2022 ANNUAL REPORT

SOMFY

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01
PRESENTATION OF THE GROUP

SOMFY IS INVESTING IN THE FUTURE TO SUPPORT SUSTAINABLE GROWTH

Against the backdrop of a market downturn, SOMFY maintained its growth and continued to invest to make its supply chain more reliable, digitalise its operations and expand its offer. Jean Guillaume Despature, Chairman of the Board of Directors and Pierre Ribeiro, Chief Executive Officer offer their insights.

How did SOMFY perform in 2022?

J.G.D. — 2022 was marked by a downturn in the market with a decline in demand after three exceptional half-years due to Covid. The geopolitical context and its economic consequences impacted consumer confidence and spending power. Despite all this, SOMFY continued its transformation and maintained a high level of investments to prepare for the future.

P.R. — The Group delivered growth of 3.7%, reporting sales of more than €1.5 billion. This growth was partly due to our efforts to reduce our delivery backlog. With a current operating margin of 18.2%, our profitability was on track. Whilst lower than in 2021, it was higher than in the years preceding the health crisis. Our financial position remained sound and generated a surplus. Although our results fell short of our expectations, 2022 was a positive year.

How has SOMFY responded in the face of this new reality?

J.G.D. — The Group has remained offensive to improve the existing and prepare for the future. The teams have worked hard to improve our operational excellence. In parallel, we have opted for lower profitability in order to ramp up our digitalisation with the continued roll-out of our ERP and to increase our industrial capabilities with construction starting on a factory in Portugal and the planned logistics platform in western France.

P.R. — As part of Ambition 2030, we have launched "2025 One Way", an execution plan to enhance value creation and visualise what SOMFY will be in three years' time. This plan offers tangible benefits for our customers with a reliable supply chain, innovative and sustainable offers, and a rich and unique experience. It also commits us to our teams in relation to skills' development, smart ways of working, and diversity and inclusion. Lastly, it consolidates our performance by steering SOMFY towards robust and sustainable growth, by developing its markets and reinforcing excellence in execution. It provides an overall vision for all with tangible targets within a short timeframe. Everyone can therefore look ahead and measure the impacts of their commitment.

What challenges does SOMFY intend to address in the future?

P.R. — Innovation is at the heart of our concerns. We are preparing two major launches in 2023 – the new RS100 Solar io motor for roller shutters and the adjustment of our range of motors for interior blinds to the Zigbee protocol in the United States. We firmly believe in the long-term success of connected devices, which achieved growth of 19% in 2022. More than motors, we are launching a complete ecosystem with the new generation of the TaHoma box, TaHoma® switch, and a range of digital services.

J.G.D. — Our Ambition 2030 project requires that we reinvent ourselves, set major changes in motion and make trade-offs. Whether this involves our digitalisation, our people project or our environmental performance, we must demonstrate our agility to better prepare for the future.

What highlights do you take from 2022?

J.G.D. — Our family group, and principal shareholder since 1984, launched a Public Tender Offer with the aim of delisting SOMFY. This transaction, which was finalised on 9 February 2023, does not call into question the company's roadmap or its investment capacity, but gives us greater freedom to ramp up the implementation of our project. It is also testament to how much confidence the family shareholders have in the company's long-term vision, in its ability to make a positive contribution to its ecosystem and in the quality of its teams and management.

P.R. — The acquisition of the Italian company Teleco Automation, a leader in automation systems for bioclimatic pergolas, gives us an additional asset to build on the very buoyant solar protection market with a range of innovative, integrated and connected products. In the United States, our teams are already in place to offer these solutions to our US customers.

What makes you confident about the future?

P.R. — In spite of the lack of visibility, SOMFY is looking ahead thanks to the support of its shareholders. Our market fundamentals remain sound, driven by changing lifestyles and new ways of working that support smart living and the energy performance of buildings to which our products – 66% of which are certified Act For Green – are making an active contribution.

J.G.D. — We are offering digital solutions that reinforce the energy performance of buildings, while improving the comfort and safety of occupants. In the implementation of this project that addresses current concerns, we can rely on loyal partners, suppliers, manufacturers and installers, who all share our vision and beliefs.

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

PROFILE

SOMFY is an international, independent, and family-owned company and is the benchmark for "Living Better". As a player in the connected home and its use cases, the Group brings innovations to homes and buildings in terms of comfort and well-being, safety of people and property, and energy savings. SOMFY designs, assembles, and distributes motors and automated systems—integrated into blinds, shutters, doors, and gates—and the intelligent systems that control them.
It also distributes connected products and digital applications.

SOMFY is always on the lookout for new uses and needs to develop new products that operate with other players' products in the connected home and building sector. Active in the building and renovation markets, the company reduces its solutions' carbon footprint and makes them accessible to as many people as possible through its locations on five continents and its portfolio of complementary brands. With solutions adapted to each market, SOMFY builds a relationship of trust with its customers and partners, based on the excellence of its products and services.

THIS IS HOW SOMFY WRITES THE FUTURE OF HOUSING FOR BETTER LIVING EVERY DAY, AND WE DO SO BY BEING USEFUL AND RESPONSIBLE.

2022: IN NUMBERS

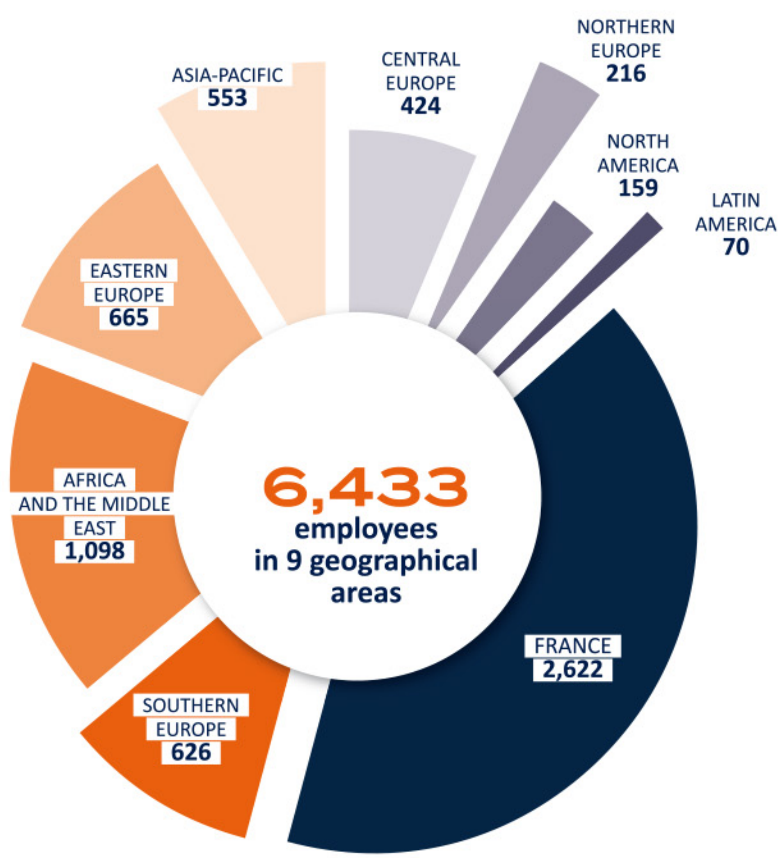
In 2022, with the end of the health crisis and the beginning of the conflict in Ukraine, the Group demonstrated its capacity to adapt and continue to generate growth.

€1,532M
in sales

Growth in sales
+1.6%
on a like-for-like basis compared to 2021

Current Operating Result
€278M
18.2% of sales

2,219
patents in portfolio



AND FACTS

FEBRUARY 2022

Measures to protect employees and assets implemented in Ukraine as soon as the conflict started and halted exports to Russia in compliance with international sanctions.

MARCH 2022

Teams were mobilized, a crisis unit deployed, and a product redesign strategy rolled out to cope with the global components shortage and restore service quality.

JULY 2022

Acquisition of Teleco Automation, a leader in automation systems for bioclimatic pergolas. This acquisition gives SOMFY a new opportunity to rebound on the dynamic terrace solar protection market.

SEPTEMBER 2022

Launch of "2025 One Way", a three-year plan built around three pillars: Customers, teams, and performance. It offers a vision of SOMFY in 2025 with concrete and visible objectives for everyone.

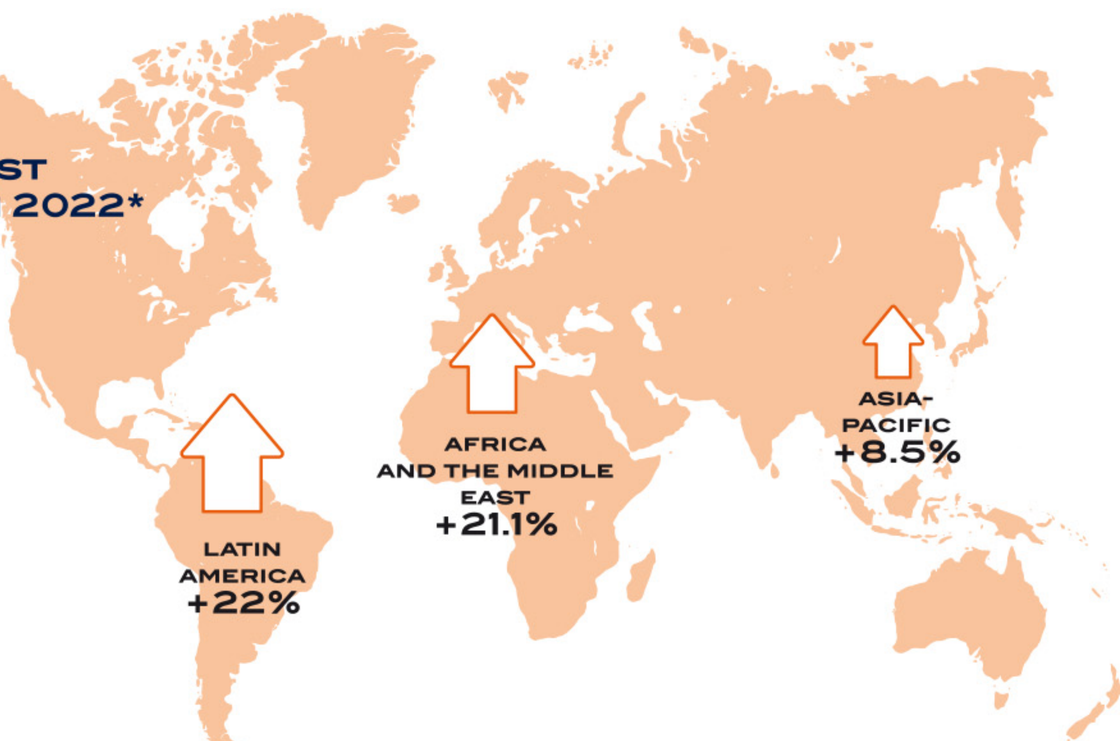
NOVEMBER 2022

Simplified Public Tender Offer launched by the principal shareholder on SOMFY shares for a mandatory delisting in February 2023. As such, the shareholder reaffirmed their desire to support the company's long-term growth.

DECEMBER 2022

Affirmation of SOMFY's new "Living Better" positioning, a compass that guides our actions for environmental protection, team development, and providing a positive impact on local communities.

TOP 3 AREAS SHOWING MOST PROGRESS IN 2022*



* on a like-for-like basis

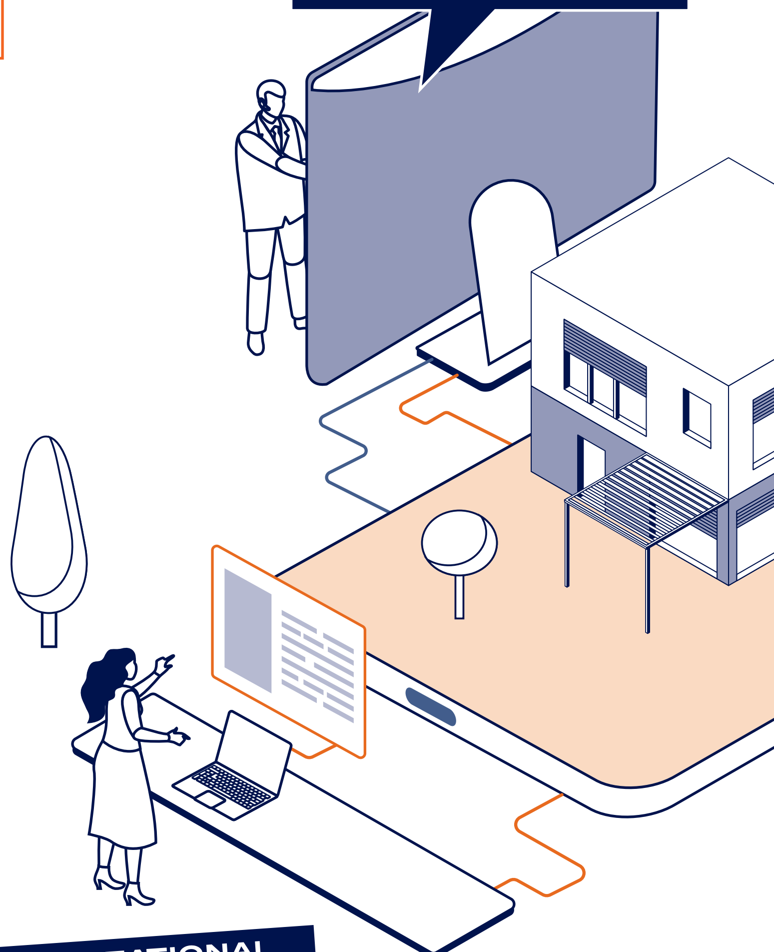
VISION: INSPIRING A BETTER WAY OF LIVING, ACCESSIBLE TO ALL.

AMBITION

TO BE THE PREFERRED PARTNER FOR WINDOW AND DOOR AUTOMATION FOR HOMES AND BUILDINGS.

TRADES

- Research & Development
- Purchasing
- Assembly
- Marketing - Prescription
- Sales
- Distribution



RESOURCES

Human
- **6,433** employees, **41%** in France and **59%** internationally

Intellectual
- **18** R&D centers in 10 countries
- **8.7%** of sales invested in R&D
- **66%** of employees received training during the year [1]

Industrial and commercial
- **8 production sites** in **5 countries**
- Commercial presence in **58 countries**

Financial
- Historical and long-lasting family shareholders
- Financial robustness

Environmental
- Team dedicated to carbon footprint
- Act For Green [2] product certification label since 2015

Societal
- SOMFY Foundation since 2004

ORGANIZATIONAL PRINCIPLES

- Architecture by functions
- Customer-centric culture
- Digitalized organizational model

(1) Scope of social reporting.
(2) Somfy proprietary label, certified by PEP Ecopassport.
(3) Reduction in absolute value of emissions from energy consumption according to the market-based methodology.

