree than an audit, as to whether the interim financial statements are free of material misstatements.

Based on our limited review, nothing has come to our attention that would challenge the compliance of the condensed consolidated interim financial statements with IAS 34 – a standard of the IFRS framework relating to interim financial reporting as adopted within the European Union.

SPECIFIC VERIFICATION

We have also verified the information disclosed in the half-year business report commenting on the condensed consolidated interim financial statements, which were the subject of our limited review.

We have no observation to make with regard to the fairness of such information and its consistency with the condensed consolidated interim financial statements.

Lyon, 8 September 2021
The Statutory Auditors

KPMG Audit

A division of KPMG SA

Stéphane Devin Sara Righenzi de Villers
Partner Partner

ERNST & YOUNG et Autres

Sylvain Lauria
Partner

04

STATEMENT FROM THE INDIVIDUAL RESPONSIBLE FOR THE 2021 HALF-YEAR FINANCIAL REPORT

04

STATEMENT FROM THE INDIVIDUAL RESPONSIBLE FOR THE 2021 HALF-YEAR FINANCIAL REPORT

I certify that, to the best of my knowledge, the condensed consolidated interim financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the net equity position, financial position and financial performance of the company and all companies included in the consolidation, and that the half-year business report gives a true and fair view of the significant events that occurred during the first six months of the financial year, their impact on the financial statements, the main transactions conducted between related parties, as well as a description of the major risks and uncertainties for the remaining six months of the financial year.

Cluses, 8 September 2021

Pierre Ribeiro
Chief Executive Officer

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