MARKET TRENDS

- Energy efficiency
- Connected buildings
- Digitalization of uses
- House as a refuge

APPLICATIONS

- Shutters and solar protection
- Interior blinds and curtains
- Smart Home
- External awnings and pergolas
- Access and Security

VALUE CREATED

PLANET

- **24%** reduction in scopes 1 & 2 carbon footprint compared to 2019 (3)
- **14%** reduction in scope 3 carbon intensity (4)
- **65.9%** of products with the Act For Green label (5)
- **5%** reduction in annual electrical consumption per motor
- **55%** of electricity from renewable sources

PEOPLE

- **6.3%** of employees received a promotion
- **25.8%** of women in management
- **201** jobs created in 2022
- **7.3/10** employee engagement rate
- **12** tailor-made, in-house training courses, available to all employees

PROSPERITY

- EcoVadis Gold Medal

Customers

- CNPS (Client Net Promoter Score) of **45.4** in 2021
- **12,891** customer interactions via My SOMFY Lab
- **40** patent applications
- **24** new products and services
- **6.1%** of sales generated by the 24 new products in the last 2 years (6)

Partners

- **2,800** experts
- Longevity of the supplier relationship

Regional anchoring

- **515** solidarity days

(4) Reduction in relative value, based on the number of products sold, of indirect emissions concerning the entire value chain.
(5) Somfy brand.
(6) Excluding Teleco Automation.

INVESTOR RELATIONS

BREAKDOWN OF CAPITAL IN % AFTER THE SQUEEZE-OUT[1]

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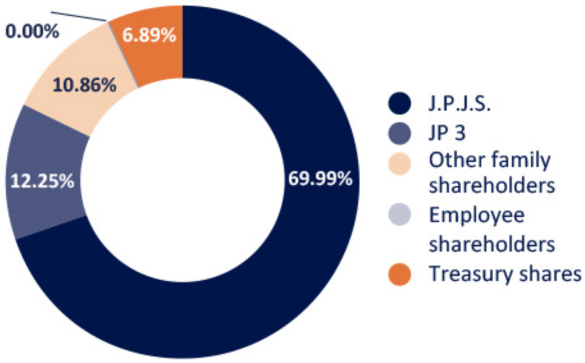

CAPITAL

—

SOMFY SA capital amounts 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.

LISTING

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SOMFY SA is a company with a Board of Directors whose shares, listed since 2002, were delisted from Euronext Paris (compartment A, ISIN Code FR0013199916) on 9 February 2023 following the squeeze-out after the successful Simplified Public Tender Offer initiated by its principal shareholder, the Despature family group.

CONTRACT

—

On 20 June 2018, SOMFY SA signed a liquidity contract with ODDO BHF. This contract was terminated on 20 January 2023.

2023 FINANCIAL CALENDAR

—

24 January	Release of 2022 Full-Year Turnover
7 March	Release of 2022 Full-Year Results
13 April	Release of 2022 Annual Report
5 September	Release of 2023 Half-Year Results

(1) And before reintroduction of employee share ownership schemes.

ORGANISATION

GENERAL MANAGEMENT

—

Chief Executive Officer:
Pierre Ribeiro

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

BOARD OF DIRECTORS

—

Chairman:
Jean Guillaume Despature

Directors:
Marie Bavarel-Despature
Paule Cellard(1)
Sophie Desormière(1)
Grégoire Ferré(1)
Wandrille Henrotte(2)
Vincent Léonard(1)
Bénédicte Miesch(2)
Florence Noblot(1)
Bertrand Parmentier(1)
Anthony Stahl

AUDIT AND RISK COMMITTEE

—

Chairman:
Vincent Léonard(1)

Members:
Paule Cellard(1)
Bertrand Parmentier(1)

APPOINTMENT AND REMUNERATION COMMITTEE

—

Chairman:
Bertrand Parmentier(1)

Members:
Paule Cellard(1)
Jean Guillaume Despature

STRATEGY COMMITTEE

—

Chairman:
Jean Guillaume Despature

Members:
Sophie Desormière(1)
Grégoire Ferré(1)
Bertrand Parmentier(1)
Anthony Stahl

SUSTAINABLE DEVELOPMENT COMMITTEE

—

Chair:
Florence Noblot(1)

Members:
Marie Bavarel-Despature
Jean Guillaume Despature
Vincent Léonard(1)

STATUTORY AUDITORS

—

DELOITTE & ASSOCIÉS
KPMG SA

(1) Independent member.
(2) Member representing employees.

02
MANAGEMENT REPORT

02
MANAGEMENT REPORT
TO THE COMBINED GENERAL MEETING OF 17 APRIL 2023

Ladies and Gentlemen,

In accordance with legal and regulatory provisions, the Board of Directors has convened you here in order to inform you on the management of your company and its subsidiaries and to submit for your approval the financial statements for the year ended 31 December 2022.
Founded in 1969 in France, 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 more than 50 years, SOMFY has been using automation to improve living environments and has been committed to creating reliable and sustainable solutions that promote better living and well-being for all.

HIGHLIGHTS OF THE YEAR

SIMPLIFIED PUBLIC TENDER OFFER FOR THE SHARES OF SOMFY

—

On 15 November 2022, SOMFY SA was informed of a draft Simplified Public Tender Offer for its shares, intended to strengthen the Despature family group's control over the company. The family group already owned 73.9% of SOMFY's share capital and 84.2% of its theoretical voting rights, and sought to delist the company. This Offer, which applied to a maximum of 7,551,738 shares, was fully aligned with the Group's strategic and operational development and reaffirmed the principal shareholder's intention to support the Group's long-term business growth.
The Offer, jointly initiated by J.P.J.S. and JP 3 ("the Initiators"), was priced at €143 per share, representing a premium of 38.5% above the volume-weighted average share price over the previous 60 trading days and a premium of 20.6% above the last closing price before the Offer was announced, thus offering shareholders a significant premium relative to the recent market track record of SOMFY shares.
On 7 December 2022, the Board of Directors issued a reasoned opinion on the Offer and stated that said Offer and its implications were in line with the interests of the Group, its shareholders and employees, and recommended that the company's shareholders tender their shares to the Offer.
This opinion was issued unanimously following the recommendations of the *ad hoc* committee, comprised of three independent members, and the findings of the report – including a fairness opinion on the financial terms of the Offer – submitted by the independent appraiser Finexsi, appointed upon the proposal of this committee.
The AMF declared the Offer compliant on 20 December 2022 and published the notice announcing the opening of the Offer on 21 December 2022, with the Offer period running from 22 December 2022 to 12 January 2023.
Following the transaction, since the free float accounted for less than 10% of the company's share capital and voting rights, a squeeze-out was conducted and the remaining shares were acquired in February 2023. This squeeze-out constitutes a subsequent event. At the date of preparation of this report, shares in the company have been delisted from Euronext Paris.

SYNDICATED LOAN

—

Alongside the structuring of the financial package that enabled the J.P.J.S. and JP 3 holding companies to make the Simplified Public Tender Offer, on 16 December 2022 SOMFY SA took out a €300 million syndicated loan over five years in the form of a revolving credit facility from its main financial partners. This facility replaced the bilateral borrowing facilities still in place with certain banks.
An extension of the syndicate to include new partners and increase the amount of the revolving credit facility by €50 million is currently being set up and should be finalised in the first half-year of 2023. This extension constitutes a subsequent event.

RUSSIAN-UKRAINIAN CRISIS

—

The war between Russia and Ukraine has been ongoing since 24 February 2022. It has led to the displacement of huge numbers of the Ukrainian population to neighbouring countries and sanctions against Russia by the international community, caused a sharp rise in energy prices and exacerbated the semi-conductor crisis. SOMFY is closely monitoring developments in the Russian-Ukrainian conflict, stopped its exports to Russia at the start of the crisis and has implemented measures to protect its employees and assets in these territories, which account for less than 1% of the Group's sales. It is difficult at this stage to assess its repercussions on the economy in general and on the Group's business in particular. Within this uncertain environment, potential asset impairment of approximately €3.4 million has been measured by SOMFY, for which provision has been made at 31 December 2022.

PRESSURE ON PROCUREMENT

—

The Group has continued to face an increase in the price of raw materials, transportation and electronic components against a backdrop of shortage of the latter (disruption exacerbated by the resurgence of Covid-19 in Asia, notably blocking the port of Shanghai, and by the war in Ukraine). To manage procurement difficulties, SOMFY has maintained the dedicated crisis unit and has pursued its strategy of redesigning its products. These measures have helped to reduce delivery backlogs.

ACQUISITION OF AN INTEREST IN FRENCH GROUP ELCIA

—

On 14 April 2022, SOMFY acquired a 6.33% stake in the share capital of Elcia, the French leader for configurators and software for the windows, doors, roller shutters and shading systems sector, for €5 million. This acquisition was financed from SOMFY's existing cash resources and has been recognised as a non-consolidated equity investment pursuant to IFRS 9, since SOMFY does not exercise any significant influence over Elcia.
Sharing common values based on innovation and customer service, SOMFY and Elcia seek to establish this partnership to pursue the dual aim of helping Elcia Group to expand in Europe, in particular in Germany, and supporting trade installers with the sale of connected solutions.
With 230 employees and more than 24,000 users of ProDevis, the number 1 costing and management solution for installers in windows, doors, roller shutters and shading systems, a solution aimed at optimising interaction between manufacturers, their sales networks and residential customers, Elcia Group generated sales of €27 million in 2022.

ACQUISITION OF ITALIAN GROUP TELECO AUTOMATION

—

On 4 July 2022, SOMFY acquired a 75% stake in the share capital of Italian group Teleco Automation, a specialist in automation, control and lighting systems for indoor and outdoor residential equipment. The Group financed the acquisition using existing cash resources. The acquisition cost was €146 million and the agreement comes with put and call options relating to the balance of Teleco Automation's share capital exercisable in early 2025. Teleco Automation has been fully consolidated in the Group's financial statements since 1 July 2022.
This acquisition will enable SOMFY to benefit from the Italian group's expertise and innovation capacity in the automation of solar protection equipment for terraces, particularly pergolas and awnings, in order to accelerate the development of its core business and support the digitalisation of outdoor living equipment.

Founded in 1996 and operating in about 40 countries, Teleco Automation showed dynamic growth, had 102 employees, and contributed €18.0 million to the Group's sales and €0.8 million to its current operating result in the year to 31 December 2022.

CHANGES TO THE CONSOLIDATION SCOPE

—

Apart from the transaction mentioned above, there were no material changes to the consolidation scope during the 2022 financial year.

CONTINGENT LIABILITIES

—

The proceedings brought against **SOMFY SA** by **Spirel** employees before the regional court of Albertville have been closed since 23 June 2021, the employees' appeal to the highest Court of Appeal having been rejected. In a decision dated 3 May 2022, the Arbitrating Judge of the Labour Court of Albertville dismissed the claim brought by the employees challenging their redundancy and seeking compensation of an amount substantially identical to the amount sought in the proceedings before the regional court (€8.2 million). The proceedings before the Labour Court of Albertville had already been dismissed in 2016 and 2018. Certain employees appealed that decision and the proceedings are thus still ongoing.
The Group continues to qualify the risk as a contingent liability and no provision was recognised at 31 December 2022.

In a ruling of 17 December 2021, the Paris Commercial Court had dismissed all claims brought by **Alder Holdings SAS** (formerly United Technologies Holdings SAS) in its case against **SOMFY SA** concerning the disposal of CIAT shares in 2015. For reference, Alder Holdings was claiming a total of €18.4 million from the sellers of the CIAT shares (of which SOMFY's portion would have been €8.5 million) under the liability guarantee, in connection with complaints fully contested by the sellers, and also remained liable for deferred payments. In early 2022, Alder Holdings appealed the ruling of 17 December 2021, thus blocking the €10 million held in escrow yet to be received by the sellers (of which €4.3 million for SOMFY).
Under mediation proceedings led by the Paris Court of Appeal, SOMFY SA and Alder Holdings entered into an agreement on 30 September 2022 to bring the dispute to a close. Under this agreement, the sellers will pay compensation of €3.5 million to Alder Holdings (of which €1.3 million to be paid by SOMFY SA), to be deducted from the escrow account, the remaining balance of which will be released in full (of which €2.9 million for SOMFY SA).
Proceedings were fully completed as at 31 December 2022. The impacts recognised by SOMFY SA in 2022 consist of a €2.2 million inflow in respect of deferred payments, a €2.9 million inflow in respect of the balance of the purchase price and a non-current loss of €1.6 million including other costs.

PRESENTATION OF FINANCIAL STATEMENTS

PARENT COMPANY DATA

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Over the year ended 31 December 2022, SOMFY SA generated sales of €4.6 million. Net financial income amounted to €236.1 million, including €241.3 million in dividends paid by the subsidiaries in respect of their net profit for the year to 31 December 2021.
Net profit was €225.5 million, after inclusion of a tax income of €2.1 million.

CONSOLIDATED DATA

—

SALES

Group sales were €1.5 billion for the 2022 financial year, an increase of 3.7% compared with the previous financial year (up 1.6% on a like-for-like basis). They posted growth of 4.3% over the first half-year, and a fall of 1.6% over the second on a like-for-like basis, confirming the slowdown seen since the second quarter of 2022.

During the 2022 financial year, the Latin America, Africa & the Middle East and Asia-Pacific regions posted significant growth, demonstrating the benefits of the Group's international footprint. Impacted by economic and geopolitical tensions, the Eastern Europe, Northern Europe and Central Europe regions all recorded slowdowns whilst France and North America remained stable, reflecting the strength of the Group's fundamentals and positive structural trends in the residential market.
The positive forex impact stood at €12 million for the financial year, with the scope impact at €18 million corresponding to the contribution of Teleco Automation, consolidated since 1 July 2022.
Sales of the equity-accounted Chinese subsidiary Dooya totalled €297 million over the financial year, an increase of 7.6% in real terms and stable, with a 0.2% decline on a like-for-like basis, which included growth of 22.4% over the first half-year and a decline of 17.1% over the second, given a fourth quarter that was heavily impacted by the management of the pandemic in China.

SALES BY CUSTOMER LOCATION

€ thousands	31/12/22	31/12/21	Change N/N-1	Change N/N-1 on a like-for-like basis
Central Europe	263,595	262,511	0.4%	-1.3%
of which Germany	*206,665*	*211,568*	*-2.3%*	*-3.0%*
Northern Europe	167,682	168,400	-0.4%	-1.8%
North America	151,005	132,981	13.6%	1.4%
Latin America	30,352	24,427	24.3%	22.0%
NORTH & WEST	**612,633**	**588,319**	**4.1%**	**0.2%**
France	436,558	431,883	1.1%	0.0%
Southern Europe	158,908	148,931	6.7%	2.5%
Africa & the Middle East	85,490	79,021	8.2%	21.1%
Eastern Europe	149,526	152,295	-1.8%	-2.6%
Asia-Pacific	88,831	77,385	14.8%	8.5%
SOUTH & EAST	**919,313**	**889,514**	**3.4%**	**2.6%**
TOTAL SALES	**1,531,947**	**1,477,834**	**3.7%**	**1.6%**

SOMFY has adjusted its Latin America and Africa & the Middle East sales figures to reflect the effects of hyperinflation in Argentina and Turkey by -€0.04 million and +€0.29 million respectively (see note 2.2.2 to the consolidated financial statements).

RESULTS

Current operating result stood at €278 million over the financial year, a decline of 7.6%, equating to a current operating margin of 18.2%, lower than those recorded in 2020 and 2021 – which stood at abnormally high levels of 20.7% and 20.4% respectively – but higher than that seen in pre-Covid periods (17.1% in 2019).
Current operating result was impacted by the slowdown in sales, the significant rise in the price of raw materials and transportation costs, and the maintaining of the Group's structuring projects, reflected in an increase in related structure costs, and the upturn in certain expenses (travel, marketing).
Non-recurring expenses increased, related to the Russian-Ukrainian crisis and the expenses related to the acquisition of Teleco Automation. Net financial expense was higher due to forex impacts, and the income tax rate was comparable to that seen in the previous financial year. Given Dooya's healthy performance, the share of net profit from associates and joint ventures grew by €8 million and totalled €25 million.
Consolidated net profit totalled €238 million over the financial year, a decline of 8.1%.

The return on capital employed (ROCE) stood at 20.5%, similar to the level seen in 2019 (22.2%). Note that it was 31.4% in 2021.

FINANCIAL POSITION

Shareholders' equity increased from €1,371 to €1,485 million over the 2022 financial year. Net financial surplus declined from €642 to €428 million, mainly as a result of the recent acquisition of Teleco Automation and the increase in inventory, in light of lower sales and the Group's desire to rebuild its safety stock, with a knock-on impact on working capital requirements. Cash flow declined by 8.9% in line with profits.

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 2022

€ thousands	North & West	South & East	Intra-regional eliminations	Consolidated
Segment sales	593,366	1,276,477	-337,897	**1,531,947**
Intra-segment sales	-1,824	-336,073	337,897	**-**
Segment sales - Contribution to sales	591,543	940,404	-	**1,531,947**
Segment current operating result	88,676	189,388	-	**278,064**
Share of net profit/(loss) from associates and joint ventures	-	24,659	-	**24,659**
Cash flow	58,162	227,070	-	**285,232**
Net investments in intangible assets and PPE (including IFRS 16)	7,674	99,657	-	**107,330**
Goodwill	2,622	189,064	-	**191,686**
Net intangible assets and PPE	38,224	459,250	-	**497,474**
Investments in associates and joint ventures	-	193,142	-	**193,142**

SOMFY has adjusted its North & West and South & East sales figures to reflect the effects of hyperinflation in Argentina and Turkey by -€0.04 million and +€0.29 million respectively (see note 2.2.2 to the consolidated financial statements).

STOCK MARKET PERFORMANCE

During the 2022 financial year, the SOMFY SA share price decreased by 18.8%. At 31 December 2021, the last trading day representing the closing day of the previous financial year, the share was worth €176.20 and was listed at €143 on 30 December 2022, representing the price proposed by the initiators of the Simplified Public Tender Offer for SOMFY shares (see Highlights). Over the same period the CAC 40 and SBF 120 indexes decreased by 9.5% and 10.3% respectively. SOMFY joined the SBF 120 index on 16 September 2022 and exited it on 9 February 2023 when its shares were delisted from Euronext Paris following the implementation of the squeeze-out (see Post-balance sheet events). Trading in the SOMFY share was suspended on 13 January 2023 after the Simplified Public Tender Offer ended and did not resume before its delisting.
In 2022, the market for the share recorded a monthly trading volume high of 935,870 and low of 130,282, with a monthly average of 337,546 shares, compared with 182,909 shares the previous year.

POST-BALANCE SHEET EVENTS

SIMPLIFIED PUBLIC TENDER OFFER AND SQUEEZE-OUT

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As noted under Highlights, the Simplified Public Tender Offer ended on 12 January 2023 and a total of 5,020,213 shares were tendered during the Offer period, with the result that the Despature family group held 87.47% of SOMFY's share capital and 92.06% of its voting rights following the Offer.
Since those shares not tendered to the Offer accounted for less than 10% of the share capital and voting rights, the Despature family group decided on 30 January 2023 to conduct a squeeze-out of SOMFY shares not tendered to the Offer at a price of €143 per share.
The squeeze-out and the delisting of SOMFY shares from the Euronext Paris market took effect on 9 February 2023.

EXTENSION OF SYNDICATE AND REVOLVING CREDIT FACILITY

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As noted under Highlights, the extension of the syndicate is currently being set up and should be finalised in the first half-year of 2023 to include new partners and increase the amount of the revolving credit facility by €50 million.

OUTLOOK

Following the Simplified Public Tender Offer initiated by the Despature family group, the implementation of the squeeze-out and the delisting of SOMFY shares from the regulated Euronext Paris market took place on 9 February 2023.
This transaction does not call into question the Group's strategic plan, and it continued rolling out its roadmap while remaining vigilant to the still very uncertain macro-economic and geopolitical environment against the backdrop of the global economic slowdown.

RISK MANAGEMENT AND INTERNAL CONTROL

PRESENTATION OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

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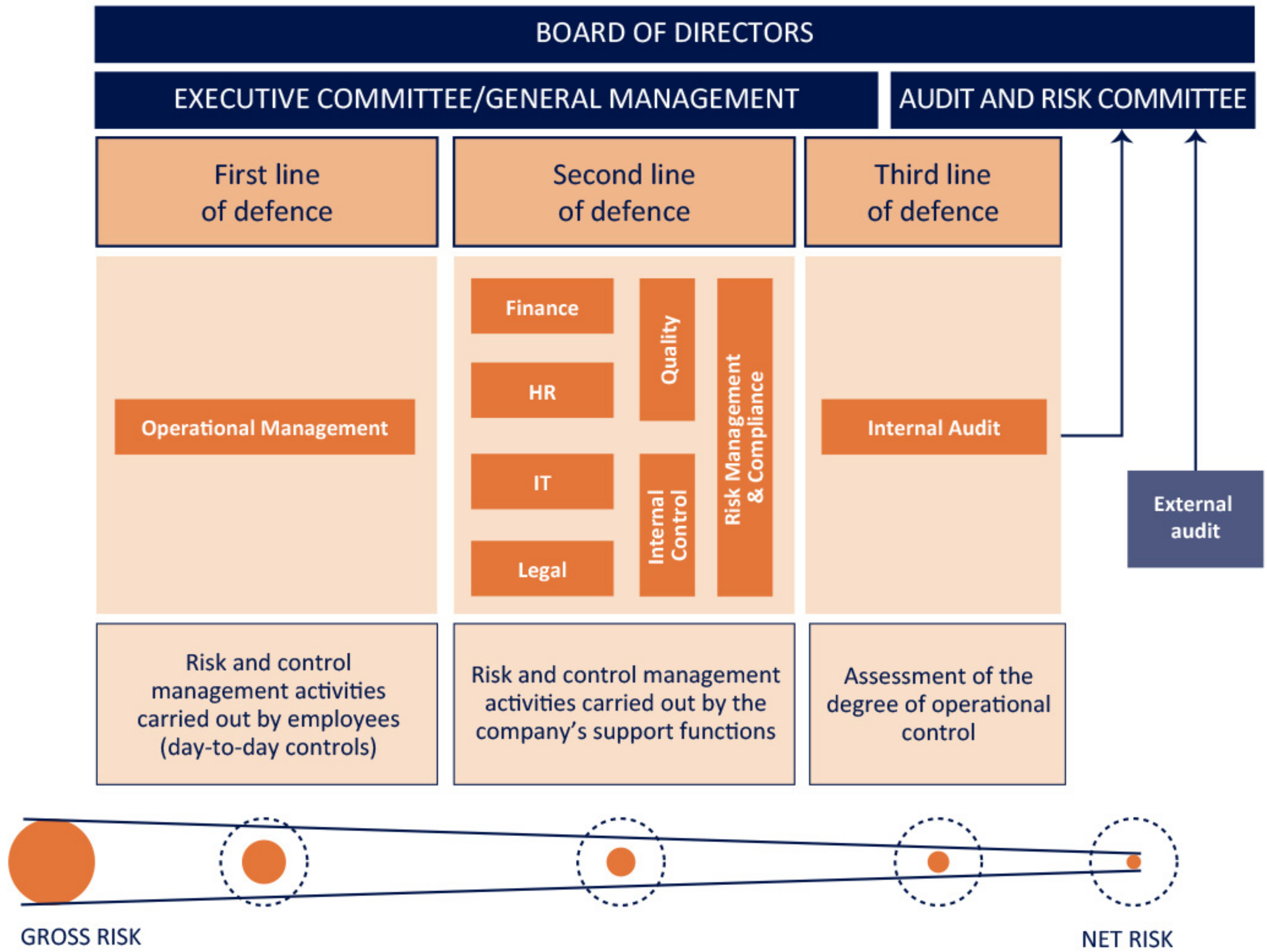
GOVERNANCE AND LEADING PLAYERS

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, specifically responsible for leading an overall Group approach in order to ensure all risks are properly identified and addressed.

The third line of defence, Internal Audit Department

The Internal Audit Department oversees the overall monitoring of the quality of risk management, the relevance and effectiveness of the monitoring system as well as compliance with rules and codes of conduct. It is responsible for assessing how well the internal control system works and for proposing recommendations for improvement if needed.
Internal audits of the Group are conducted under the supervision of the Internal Audit Manager who relies on a team made up of two auditors, with an average of 20 assignments per year. Following each assignment, and based on the recommendations issued by the auditors, action plans are prepared by the entities concerned to correct the shortcomings highlighted by the audit reports.
A summary of these recommendations is presented to General Management and to the Audit and Risk Committee every quarter.

GRC (Governance, Risk and Compliance) solution

In order to perform their coordination and management role, the Internal Control, Risk and Compliance Department and the Internal Audit Department have a shared GRC solution, which specifically allows them to:
- initiate a self-assessment campaign for subsidiaries each year, based on a framework of key controls;
- monitor all the assignments of Internal Audit, as well as the related recommendations and the corresponding action plans;
- assess the Group's risks at several levels in the organisation, consolidate the results at Group level and link them with action plans.

Since 2021, this system has also been used to collect from the Group entities concerned, the indicators mentioned in the non-financial statement.
Moreover, a digital accounting controls solution is used to support the internal control and audit assignments.
The use of all these resources is closely monitored by the Audit and Risk Committee, which is regularly informed of the progress achieved and the results obtained.

RISK MANAGEMENT

The Group's risk management includes all the resources, processes and initiatives that aim to identify, assess and control the Group's risks in reference to its strategic objectives.
Group Management firmly believes that risk management and control contributes to:
- creating and preserving the value, assets and reputation of the Group;
- securing the Group's decision-making and processes to facilitate the achievement of targets;
- encouraging actions that are consistent with the Group's values;
- raising employee awareness and bringing them together around a shared vision concerning the risks inherent in their activity.

A Group risk framework has been established to be able to formally set out and consolidate the assessments of each scope and function. The assessment stage involves examining the potential consequences of the main risks identified (consequences that may in particular be financial, human, legal or reputational) and to assess their likelihood of occurring.
The Group has adopted standard methodology for assessing risks enabling the assessment of inherent (gross) risks and residual (net) risks based on a standard and consistent rating allowing the impacts, likelihood of occurrence and level of control to be graded. These assessments mean that the Group's risks can be mapped and updated every year by the Risk and Compliance Department.
This mapping is ratified by the Executive Committee which undertakes to monitor the main risks identified. An owner is appointed for each priority risk and is responsible for proposing action plans for the handling of that risk. Monitoring these risks is incorporated into the monthly review cycles of the Executive Committee.
Mapping also helps with the development of the annual audit plan, as the audit team is responsible for challenging the assessment of certain risks and for proposing recommendations to reduce them.

INTERNAL CONTROL

Definition and objectives

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

Controls and assessments

A framework of key controls has been defined for each of the business's major processes and is used during an annual self-assessment process by each entity Manager.
An annual review of this framework is conducted in order to update it, facilitate its understanding by all subsidiaries and tailor it to the level of internal control maturity acquired. Each of these controls addresses one or more risks in the Group's inventory of risks. Certain controls are related to processes that are also updated if necessary.
In 2022, desk and on-site audits of the self-assessment completed by the entities were conducted by the Internal Control Department, to challenge answers and improve the understanding and application of controls.

Internal control monitoring

The Internal Control Department notably conducts two types of monitoring:
- an analysis of the results of the self-assessment process for internal controls for Year N and a comparison with Year N-1;
- a quarterly dashboard monitoring the action plans for each of the Group's major functions, enabling their progress to be measured.

These documents are notably sent to the Business Area Managers and the Heads of Processes for observation of development, deviations and implementation deadlines.
Certain improvements are directly addressed by entities at a local level, while others are looked into centrally by the Internal Control Department and/or in collaboration with other cross-Group functions.
A GRC Committee meets every two months to discuss the risks identified and the audit assignments carried out, analyse incidents, identify deviations and suggest adjustments to the overall system.

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

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

Preparation of financial statements

The Group has defined a unique and common framework for the recording of accounting and financial information. It resulted in the definition and implementation within all subsidiaries of a Group chart of accounts, as well as the definition and implementation of the main management procedures (inventories, non-current assets, trade receivables, etc.), which are formalised in the Group Procedure Manual relayed through and updated on the Group's intranet.
The Group's various ERPs thus include standard configuration concerning in particular the accounting plan and analytical monitoring, enabling the application of Group processes.
Furthermore, the proper application of the chart of accounts and procedures, and reporting reliability are monitored within the context of year-end and half-year closing. Other controls take place during the budget preparation and monthly reporting processes.
Particular care is taken with risk analysis, through a review of asset provisions and provisions for liabilities and charges, as well as off-balance sheet commitments.

Financial statements control

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

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

Financial communication

After the half-year and annual financial statements have been approved by the Board of Directors, they are published in a report available on the Group's website (www.somfyfinance.com).
Since 9 February 2023, SOMFY is no longer listed (see Highlights) and is therefore no longer required to publish regulated information. Relevant information relating to the company's business activities is presented to the Audit and Risk Committee.

Treasury management

The Group Treasury Department reports to the Group's Head of Accounting, Consolidation and Treasury.
A Treasury Committee meeting is held each month with the Chief Financial Officer. The role of this Committee is twofold:
- strategic: to define the overall policy in terms of Group Cash Management, financing, and interest rate, exchange rate and investment risk management. They also include the follow-up of Group subsidiaries' equity balance sheet items;
- operational: to guarantee the regular monitoring of Group Cash Management's actions and audits of third-party suppliers. These are detailed in a monthly dashboard.

A Group Treasury Charter defines best practices and lists 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.
An e-learning module based on the Treasury Charter and raising the financial community's awareness of fraud risks is available in the training catalogue. It is compulsory for all the Group's financial population as well as for individuals who are signatories on the banking platforms.

RISK FACTORS

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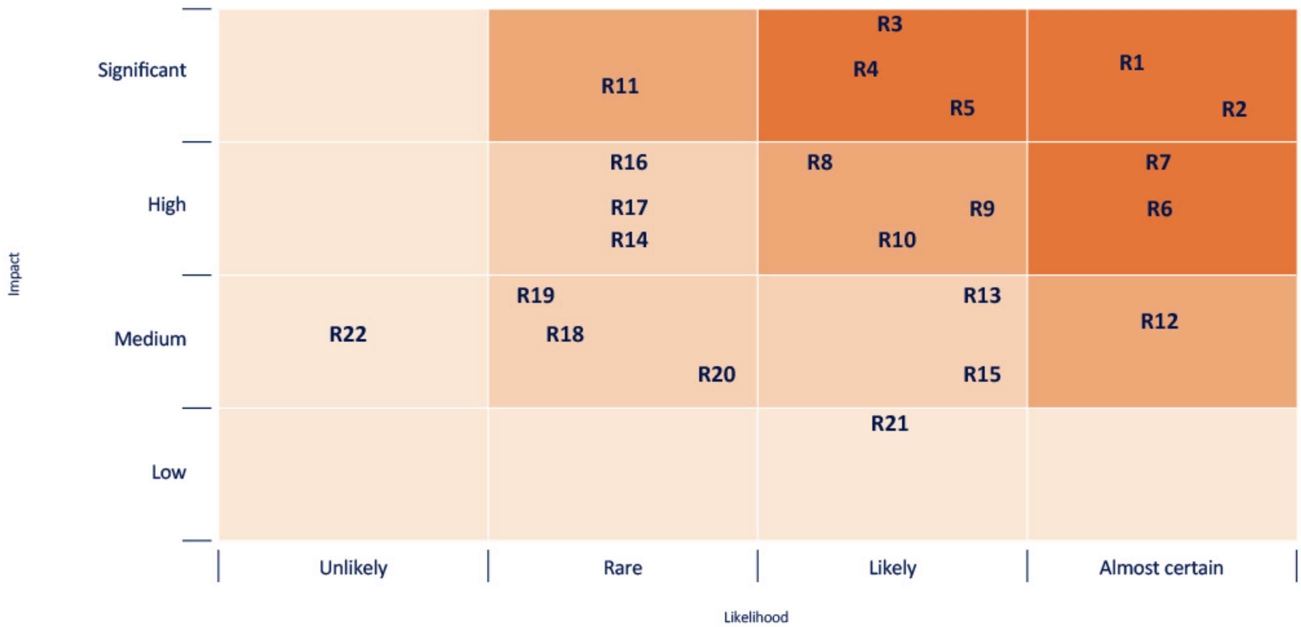
MAIN RISKS

Amid the current environment of high market volatility and successive crises, in 2022 it was important for SOMFY to complete its annual review of operational risks through consideration of its strategic risks, which could potentially call into question its strategy or the attainment of its strategic objectives. The consolidated vision below therefore presents the internal and external threats likely to have a negative effect on the Group's financial position, results, activities and outlook.
A more detailed vision of risks also exists internally, so that each of the risks defined as being key are addressed by action plans, led by the operational staff responsible, and overseen by a member of the Executive Committee. The risks detailed include risks more specifically related to the Group's environmental, social and societal activities. They are presented in the non-financial statement on pages 40 to 42.

Presentation of the key risks for SOMFY, ranked according to their estimated impact and likelihood of occurrence



Risk	Name of risk	Description of the risk
R1	*Competition*	Stronger competitive intensity from international players could challenge SOMFY's current leadership position.
R2	*Customers' needs evolution*	New market needs requiring the Group to tailor its response to each customer type.
R3	*Operation & Supply disruption*	A major disruption, due to internal or external causes, could impact the business continuity of factories and the supply chain flow (including at suppliers' premises).
R4	*Cyber-attack and data privacy*	A malicious intrusion into the Group's IT systems could result in the partial or total unavailability of these systems, the partial or total cessation of operations, damage to data integrity or data theft.
R5	*Technical dependency*	A lack of alternatives for certain technologies or a lack of supply diversification for certain components could result in the Group being dependent on a number of suppliers.
R6	*Economic volatility*	A volatile economic environment could make it difficult to anticipate and react to uncertainties in the various markets in which the Group operates, which could lead to a decline in sales, a deterioration of margins or an increase in costs and doubtful debts.
R7	*Geopolitical/Country instability*	Political instability in certain geographies and numerous geopolitical conflicts or tensions could impact the Group's operational and commercial efficiency, and result in a need to adjust its manufacturing, logistics, supply and/or distribution footprint.
R8	*JV strategy and governance*	The lack of operational, technical and commercial synergies in relation to the Group's JVs could affect the optimal leverage and implementation of the opportunities envisioned at the time of the acquisition.
R9	*Digital maturity*	The lack of investment or insufficient acceleration of process digitalisation and data governance projects could deprive SOMFY of catalysts for its internal operational efficiency, as well as externally, including customer support (loyalty, customer journey, differentiated service offers and value proposition).
R10	*Innovation leadership*	Not being the market leader in terms of innovation and being recognised as such, (time-to-market, patenting, new functionalities, new services, differentiating offers) could leave the door open to competition and generate market share erosion over time.

Risk	Name of risk	Description of the risk
R11	*Failure in acquisitions objectives*	A delay in the implementation of the Group's acquisition strategy or an incorrect strategy could prevent SOMFY from achieving the targets set in Ambition 2030 due to insufficient external growth or diversification drivers.
R12	*Teams exhaustion/Teams retention*	In a context of slower growth and increased budgetary and strategic pressure (transformation programme), a loss of motivation and employee fatigue could make it difficult to retain teams and their commitment over the long term, and could generate a loss of operational efficiency and additional costs.
R13	*Transformation program execution*	Failure to take into account, or insufficiently take into account, the impacts of the transformation programme (change management, skills development, cultural evolution, monitoring of plans and investments) on the Group's processes, organisation and teams could hinder the programme's proper execution.
R14	*CSR strategy failure*	Failure to turn the Group's CSR strategy into a strategic advantage, through significant investments, persuasive external communication on the added value of SOMFY solutions and ongoing team commitment, could constitute missed business opportunities and result in a failure to achieve Ambition 2030.
R15	*People diversity & attractiveness*	Pressure in the recruitment markets and the changing expectations of candidates could make it difficult to recruit new talent in certain geographical areas and in certain professions. Failure to take into account the Group's international environment could prevent SOMFY from benefiting from the diversity of multi-cultural profiles, both in terms of interpersonal relations and from an operational point of view.
R16	*New incomers*	The arrival of new players, more agile, more digital or with more disruptive business models than SOMFY, could weaken the Group's current distribution model and could ultimately challenge its position as market leader.
R17	*Technology disruption*	A technological breakthrough, marketed by another player and liable to replace SOMFY solutions, could potentially result in significant financial losses for the Group.
R18	*Inefficient integration process*	Integration processes that are insufficiently robust, including in terms of alignment of procedures and IT and financial systems, as well as in terms of strategy and synergies, could prevent the Group from achieving the expected results and could generate additional unanticipated costs, more complex and less efficient operational processes and a less homogeneous corporate culture.
R19	*Failure in legal and regulatory requirements*	Failure to comply with local and international laws and regulations, due to insufficient knowledge or unethical behaviour by Group employees, could result in heavy fines being imposed on the Group, in criminal sanctions for its managers and in damage to SOMFY's reputation.
R20	*Quality crisis*	Quality issues affecting SOMFY products and services (whether related to internal or supplier failures) could negatively impact operations and render us unable to maintain customer satisfaction. This could lead to product recalls, generating high costs and damaging the Group's image.
R21	*Regulations impacts*	Standards and regulations are constantly evolving and their pressure tends to increase, including in SOMFY's field. While their impact is more of an opportunity (contribution of its solutions to the energy efficiency of buildings), they can also impact its product range (substances, standby consumption, radio waves).
R22	*Succession planning*	Insufficiently prepared succession plans for senior management or key positions in the company could lead to short-term or long-term disorganisation, loss of expertise, and potentially a decline in business and additional costs due to inefficiency and unplanned recruitment.

Amongst the issues identified in 2022, certain topics emerged more strongly due to the economic and geopolitical environment, such as resilience in the event of market pressures or a sudden and unexpected stoppage in business (overall Supply Chain, cyber-attack, economic volatility, exposure to country risk) but also issues related to market changes (new needs, increased competition, product range strategy) within a less favourable economic environment. Legal developments and challenges related to social and societal responsibility represent opportunities for SOMFY, which can demonstrate how its products and solutions contribute to these issues, although certain regulations can lead to the requirement to improve the design of certain products.

In addition, making processes digital and managing data remain a major challenge in which the Group has invested heavily for several years, notably with the roll-out of a new ERP (SAP - So! One project).

Lastly, risks related to human resources must be taken into account carefully. To deliver its ambitious transformation programme, SOMFY must both accompany change and protect its key resources, by developing their skills and promoting their mobility, while simultaneously attracting new talents within a challenging recruitment climate.

In 2023, there will be a specific focus on formally setting out and implementing action plans aimed at mitigating the main risks identified. It will be managed by the Risk and Compliance Department and will report to the Executive Committee on a regular basis. Group Management firmly believes that the management and control of risks and the ongoing improvement of processes have contributed to the Group's performance and to the fulfilment of the 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 2022.

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 take place in safe regions such as Europe and the United States, as opposed to regions that are the most exposed to economic, geopolitical and monetary uncertainties like China, Latin America and the Middle East, which represent less than 10% of the Group’s sales. Russia and Ukraine, which are currently exposed to an increased geopolitical risk, account for less than 1% of the Group’s sales. SOMFY is closely monitoring the development of the conflict and stopped exporting to Russia at the start of the war. Within this uncertain environment, potential asset impairment of approximately €3.4 million has been measured by SOMFY, for which provision has been made at 31 December 2022 (see Highlights). 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

All the non-financial and financial risks related to climate change are detailed on pages 40 to 42 as part of the non-financial statement. Since 2021, particular attention has been given to identifying the risks related to the Group’s CSR challenges, which have been added to the Group’s catalogue of risks for each process. These risks have been assessed in 2022.
Furthermore, the CSR risks detailed in the non-financial statement do not stand out in themselves as major risks in the Risks factors section, since the Group has decided to present its main risks on a consolidated basis, as macro-risks, while the CSR challenges are presented with a more granular level of detail.

INSURANCE AND RISK COVERAGE

As part of the risk management process, the Group has put in place a policy based on prevention and the protection of sites and people in order to limit the likelihood of occurrence of potential accidents.
The Group covers the main risks with the following insurance policies:

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

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

NON-FINANCIAL STATEMENT
(ARTICLE L. 225-102-1 OF THE COMMERCIAL CODE)

The non-financial statement is presented in chapter 3 of this Annual 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 2022, SOMFY carried out its Research and Development activities generally in line with the established roadmap. Against a backdrop of persisting pressures in the supply of components, the Group also continued to invest to strengthen its R&D teams to support the continued development of the range, and to tailor existing products to ensure continuity of sales.

Following the integration of Teleco Automation, at the end of 2022 SOMFY had 18 R&D centres and 633 engineers (including 458 in France).

The Group pursued its R&D globalisation strategy with the aim of improving efficiency and speed of the development of new ranges.

In 2022, the Group filed 40 patent applications with the patent office INPI (Institut National de la Propriété Industrielle) which had published 40 of them in 2021. At the end of 2022, SOMFY had a portfolio of 2,219 registered patents.

Thanks to the continuing roll-out of eco-design, 65.9% of Somfy products sold worldwide in 2022 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.

In 2022, SOMFY was awarded the EcoVadis gold medal, with a score of 67/100, and is now in the 4% of best performing companies in its category according to EcoVadis ratings.

24 new products and services commercialised by the Group in 2022

Within an environment marked by the shortage in components and the rising cost of energy and raw materials, SOMFY strengthened its industrial resilience in 2022. At the end of the financial year, almost 75% products in volume terms now benefit from dual electronic design and, very often, from two independent industrial flows. The Group also reworked the design of its products to be able to significantly reduce shortages for its customers should a further supply chain crisis – particularly electronic – occur.

SOMFY also continued to develop and launch new products and services, including:

- thermal comfort and energy efficiency solutions:
  Solar protection (roller shutters, adjustable awnings, blinds) makes a significant contribution to the energy performance and thermal comfort of buildings. In summer, in particular, their automation limits peaks in heat inside buildings during heatwaves. To make these benefits as widely accessible as possible, SOMFY is investing heavily in dedicated technical solutions.
  In September 2022, the Group launched the first pre-set thermal comfort scenario in TaHoma, designed to be enhanced over the coming months and years to continually increase its performance and ease of use. This innovation also enables SOMFY's solutions to be successfully developed within the framework of thermal regulations covering buildings in France (RE2020);
- standardisation of language for connected objects:
  Committed to open protocols for the connected home, as a sponsor SOMFY is continuing to contribute to the planned new protocol, Matter, which aims to standardise the language used for connected objects, alongside Apple, Google, Amazon, Schneider Electric and Signify (PhilipsHue). Around the world, more than 280 companies have joined forces to help develop this protocol which has become a new connectivity standard, integrated natively into smartphones and virtual assistants, providing increased compatibility between the various products in the smart home.
  In November 2022, at the global launch of Matter in Amsterdam, SOMFY presented a prototype of a motor for an interior blind and remote control which works with the new Matter protocol, and which is natively compatible with Apple and Google products in particular. By simplifying the interoperability of consumer products, Matter will enable manufacturers to focus on the inherent added value of their products as part of a connected ecosystem. For SOMFY, this means improved value propositions in terms of energy efficiency, thermal comfort, visual comfort, security, and air and ventilation quality.

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

SOMFY SA had no such branches at 31 December 2022.

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 2022.

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	39	-	-	-	-	**-**	37				-	**2**
Total value of invoices concerned exc. VAT	1,473,205	-	-	-	-	**-**	1,528,924	-	-	-	21,283	**21,283**
Percentage of total value of purchases exc. VAT over the financial year	11.48%	0.00%	0.00%	0.00%	0.00%	**0.00%**						-
Percentage of revenue exc. VAT over the financial year							32.94%	0.00%	0.00%	0.00%	0.46%	**0.46%**
(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

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Following the squeeze-out which took place on 9 February 2023 (see Post-balance sheet events) and before reintroduction of employee share ownership schemes, the breakdown of share capital and voting rights was:

Shareholding structure after the squeeze-out	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.*	25,896,930	69.99%	45,377,270	79.10%	45,377,270	82.78%
JP 3**	4,534,244	12.25%	4,534,244	7.90%	4,534,244	8.27%
Other family shareholders	4,019,695	10.86%	4,906,285	8.55%	4,906,285	8.95%
Employee shareholders	1,573	0.00%	1,573	0.00%	1,573	0.00%
Treasury shares	2,547,558	6.89%	2,547,558	4.44%	-	0.00%
TOTAL	**37,000,000**	**100.00%**	**57,366,930**	**100.00%**	**54,819,372**	**100.00%**

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

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

RECIPROCAL HOLDINGS (ARTICLES L. 233-29 AND 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 2022, the shares held by employees directly in registered form following a free share allocation under Article L. 225-197-1 of the Commercial Code (authorised subsequent to 6 August 2015) totalled 73,200, representing 0.2% of the share capital. FCPE SOMFY Actionnariat Groupe no longer held any SOMFY shares at 31 December 2022.

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

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The company has implemented several successive share buyback programmes.

The last share buyback programme was implemented in 2022 in accordance with the authorisation given by the Combined General Meeting of 1 June 2022 in its 23rd resolution, sitting in ordinary session, authorising the Board of Directors, for a period of 18 months and in accordance with Articles L. 22-10-62 and subsequent and L. 225-210 and subsequent of the Commercial Code, to buy back company shares, on one or several occasions as it deems appropriate, up to a maximum of 10% of the number of shares comprising the share capital, restated if necessary to take account of any increase or reduction in share capital that may take place during the timeframe of the programme.

Share purchases could be carried out for the following objectives:

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

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

The company reserved the right to use options or derivative instruments, in accordance with applicable regulations.
The maximum purchase price was set at €240 per share, with the maximum amount of the share buyback programme set at €273,589,200, taking account of the 2,560,045 treasury shares held at 31 December 2021.
During the financial year just ended, on the basis of the authorisation given by the General Meetings of 2021 and 2022, the company bought back 56,609 shares at an average price of €134.03, sold 52,359 shares at an average price of €143.04 and transferred 16,737 shares at an average price of €24.03 for final vesting in September and November 2022 of performance shares granted free of charge on 31 August and 25 November 2020.
All of the 56,609 shares acquired were allocated to the liquidity objective and none were reallocated to other objectives.
No trading fees were paid during the financial year.
The company held 2,547,558 of its own shares at 31 December 2022, representing 6.89% of the share capital; the value of the purchase price of one share amounted to €37.97 for a par value of €0.20 each, representing a total nominal value of €509,511.60 (€1,967 for the liquidity contract, €244,354 to be retained for future acquisition transactions and €263,190.60 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 2022 (ARTICLE L. 233-6 OF THE COMMERCIAL CODE)

	Direct control		Indirect control	
Company name	**Number of shares**	**% share capital**	**Number of shares**	**% share capital**
Elcia Groupe SAS	5,000,000	6.33%	-	-
Teleco Automation France SARL	-	-	755	56.63%

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.

REPORT OF THE BOARD OF DIRECTORS TO THE COMBINED GENERAL MEETING OF 17 APRIL 2023

APPROVAL OF THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 AND APPROVAL OF NON-TAX-DEDUCTIBLE EXPENSES AND CHARGES (first and second ordinary resolutions)

—

We ask you to approve the parent company financial statements for the year ended 31 December 2022, which show a net profit of €225,534,911.26, and the consolidated financial statements for the year ended 31 December 2022, which show a net profit (Group share) of €237,003,000.00, as submitted.
We ask you to approve the total amount of expenses and charges referred to in paragraph 4 of Article 39 of the General Tax Code, equating to the sum of €19,614.00 and the corresponding amount of tax.

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

—

The allocation of our company's profit that we are proposing complies with legislation and our Articles of Association.
We propose allocating the profit for the financial year ended 31 December 2022 as follows:

Source

– Net profit for the financial year	€225,534,911.26
– Retained earnings	€5,514,115.75

Allocation

– Legal reserve	€0
– Dividends	€144,300,000.00
– Optional reserve	€86,749,027.01

As such, the gross dividend set for each share conferring entitlement to dividends shall be set at €3.90. In the case of stripped shares, this sum shall revert to the usufructuary.

When it is paid to individuals who are tax resident in France, the dividend is subject to a single fixed-levy deduction at source on the gross dividend at the flat rate of 12.8% (Article 200 A of the General Tax Code), or at the express, irrevocable and comprehensive wishes of the taxpayer, to income tax calculated according to a sliding scale after notably an allowance of 40% (Articles 200 A, 13, and 158 of the General Tax Code). The dividend is also subject to social security contributions at the rate of 17.2%.
The dividend would be paid on 26 June 2023.
It is specified that if the company holds a number of treasury shares at the payment date, the amounts corresponding to unpaid dividends in respect of these shares will be transferred to retained earnings.
Pursuant to the provisions of Article 243 *bis* of the General Tax Code, you are reminded that the following dividends were paid in respect of the last three financial years:

	Revenues eligible for tax rebate		
Financial year	**Dividends**	**Other distributed earnings**	**Revenue not eligible for tax rebate**
2019	€42,976,388.75* being €1.25** per share	-	-
2020	€63,610,538.80* being €1.85 per share	-	-
2021	€74,035,884.25* being €2.15 per share	-	-

* *Does not include unpaid dividends attributable to treasury shares and transferred to retained earnings.*
** *The 2019 dividend amount was revised downwards at the General Meeting of 24 June 2020.*

EXCEPTIONAL DIVIDEND OF AN AMOUNT TAKEN FROM THE OPTIONAL RESERVES
(fourth ordinary resolution)

—

We propose paying on an exceptional basis the sum of €17.00 per share, representing a total of €629,000,000.00. This amount will be taken from “Optional reserves”. In the case of stripped shares, this amount shall revert to the bare owner.
It is specified that if the company holds a number of treasury shares at the payment date, the amounts corresponding to unpaid dividends in respect of these shares would remain allocated to Optional reserves.
When it is paid to individuals who are tax resident in France, the payment 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 payment is also subject to social security contributions at the rate of 17.2%.
This exceptional dividend will be paid on 25 April 2023.

SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS – NOTING THE ABSENCE OF NEW AGREEMENTS
(fifth ordinary resolution)

—

Please note the absence of any new agreements of the same nature as those referred to in Articles L. 225-38 and subsequent of the Commercial Code.
It is specified that no agreements have been concluded or authorised over the course of financial years prior to 2022, the execution of which continued during the previous financial year.

RE-APPOINTMENT OF ANTHONY STAHL AS DIRECTOR
(sixth ordinary resolution)

—

We propose to renew the term of office of Anthony Stahl as Director for a period of four years, which will expire at the end of the General Meeting called in 2027 to approve the financial statements for the year then ended.

INDEPENDENCE

It is specified that the Board of Directors, based on the opinion of the Appointment and Remuneration Committee, considers that Anthony Stahl cannot be considered as an independent member in light of the independence criteria used by the company.

EXPERTISE, EXPERIENCE AND SKILLS

The information concerning the expertise and experience of the proposed member is detailed below:

Customary name and first name: Stahl Anthony

Address: Route de Saint Cergue 14 – 1276 Gingins (Switzerland)

Date and place of birth: 25/04/1973 in Linselles (Department 59, France)

Professional references and positions held within other companies over the past five years:
- Member of the Supervisory Board of Damartex SA
- Chairman of the Management Committee of FIDEP

Position and duties within the company:
- Director
- Member of the Strategy Committee

Number of company shares held: 4,645

EMPLOYEE SHAREHOLDING AUTHORISATIONS

We propose the early renewal of the authorisations to allocate shares free of charge and stock options, to amend their wording after the delisting of the company's shares from the Euronext Paris market.

AUTHORISATION TO BE GRANTED TO THE BOARD OF DIRECTORS TO ALLOCATE EXISTING SHARES FREE OF CHARGE TO EMPLOYEES AND/OR TO CERTAIN CORPORATE OFFICERS OF THE COMPANY OR RELATED ENTITIES AND ECONOMIC INTEREST GROUPS (SEVENTH EXTRAORDINARY RESOLUTION)

You are asked to grant the Board of Directors an authorisation for thirty-eight months to allocate, in one or more occasions, in accordance with Articles L. 225-197-1 and L. 225-197-2 of the Commercial Code, existing ordinary shares of the company, for the benefit of:

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

The total number of shares allocated free of charge under this authorisation may not exceed 1.5% of the share capital of the company on the date of this General Meeting, it being specified that it may not exceed the maximum percentage of the share capital provided for by regulations on the date on which the allocation decision is made, and that this limit would count towards the total number of shares that may confer the right to share purchase options able to be granted by the Board of Directors in respect of the authorisation granted by this General Meeting in its eighth resolution and any other subsequent similar authorisation granted by the General Meeting.

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

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

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

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

As such, the Board of Directors would have all necessary powers to set the conditions and, where required, the criteria for the definitive allocation of the shares; to determine the identity of the beneficiaries as well as the number of shares allocated to each of them, where necessary, to acquire the shares required in accordance with Article L. 225-208 of the Commercial Code and to allot them to the allocation plan; to determine the impacts on the rights of beneficiaries of transactions modifying the share capital or likely to impact the value of the shares allocated and completed during the vesting period and, as a result, to amend or adjust, if necessary, the number of shares allocated to preserve the rights of beneficiaries; to decide whether or not to set a retention obligation at the end of the vesting period and, where necessary, to determine its duration and take all appropriate measures to ensure compliance with it by the beneficiaries; and generally, do anything within the framework of current regulations that may be required by the implementation of this authorisation.

This authorisation would, where applicable, cause any unused portion of any prior authorisation to lapse.

AUTHORISATION TO BE GRANTED TO THE BOARD OF DIRECTORS TO ALLOCATE SHARE PURCHASE OPTIONS TO EMPLOYEES (AND/OR TO CERTAIN CORPORATE OFFICERS) (EIGHTH EXTRAORDINARY RESOLUTION)

We request that you authorise the Board of Directors, for a duration of thirty-eight months, under the provisions of Articles L. 225-177 to L. 225-185 of the Commercial Code, to grant, on one of more occasions, options conferring entitlement to purchase existing shares in the company, purchased under conditions provided for by the law, for the benefit of employees or certain employees, or certain categories of staff of SOMFY and, where applicable, companies or economic interest groups affiliated with it under the conditions of Article L. 225-180 of the Commercial Code; and corporate officers who fulfil the conditions set by Article L. 225-185 of the Commercial Code.

The total number of options that may be granted by the Board of Directors 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 would count towards the total number of shares that may be granted free of charge by the Board of Directors under the authorisation granted by this General Meeting in its seventh resolution and 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 on 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.

The purchase price paid for the shares by the beneficiaries will be set on the date on which the options are allocated by the Board of Directors pursuant to the provisions of Article L. 225-177 paragraph 4 of the Commercial Code and may not be below 80% of the average purchase price of the shares held by the company under Article L. 225-208 of the Commercial Code.

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

As such, the Board of Directors would have, within the limits set out above, all necessary powers to set the other terms, conditions and procedures for the allocation of options and their exercise, and in particular to set the conditions under which the options will be allocated and approve the list or categories of beneficiaries as provided for above; set, where applicable, the conditions regarding length of service and performance that these beneficiaries must fulfil; decide on the conditions under which the price and number of shares should be adjusted in particular in the scenarios referred to in Articles R. 225-137 to R. 225-142 of the Commercial Code; set the exercise period(s) for the options thus granted; provide for the capacity to temporarily suspend the exercise of the options for a maximum period of three months in the event of financial transactions involving the exercise of rights attached to the shares.

This authorisation would, where applicable, cause any unused portion of any prior authorisation to lapse.

AMENDMENT TO ARTICLE 27 OF THE ARTICLES OF ASSOCIATION TO CANCEL DOUBLE VOTING RIGHTS
(ninth extraordinary resolution)

—

We propose, subject to the condition precedent of the approval of the Special General Meeting of holders of shares with double voting rights pursuant to the provisions of Article L. 225-99 of the Commercial Code, to cancel the double voting rights that are attached to SOMFY shares in accordance with Article L. 225-123 of the Commercial Code and Article 27 of the Articles of Association and, consequently, each share in the company will entitle its holder to one vote at the end of this General Meeting.
As a result, we propose, under the same condition precedent, to replace paragraphs 3, 4, 5, 6 and 7 of Article 27 of the Articles of Association by the following paragraph, with the rest of the Article remaining unchanged:

Previous wording	New wording
The voting right attached to shares is proportional to the capital that they represent. For the same par value, each capital or dividend share gives entitlement to one vote. A voting right that is double that conferred on other shares, proportionate to the fraction of the capital they represent, 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 whose ownership has been transferred shall lose their entitlement to a double voting right, except in instances provided for by law. The merger of the company has no effect on the double voting right which may be exercised within the absorbing company, if provided for by said company's Articles of Association.	The voting right attached to shares is proportional to the capital that they represent. For the same par value, each capital or dividend share gives entitlement to one vote.

AMENDMENT TO ARTICLE 11 OF THE ARTICLES OF ASSOCIATION TO ADD AN APPROVAL CLAUSE
(tenth extraordinary resolution)

—

On the report of the Commissioner for Special Benefits appointed in accordance with the regulations, we propose the introduction of an approval clause for Article 11 of the Articles of Association, to amend this Article to take into account the delisting of shares in the company from the Euronext Paris market and as a result to amend Article 11 of the Articles of Association as follows:

Previous wording	New wording
ARTICLE 11 **Sale and transfer of shares** Shares may be traded freely unless otherwise stipulated by legal or regulatory provisions. Ownership of shares results from their registration in an account opened in the name of their holder and held, either by the issuing company or a representative of their choice if the securities are registered, or by an authorised financial intermediary if they are bearer shares. Share transfers, whether they are registered or bearer shares, may be carried out by account-to-account transfers. Shares that are required to be registered by virtue of a regulatory or statutory provision must, in order to be traded on a regulated market or on a multilateral trading facility, have been transferred to an administration account with an authorised intermediary beforehand. Moreover, those not necessarily required to be in registered form can only be traded on a regulated market or a multilateral trading facility in the form of bearer shares. Each account holder must open, security-by-security, a general record of transactions in which all the entries concerning the holder accounts registered with them are listed chronologically. As regards more specifically the issuing company, all transactions concerning movements in and out of registered securities accounts and triggering a change in the ownership of these securities are listed in chronological order in a numbered and initialled general record of transactions referred to as "Register of Transactions".	**ARTICLE 11** **Sale and transfer of shares** 11.1 Share transfers Transfers of shares and marketable securities giving access to the share capital may be carried out by account-to-account transfers. Share transfers will only be made based on transfer instructions signed by the holder or their authorised representative. Shares that have not been paid up in full may not be transferred. 11.2 Unrestricted transfers Transfers between shareholders and transfers in the event of donation, inheritance, divorce settlement or disposal, either to a spouse, or an ascendant or descendant, take place without restriction. 11.3 Transfers subject to approval All transfers of shares or marketable securities giving access to the share capital and not covered in 11.2 above – that said transfers take place either free of charge or in return for consideration, by way of sale, donation, inheritance, contribution, merger, distribution, transfer of all assets or through a public tendering process and that they relate to full ownership or any other right, notably relating to bare ownership or usufruct – must be agreed in advance.

Previous wording	New wording
Account entries must be made at the latest within the six days following either the stock market trading by the financial intermediary or the receipt of instructions from the holder by the issuing company. Shares that have not been paid up in full may not be transferred.	The shareholder originating the transfer, or their rights holders, must inform the Chief Executive Officer and the Chairman of the Board of Directors of the planned transfer by registered letter, either with acknowledgement of receipt or delivered in person, or by extrajudicial deed, specifying the first and last name, address and nationality (or identification) of the beneficiary/ies of the transfer (and, where this is a legal entity, the individuals who ultimately control it within the meaning of Article L. 233-3 of the Commercial Code), the number and type of securities whose transfer is planned, as well as the price offered or the estimated value of the securities offered. Authorisation is granted by the majority shareholder, the company J.P.J.S., represented by its general managing partner, the company FIDEP. As an exception, approval of transfers of temporary usufruct shares, to a not-for-profit French or foreign legal entity, and covering the philanthropy, social, health, education, science and cultural sectors (association, foundation, endowment fund, etc.) is issued by the Chairman of the Management Committee of FIDEP alone. Moreover, said individual retains the unilateral option of requesting the opinion of the Management Committee of FIDEP in this event. The body issuing approval must give its opinion within a period of two (2) months of receipt of the notice of the approval request. The shareholder originating the transfer, or their rights holders, must then be notified of the decision, by registered letter with acknowledgement of receipt, or by extrajudicial deed within a period of one (1) month effective from the decision by the body issuing the approval. Failure to respond within the three (3) months following the request amounts to a notification of approval. The decision does not need to be substantiated and, in the event of refusal to grant approval, cannot be contested. In the event of refusal to grant approval, the company shall, within a period of three (3) months effective from notification of refusal to grant approval, arrange for all the shares or marketable securities giving access to the share capital covered by the transaction to be acquired, either by one or more shareholders or a third party, or, with the consent of the assignor, by the company, for the purpose of reducing the share capital. Where there is no agreement between the parties, the price of the shares or marketable securities giving access to the share capital is determined under the conditions set out in Article 1843-4 of the Civil Code. The assignor can withdraw from the planned transfer at any time. The expert will be appointed by mutual agreement between the parties or, in the absence thereof, by order of the presiding judge of the Paris Commercial Court, ruling in accordance with the expedited substantive proceedings with no option to appeal. All expert fees shall be shared equally between all the parties concerned. If, upon the expiry of the period of three (3) months set out above, the purchase has not been completed, approval is deemed to have been given. However, this deadline can be extended by court ruling at the request of the company.

AMENDMENTS TO ARTICLES 10 AND 25 OF THE ARTICLES OF ASSOCIATION RESULTING FROM THE DELISTING OF COMPANY SHARES FROM EURONEXT PARIS
(eleventh extraordinary resolution)

—

We propose amending the Articles of Association subsequent to the delisting of the company's shares from the Euronext Paris market, as follows:

- by removing the reference to bearer shares and to the procedure for identifying shareholders set out in Article 10 of the Articles of Association and, as a result, amend Article 10 of the Articles of Association as follows:

Previous wording	New wording
ARTICLE 10 **Form of the shares** Fully paid-up shares are registered or held in bearer form, according to the shareholder's choice. They are registered in an account under the conditions and formalities provided for by law. The account is held by the company or by a representative appointed by it if the securities are requested in registered form. It is held by an authorised financial intermediary if the securities are requested in the form of bearer shares. Upon the request of the shareholder, a share ownership certificate will be forwarded to them by the account holder. The company can make use of both the provisions of Articles L. 228-2 and subsequent of the Commercial Code relating to the identification of holders of securities granting immediate or future voting rights in its Meetings, and of the number of securities held by each of them.	**ARTICLE 10** **Form of the shares** Fully paid-up shares are held in registered form. They are registered in an account under the conditions and formalities provided for by law. The account is held by the company or by a representative appointed by it. Upon the request of the shareholder, a share ownership certificate will be forwarded to them by the account holder.

- by removing the reference to bearer shares from Article 25 of the Articles of Association, while maintaining the record date the second working day preceding the Meeting and by amending paragraph 3 of the Article as a consequence, with the rest of the Article remaining unchanged:

Previous wording	New wording
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.	Evidence of the right to participate in General Meetings is given by the registration of the securities in the name of the shareholder, at midnight, Paris time, on the second working day preceding the Meeting, in the accounts of registered shares held by the company or in a shared electronic recording device.

AMENDMENT OF ARTICLE 15 OF THE ARTICLES OF ASSOCIATION CONCERNING THE MINUTES OF THE DELIBERATIONS OF THE BOARD OF DIRECTORS
(twelfth extraordinary resolution)

—

We propose amending Article 15 of the Articles of Association in order to retain a wording allowing, where necessary, the use of digital means to hold registers of minutes of the deliberations of the Board of Directors, as follows:

Previous wording	New wording
Deliberations are recorded by minutes prepared either in a special register held at the registered office and numbered and initialled, or on loose numbered sheets serially numbered, initialled and bearing the seal of the authority who initialled them. A record of attendance is also held.	Deliberations of the Board of Directors are recorded by minutes prepared in a special register in accordance with applicable legal and regulatory provisions.

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

The Board of Directors

APPENDIX: SOMFY SA FINANCIAL RESULTS FOR THE LAST FIVE YEARS

€ thousands	2018	2019	2020	2021	2022
1. Financial position at the balance sheet date					
a) Share capital	7,400	7,400	7,400	7,400	7,400
b) Number of shares issued	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000
c) Number of bonds convertible into shares	-	-	-	-	-
2. Overall result of current operations					
a) Net sales	3,412	3,705	3,862	4,591	4,641
b) Profit before tax, amortisation, depreciation and provision charges	94,252	116,910	97,790	170,455	223,303
c) Income tax	4,457	2,913	2,345	2,223	2,089
d) Profit after tax, amortisation, depreciation and provision charges	98,241	114,988	100,960	184,474	225,535
e) Distributed profit*	51,800	46,250**	68,450	79,550	773,300
3. Earnings per share					
a) Earnings per share after tax, but before amortisation, depreciation and provision charges	2.67	3.24	2.71	4.67	6.09
b) Earnings per share after tax, amortisation, depreciation and provision charges	2.66	3.11	2.73	4.99	6.10
c) Dividend distributed per share	1.40	1.25**	1.85	2.15	20.90***
4. Workforce					
a) Number of employees at end of year	10	11	11	11	10
b) Total payroll paid	1,146	1,586	1,694	2,635	2,450
c) Amount paid in relation to employee benefits (Social Security, charities, etc.)	222	395	371	943	860

* *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.*

*** *Including ordinary dividend of €3.90 and exceptional dividend of €17.00.*

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.

PRESENTATION OF THE BUSINESS MODEL

PRESENTATION OF SOMFY

—

DESCRIPTION OF GROUP ACTIVITIES

SOMFY designs, assembles and distributes motors and automated devices (remote controls and sensors) as well as smart 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’s role is to anticipate peoples’ new habits and needs in relation to homes and buildings, to design the corresponding solutions, guarantee the performance and compatibility of products from the same brand and ensure their interoperability with other brands in the field of connected homes and buildings.

SOMFY controls its distribution (international supply chain, local sales and marketing presence), which means SOMFY can deliver its products worldwide. Its customers are manufacturers and installers, who integrate SOMFY solutions into carrier products: blinds, shutters, doors and gates, or by replacing existing equipment in buildings, by leveraging the strength of the Group’s brands. SOMFY also distributes finished products (a selection of motors and control panels, connected objects, digital applications) that are sold by prescribers, networks, retailer installers or resellers, *via* large specialist and DIY stores, and online, either directly or indirectly.

SOMFY products are installed indiscriminately in individual homes, small businesses, apartment blocks, office blocks, hotels and collective residences.

BUSINESS MODEL

—

The business model can be found on pages 8 and 9 of this annual report.

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

The Group’s growth model is guided by its vision, “Inspiring a better way of living accessible to all”, *i.e.* providing useful and responsible solutions with the help and for the benefit of all its stakeholders. The attractiveness of the Group’s ranges, their interoperability with other household devices, and their ease of use, all influence the adoption of new technologies by the user and by the construction industry and unleash the growth potential of the connected home.

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

RESILIENCE OF THE BUSINESS MODEL

The health crisis and rising energy costs have increased the desire of home and building occupants for better, energy-efficient living environments. The benefits brought by SOMFY solutions in terms of comfort and energy efficiency in the home are valued by consumers.

The Group organisation has proved its relevance in dealing with the operational challenges raised during and after the pandemic, as well as geopolitical and economic disruptions, without calling into question organisational choices or the business model.

During the health crisis, as in the post-Covid period, the mobilisation of the teams to secure electronic components and redesign electronic boards, and constant interaction with customers, made it possible to limit the impact of the global shortage of components and materials, as well as the rise in energy and raw material costs, on customers.

PRESENTATION OF THE GROUP'S SUSTAINABLE DEVELOPMENT STRATEGY

SOMFY has made sustainable development a key element of its strategy and its Ambition 2030. By inspiring better living environments accessible to all, SOMFY is bringing well-being, safety and energy savings to its customers. Through connected products and services, users benefit from features that simplify their everyday lives, ensure the active monitoring of goods and people, while optimising the thermal and light contribution of solar energy.
SOMFY's vision - "Inspiring a better way of living accessible to all" - serves the Group's sustainable development trajectory, which is being built step by step: every day, the Group reduces the impact of its activities and products on the environment, cares about the daily lives and future of its employees, and maintains quality relationships with its partners and local communities.
SOMFY's sustainable development policy is the foundation of its sustainable growth. It is part of the Group's Ambition 2030, through the implementation of its corporate responsibility and societal commitment, and is structured around three pillars: Planet, People and Prosperity.

Planet
SOMFY is reducing its environmental impact to help protect the planet and respond to the climate emergency.
The Group's solutions are accessible to all, improve the energy performance of buildings and contribute to the well-being of their occupants.

People
SOMFY strives on a daily basis to provide its employees with a fulfilling work environment that is also fair and inclusive. The Group also wants to take care of their sustainable employability by developing their skills.

Prosperity
SOMFY believes that value creation depends first and foremost on the mobilisation of all. For all of its stakeholders, the Group implements co-building approaches and respectful and ethical practices to start anew every day and create the trust that is essential to its future prosperity.

The key themes of this sustainable development policy have been ratified by the Sustainable Development Committee of SOMFY's Board of Directors:
- Planet pillar: rolling out a low-carbon strategy by reducing the Group's emissions and developing solutions that help avoid greenhouse gas emissions in buildings. In addition to carbon, SOMFY is broadening its scope of action and is committed to preserving biodiversity and promoting circular economy;
- People pillar: ensuring the sustainable employability of its employees in a work environment that fosters performance and the development of inclusive teams;
- Prosperity pillar: for sustainable growth, respecting all industry participants through ethical business practices that comply with product standards and GDPR requirements, involving suppliers in a responsible purchasing approach, and aiming for customer satisfaction.

2030 ROADMAP

In line with its priority sustainable development challenges, SOMFY has drawn up a roadmap with key targets between now and 2030. This roadmap will be expanded in line with the progress made in each of the pillars.

PLANET

Challenges	Indicators	Reference	2022	2030 target
Minimising the carbon footprint	Carbon footprint of scopes 1 & 2 - market-based approach (SBTi target)*	15 kT CO_2e	12	**-50% vs. 2019**
	Rate of electricity from renewable sources**	40%	55%	**100%**
	Carbon intensity of scope 3 (SBTi target)*	108 kg CO_2e/motor	93	**-50% vs. 2019**
	Rate of Somfy products sold certified Act For Green	61.5%	65.9%	**100%**

PEOPLE

Challenges	Indicators	Reference	2022	2030 target
Promoting fairness and inclusion in the teams	Percentage of female managers	25.7%	25.8%	**40%**
Making the work environment contribute to employee performance	Frequency rate of work-related accidents leading to absence**	3.06	3.35	**-50% vs. 2021**
Strengthening employee commitment	Percentage of employees involved in philanthropic activities	3.9%	7.3%	**15%**

PROSPERITY

Challenges	Indicators	Reference	2022	2030 target
Growing with the Group's ecosystems	Rate of signature of the responsible purchasing Charter***	100% of new suppliers	100% of new suppliers	**100%**
Putting business ethics into practice	Number of people trained in ethics and compliance****	657	3,843	**3,000**

2021 is the reference year with the exception of SBTi indicators for which 2019 is the reference.
These targets relate to scopes in which they have the most impact.

* *2022 results based on 2021 data.*
** *Industrial scope representing 83.2% of the Group's electricity consumption and 76.9% of the workforce.*
*** *Scope covering direct purchases.*
**** *Over the last 2 years for connected employees.*

SUSTAINABLE DEVELOPMENT GOVERNANCE

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

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

Each pillar is then driven by a dedicated team:

- the Engineering & Customer Satisfaction function supports the environmental performance of the Planet pillar;
- the People, Culture & Organization function is responsible for the People pillar as well as for the societal responsibility and commitment of the Group's employees;
- the Prosperity pillar brings together the excellence teams of the sales & purchasing functions and the Ethics & Compliance Department.

Coordination meetings are held every quarter to ensure the coherence of actions and their roll-out to all Group employees, both at head office and in all subsidiaries through local management.

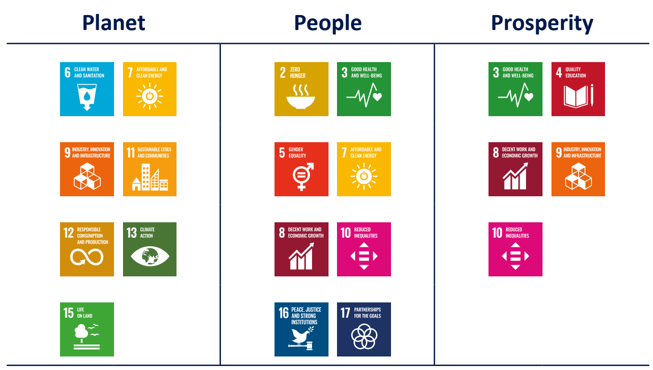
PROOF OF COMMITMENT

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

In 2022, SOMFY achieved a Gaïa Research score of 73/100. The non-financial Gaïa Research rating is primarily intended for investors. It assesses companies based on their level of transparency and performance according to Environmental, Social and Governance (ESG) criteria. The 2022 score increased by three points compared to the 2021 reassessed score and reflects the ongoing efforts being made on all ESG fronts.

SOMFY'S CONTRIBUTION TO SDGS

By signing the Global Compact, SOMFY is committed to contribute to the United Nations Sustainable Development Goals (SDGs). The SDGs provide a shared framework to help achieve a better and more sustainable future for all. SOMFY contributes to them *via* the three pillars of its sustainable development policy: Planet, People and Prosperity.



SOMFY was awarded the EcoVadis gold medal in 2022. With a score of 67/100, progress was most notable in the area of responsible purchasing.

PRESENTATION OF NON-FINANCIAL RISKS

METHODOLOGY

—

MAPPING OF RISKS

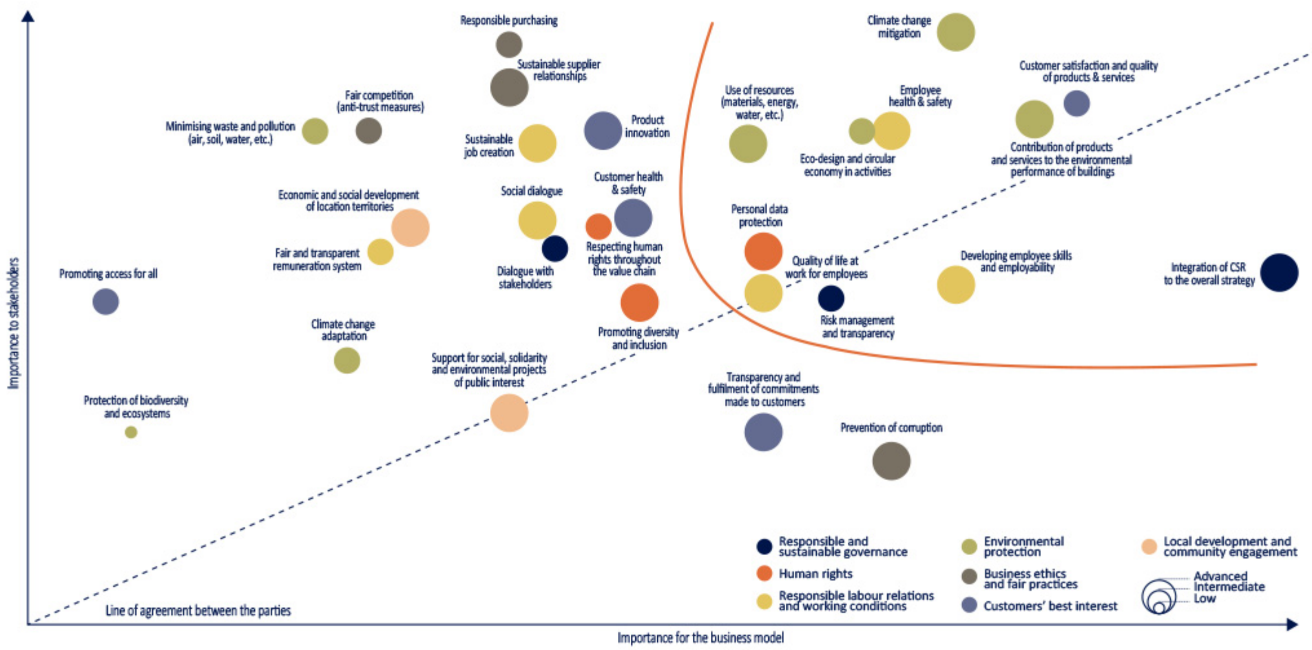
The major risks for SOMFY or risks that are significant as a result of the Group's activity are presented in chapter 2 (Management report) of this Annual report. Since 2021, particular attention has been given to identifying the risks related to the Group's CSR challenges, which have been added to the Group's catalogue of risks for each process. These risks have been identified in consultation with internal stakeholders, then validated by several members of the sustainable development coordinating bodies. These risks have been assessed in 2022.

However, the CSR risks presented below do not appear as such under major risks in the Risk factors section of chapter 2. The Group has indeed decided to present its main risks in a consolidated manner, as macro-risks, while CSR challenges are presented at a more granular level.

MATERIALITY MATRIX

In addition to the review of the Group's overall risks (chapter 2), in 2022 SOMFY updated its materiality matrix, which makes it possible to compare the Group's internal CSR challenges with the challenges identified by SOMFY's stakeholders in accordance with a three-step methodology:

- identification of the main CSR challenges (analysis of major risks, sectoral analysis, benchmarks and international guidelines, etc.);
- prioritisation of themes by external stakeholders, according to the importance of the issues to be addressed for a group such as SOMFY, and by internal stakeholders, according to the current and potential impact of the issues on Group activities;
- detailed review and final validation of the matrix by the Sustainable Development team and the Executive Committee.



PRESENTATION TABLE OF CHALLENGES AND RISKS

The challenges identified in the materiality matrix feed into each of the three pillars of the sustainable development policy: Planet, People and Prosperity.

PLANET

Challenges	Challenges in the materiality matrix	Risks	KPIs	Pages
Minimising the carbon footprint	– Eco-design and circular economy in activities – Climate change mitigation – Use of resources (materials, energy, water, etc.)	– Impact of SOMFY operations on climate change, biodiversity and the use of resources – Impact of SOMFY products on climate change & natural resources depletion – Carbon impact of digitalisation	– Carbon intensity of scope 3 (SBTi target) – Carbon footprint of scopes 1 & 2 - market based approach (SBTi target) – Annual average electricity consumption per motor sold in kWh – Rate of Somfy products sold certified Act For Green – Energy consumption in kWh per m^2 and CO_2 – Rate of electricity from renewable sources	44-46
Maximising avoided emissions	– Contribution of products and services to the environmental performance of buildings	– Impact of SOMFY products on climate change & natural resources depletion	– Volume of CO_2 emissions avoided in the residential roller shutter market	47
Acting with and for the planet beyond carbon	– Climate change adaptation – Use of resources (materials, energy, water, etc.) – Eco-design and circular economy in activities – Minimising waste and pollution (air, soil, water, etc.) – Protection of biodiversity and ecosystems	– Impact of global warming on SOMFY activities – Impact of SOMFY operations on climate change, biodiversity and the use of resources – Impact of SOMFY operations on pollution	– Volume of hazardous and non-hazardous waste in kg/motor produced – Rate of waste recycled – Water consumption in m^3 per employee	48-49
Becoming a citizen for the environment	– Support for social, solidarity and environmental projects of public interest	– Bad buzz on employer brand – Hiring & retention issues	– N/A	50

PEOPLE

Challenges	Challenges in the materiality matrix	Risks	KPIs	Pages
Ensuring the sustainable employability of employees	– Developing employee skills and employability	– Lack of professional development monitoring	– Percentage of employees who received training during the year – Percentage of performance reviews completed – Percentage of employees promoted or who have moved to a different position – Percentage of development reviews completed	52-54
Promoting fairness and inclusion in the teams	– Fair and transparent remuneration system – Social dialogue – Promoting diversity and inclusion	– Employment conditions inequity – Risk of strike or social movement (including tense relationships with unions) – Wrong monitoring of employee engagement – Lack of professional development monitoring	– Change in the breakdown of men/women – Percentage of female managers	55-56
Making the work environment contribute to employee performance	– Quality of life at work for employees – Employee health & safety	– Deterioration of working conditions – Work accident and occupational disease – Staff unavailability – Employee safety breach – Pollution exposure	– Frequency rate of work-related accidents leading to absence – Severity rate	57-58
Strengthening employee commitment	– Sustainable job creation – Quality of life at work for employees – Developing employees skills and employability – Support for social, solidarity and environmental projects of public interest	– Lack of professional development monitoring – Wrong monitoring of employee engagement – Bad buzz on employer brand – Hiring & retention issues	– Somfyscope survey engagement rate – Number of solidarity days in the year – Percentage of employees involved in philanthropic activities	59

PROSPERITY

Challenges	Challenges in the materiality matrix	Risks	KPIs	Pages
Developing a customer-centric model	– Customer satisfaction and quality of products & services – Transparency and fulfilment of commitments made to customers – Customer health & safety – Product innovation – Promoting access for all	– Lack of customer satisfaction measure and action plans – Products quality issue – Customer litigation linked to SOMFY offer modifications – Cyber breach exposure – Regulatory non-compliance of products (including safety standards) – Failure to achieve strategic objectives and succeed in the company project – Outdated innovation model – Significant or recurring delay in new product releases – Non-alignment between the Group strategy and the market expectations – Counterfeiting and industrial property theft – Infringement of third-party patent	– Customer Net Promoter Score	61-62
Putting business ethics into practice	– Respecting human rights throughout the value chain – Prevention of corruption – Fair competition (anti-trust measures) – Personal data protection – Dialogue with stakeholders	– Non-compliance with business ethics laws and regulations – Employee misconduct – Breach of human rights and employment laws – Corruption and fraudulent practices – Anti-trust laws violation – Failure to protect data and privacy – Cyber breach exposure	– Number of ethics alerts – Percentage of connected employees who have taken at least one training course on ethics and compliance in the last two years – Rate of new hires who have taken the GDPR online training	63-65
Growing with the Group's ecosystems	– Responsible purchasing – Sustainable supplier relationships – Economic and social development of location territories – Support for social, solidarity and environmental projects of public interest	– Suppliers non-compliance with CSR standards – Suppliers risks non-detection – Bad buzz on employer brand – Hiring & retention issues	– Percentage of local purchases – Rate of signature of the Responsible Purchasing Charter – Number of suppliers covered by a supplier risk assessment – Amount of financial sponsorship of social and solidarity projects	66-67

SOMFY'S RESPONSES TO NON-FINANCIAL RISKS

SOMFY's response to these risks is structured and organised based on the three pillars of its sustainable development strategy: Planet, People and Prosperity.

PLANET

Originating in the foothills of the Alps, SOMFY has been aware of the challenges of global warming for a number of years. Its desire to combat greenhouse gas emissions was first demonstrated by the completion of a Bilan Carbone®, and then by the implementation of emission reduction targets by 2030.

At the same time, SOMFY is developing solar protection automation solutions that take advantage of solar energy to optimise the energy efficiency of buildings, thus reducing its customers' CO_2 emissions.

SOMFY's environmental policy is primarily focused on combatting global warming. Three areas of action have been defined for CO_2:

- minimise the carbon footprint of the company and its products;
- maximise avoided emissions, *i.e.* the energy savings made in buildings thanks to SOMFY systems;
- contribute to carbon sinks through reforestation projects. This action is currently under review as priority has been given to reducing the carbon footprint. Pending a roadmap, SOMFY invests on an *ad hoc* basis in carbon credits associated with reforestation and natural regeneration.

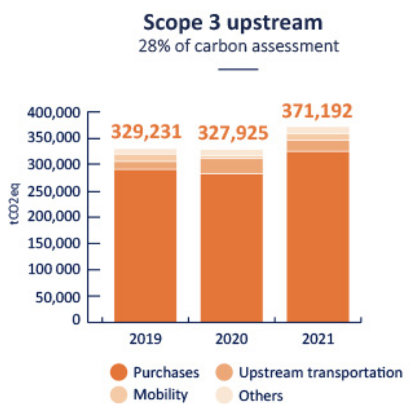
While SOMFY is doing its share in combating global warming, the Group also focuses on other environmental challenges such as biodiversity and resource scarcity. Actions are carried out locally on the Group's sites.

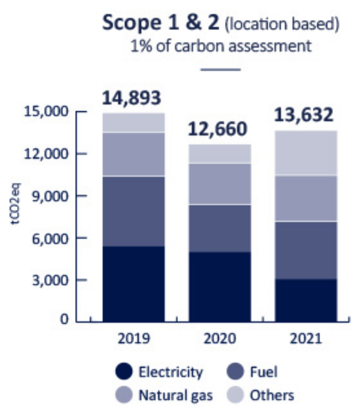
MINIMISING THE CARBON FOOTPRINT

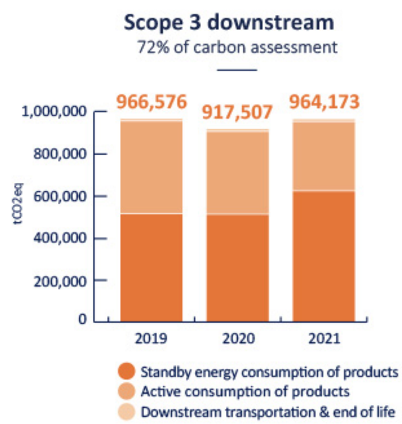
FOCUSING ON CARBON TO REDUCE THE GROUP'S IMPACT

SOMFY conducted its first Bilan Carbone® for scopes 1, 2 and 3 based on 2019 data for the entire Group. This assessment was updated in 2022 on the basis of 2021 data and the main findings are detailed below.

The main indicator guiding the Group's action plans is the breakdown of the Bilan Carbone® by main emission sources.







SOMFY's 2021 Bilan Carbone® totalled 1,349 kt CO_2e, *i.e.* an increase of just under 3% compared to 2019, based on a product scope that grew by 20% in volume.

To date, 93% of GHG emissions are related to the manufacture and use of SOMFY products (scope 3 indirect emissions) and 7% to the operations of the Group's sites (scope 1, 2 and 3 emissions).

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

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

These targets have been validated by the Science Based Target initiative (https://sciencebasedtargets.org/), in line with a global warming trajectory of 1.5°C by 2100 for scopes 1 and 2.

Between 2019 and 2021, the downward trajectory was initiated:

SBTi indicators	2019	2021	Change
Carbon footprint of scopes 1 & 2 - market-based approach *(kt CO_2e)*	15	12	-24%
Carbon intensity of scope 3 *(kg CO_2e/motor)*	108	93	-14%

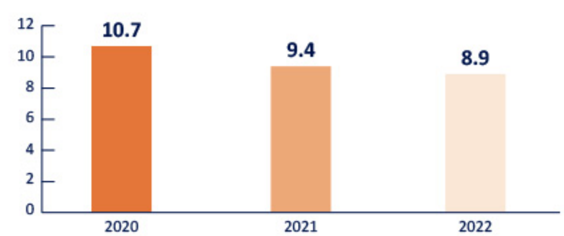
The Group's roadmap for low-carbon solutions is a strategic priority monitored by the Executive Committee and led by the Environmental Performance Department. The following paragraphs present the most significant actions undertaken by SOMFY.

OFFERING GREENER PRODUCTS

—

SOMFY's Bilan Carbone® shows that 93% of the company's greenhouse gas emissions come from products and, more specifically, 80% of this volume is due to their electricity consumption.
SOMFY has therefore embarked on an ambitious programme to reduce the energy consumption of its products, with the objective of reducing their consumption by 40% by 2030.
The Group has launched projects to design new electronic boards incorporating more energy-efficient components and original architectures, which will gradually be integrated into products.
Since 2022, each product range development project has been assigned a CO_2 equivalent mass target. This objective is based on the best available technologies and allows each project to be part of the Group's roadmap for reducing greenhouse gas emissions.
The result was a 5% reduction in electricity consumption in 2022, continuing the trend seen in 2021 (-13% compared to 2020).

Annual electricity consumption per motor (kWh)



Beyond the electricity consumption of its products, SOMFY is committed to their eco-design to optimise their environmental impact. To help designers, the Group rolled out a new solution in 2022 to measure the impact of the project as it is being designed.
To bring this eco-design approach to life, SOMFY continues to roll-out its Act For Green label, launched in 2015 and is awarded to products that meet environmental requirements that are more stringent than current regulations. All Act For Green products are subject to an environmental impact declaration in the form of a PEP Ecopassport®, available on the organisation's website and on the INIES database.
At the end of 2022, 65.9% of products sold under the Somfy brand bore this label, compared with 61.5% in 2021. The Group's ambition is to reach 100% of its sales with eco-designed products bearing the Act For Green label by 2030.

ACCELERATING THE CONVERSION TO GREENER SITES

—

Although greenhouse gas emissions from the Group's sites represent a minority of its carbon emissions, SOMFY also acts on this lever. As such, 55% of the electricity used on its industrial sites is of renewable sources with the objective of reaching 100% by 2030.

Rate of electricity from renewable sources

In 2022, 75% of the Group's industrial sites have signed green electricity contracts. A new contract was signed for the Italian BFT site.

Focus on SOMFY ACTIVITÉS SA
The SOMFY ACTIVITÉS SA contract covered the second half of 2022 and will cover all of 2023.

Energy consumption	Environmental reporting scope 2021	Environmental reporting scope 2022	Environmental reporting scope Change	SOMFY ACTIVITÉS SA 2021	SOMFY ACTIVITÉS SA 2022	SOMFY ACTIVITÉS SA Change
Gas *(kWh/m²)*	65	55	-15%	97	77	-21%
Electricity *(kWh/m²)*	66	64	-3%	65	64	-1%
Mineral fuel *(kWh/m²)*	0.7	0.2	-69%	0.6	0.6	7%
ENERGY CONSUMPTION PER M² *(KWH/M²)*	**131**	**119**	**-10%**	**162**	**142**	**-13%**
TOTAL GHG EMISSIONS IN CO_2E *(TONNES)*	**7,303**	**6,555**	**-10%**	**1,770**	**1,449**	**-18%**

Gas consumption for the entire Group fell sharply in 2022 thanks to measures to improve energy efficiency combined with mild temperatures. In addition, a heat pump replaced the use of oil heating.

Focus on SOMFY ACTIVITÉS SA
In 2022, the Group went even further by committing to a 10% reduction in its energy consumption in France, within a maximum of two years, as part of the government's sobriety programme and the signing of the RTE Charter. To do this, 3 major levers were activated: heating, lighting and IT equipment. A large-scale communication campaign informed employees of the initiatives implemented by the Group and the eco-gestures that can be adopted by all.
Lastly, within the production systems themselves, measures were taken to reduce their energy consumption. For example, fluorescent lighting on production equipment is being replaced by LED devices, outdoor lighting is being reduced, and a number of production facilities are shut down at night. Through these actions, more than 2,500 tonnes of CO_2e have been saved since the beginning of 2021.

BEYOND THESE TWO MAIN AREAS, ACTING ON ALL THE GROUP'S ACTIVITIES

SOMFY believes it is important to raise employee awareness of the challenges of global warming to enable everyone to act at their own level.
More than 500 employees were able to attend a climate fresk, and messages to raise awareness of eco-gestures were shared throughout 2022.

PURCHASES

Purchasing accounts for 20% of SOMFY's carbon footprint and is an important lever for action. In addition to its Responsible Purchasing Charter, the Group integrated an environmental criterion in the supplier selection process in 2022. Furthermore, SOMFY developed a tool to measure the carbon footprint of its supplies. Tangible results will be measured shortly.

MOBILITY

To encourage soft mobility, an event on mobility was organised in July 2022 during the internal sustainable development day. The survey shows an increase in the use of car-pooling as well as the use of bicycles to get to work.

Focus on SOMFY ACTIVITÉS SA
In 2022, the company tested "eco-safe driving" *via* the implementation of a dedicated application on thirty vehicles. A box connected to the vehicle allows users to be offered personalised advice and fun challenges to improve their driving. The results of this experiment are promising and were reflected in a reduction in fuel consumption and in the rate of driving accidents. It should therefore be extended to the Group's entire vehicle fleet.

TRANSPORT

Transport represents 1.7% of SOMFY's carbon footprint. To reduce it, the Group has drawn up a transport decarbonisation plan with three time frames - short, medium and long term - which includes the following:
- the imposition on all its partners of a minimum EURO 5 criterion for road transport;
- the prioritisation of the least polluting mode of transport (or multimodal transport);
- the optimisation of the filling rate of lorries when SOMFY is responsible for transport.

At the same time, SOMFY raises team awareness of best practices through communication campaigns, training and change management.

Focus on SOMFY ACTIVITÉS SA
One example of concrete action was the introduction of a "milk run" in the Arve Valley in 2022.

In the future, SOMFY plans to integrate transport data into its ERP system to improve monitoring and highlight areas for improvement in the action plan.

DIGITAL

The impact of digital is becoming a global concern with the explosion of digital services. Committed to a digital transformation, SOMFY intends to support it with virtuous practices. With this in mind, the Group's servers have been equipped with the MyITFootprint solution to measure and detail their environmental impact. This review highlighted the share attributed to hardware, which led to the decision to extend the life of telephones and computers, which are now only replaced in case of non-repairable breakdowns.

MAXIMISING AVOIDED EMISSIONS

PROVIDING SOLUTIONS FOR ENERGY EFFICIENCY

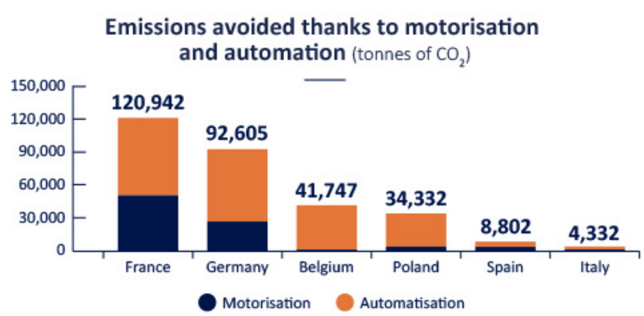
Solar radiation on a window pane is equivalent to the heating power of a 500 W per m^2 radiator. The use of solar shading makes it possible to manage this energy input into the building.
SOMFY develops and commercialises motors and automation controls that make the most of the sun's energy input in winter and protect against it in summer. The benefit to building occupants is twofold: improved thermal comfort and energy savings.
Thermal studies carried out in 2021 and 2022 and validated by Carbone 4, assessed the carbon impact of SOMFY solutions. The table below summarises the results of motorisation and automation of roller shutters installed in residential buildings in six European countries.

Country	Emissions induced by the products *(kt CO_2e)*	Emission reduction in user customer buildings *(kt CO_2e)*	Emissions avoided *(kt CO_2e)*	Ratio Emissions avoided/Emissions induced
France	41	161	120	**2.9**
Germany	93	186	93	**1.0**
Belgium	7	49	42	**6.0**
Poland	30	65	34	**1.1**
Spain	5	13	9	**1.9**
Italy	6	10	4	**0.7**
TOTAL	**182**	**484**	**302**	**1.7**

Avoided CO_2 emissions by country in the European residential market.

The results are calculated in relation to a reference scenario consisting of the most commonly installed products in buildings, *i.e.* manual roller shutters.
The avoided emissions are the difference between the reduced emissions in the building and the emissions induced by the products.
The main findings are as follows:
- SOMFY solutions have a positive impact and avoid on average 1.7 times their carbon mass for user customers;
- there are wide variations between countries, due to the energy mix of each country as well as to the level of automation of solutions.

The avoided emissions generated by automated solutions are indeed three times higher than those generated by motorised solutions in the area studied.



Configurators taking into account the geographical location of buildings and the type of housing will be introduced in 2023 so that potential energy gains can be assessed in every situation.

ACTING WITH AND FOR THE PLANET BEYOND CARBON

ADAPTING TO CLIMATE CHANGE

ANALYSING RESILIENCE TO CLIMATE RISKS

—

The Group has implemented an analysis of its resilience to climate risks for its most important production sites.

This three-step approach consists in:

- identifying climatic variations with a potentially strong impact on the Group's operations. This analysis was performed by taking into account the historical data and the IPCC's RCP 2.6 and 8.5 scenarios for 2030, 2035 and 2050 respectively;
- outlining a vulnerability profile for each production site. This profile is based on the sensitivity of the processes to the climatic variations of the geographical area in which the site is located as well as the existing adaptation capacities. The vulnerability profile takes into account the highest risk according to the IPCC scenarios mentioned above;
- defining an adaptation plan for each of the highest risks. These action plans are included in the sites' business continuity plans.

In 2022, this analysis showed a relatively low level of residual risk. It will be continued and gradually extended to smaller industrial sites, distribution subsidiaries and, finally, to the entire value chain.

EXTENDING THE SCOPE OF THE GROUP'S ENVIRONMENTAL ACTIONS

TAKING ACTION FOR BIODIVERSITY

—

SOMFY's impact on biodiversity is relatively limited. However, the Group is attentive to this and is developing initiatives to protect it. The major challenge is in the vicinity of its manufacturing sites.

Focus on SOMFY ACTIVITÉS SA

Located in the heart of the French Alps, close to Mont Blanc, the company wants to act to protect the mountain ecosystem and is involved in local initiatives, including:

- the Club d'Entreprises pour la Montagne et son Développement Durable (CEM2D);
- the installation of four apiaries, *i.e.* 12 hives in total, on the various Arve Valley sites in partnership with the Apidae organisation. The first harvest in 2021 yielded 45 kg of honey and the 2022 harvest amounted to 182 kg despite the drought. The apiaries have made it possible to reintroduce the Black Bee of Savoy, a local endemic species in danger of extinction;
- the introduction of a reasoned mowing regime on all sites;
- the first ecological diagnosis of the flora, carried out by France Nature Environnement in 2022, produced very good results with between 38 and 56 plant species counted depending on the site. The resulting recommendations for action are being reviewed.

In Niepolomicie, Poland, the factory is located on the edge of two protected sites belonging to the Natura 2000 network: Puszcza Niepolomicka PLB 120002 and Torfowisko Wielkie PLH120080. The local teams follow strict specifications for the protection of its immediate environment, which was as a precondition for the building of this factory.

To complete these actions, SOMFY joined forces with EDHEC to conduct a biodiversity inventory on its main industrial sites and their local regulatory challenges. This work will be extended in 2023 with a view to establishing a Group-wide biodiversity policy, with priority measures to be implemented.

CONSERVING RESOURCES

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.

	Environmental reporting scope			SOMFY ACTIVITÉS SA		
Water	**2021**	**2022**	**Change**	**2021**	**2022**	**Change**
Water consumption in m^3	40,328	44,831	11%	10,880	9,984	-8%
Ratio m^3/employee	8.4	9.1	8%	6.2	5.2	-16%

As water consumption is solely related to non-industrial use (toilets, showers), the return of all employees on-site in 2022 resulted in an overall increase in this impact, in addition to a leak at one of the sites.

The resources used by SOMFY are mainly related to the materials and energy used to manufacture its finished products:

- for its products, SOMFY is promoting the use of recycled materials, starting with packaging (recycled cardboard and foam wedges expanded with biogas);
- half of the electricity used is from renewable sources. The aim is to reach 100% by 2030.

PROMOTING THE CIRCULAR ECONOMY

SOMFY participates in the collection of end-of-life products through its contribution to eco-organisations (Ecosytems, Corepile, etc.) and promotes this sector among its customers to optimise the collection of used products.

As previously mentioned, SOMFY promotes eco-design by promoting the most energy-efficient designs possible and the use of recycled materials.

At operational level, SOMFY has modernised its facilities to reduce energy consumption and re-used functional components of finished products not fit for sale. In addition, waste is sorted and 93% was recycled in 2022, compared to 89% in 2021.

	Environmental reporting scope			SOMFY ACTIVITÉS SA		
Waste	**2021**	**2022**	**Change**	**2021**	**2022**	**Change**
Non-hazardous waste in kg/unit	0.24	0.27	12%	1.25	0.99	-21%
Hazardous waste in kg/unit	0.002	0.004	90%	0.01	0.02	10%
TOTAL WASTE IN KG/UNIT	**0.24**	**0.28**	**13%**	**1.27**	**1.01**	**-20%**
Recycling rate of hazardous and non-hazardous waste	**89%**	**93%**	**4%**	**83%**	**91%**	**9%**

The recycling rate of waste has increased thanks to the actions carried out in 2022, namely, the change of service providers and improved waste sorting. These efforts are complemented by the introduction of returnable bins for supplier flows to replace cardboard packaging, which should bear fruit in 2023.

Product sustainability is also a lever for action. For example, commercial warranty periods have been extended to seven years on products such as the S&SO RS100.

BECOMING A CITIZEN FOR THE ENVIRONMENT

ENCOURAGING SOCIETAL COMMITMENT TO THE ENVIRONMENT

SOMFY encourages local initiatives in terms of societal commitment to environmental issues, both through its teams and its Foundation.

Focus on SOMFY ACTIVITÉS SA

In 2022, SOMFY ACTIVITÉS SA renewed its support for the EcoTremplin competition, organised by the Alpine radio station "Radio Mont Blanc", as a partner in the social and solidarity category, which rewards the region's most virtuous company in this area. SOMFY supports the winner with the development of their project and the radio station finances a communication campaign to raise awareness of it.

SOMFY is also a founding member of the Green association, which works with industrialists in the Arve Valley to encourage local economic players to act rather than just pay taxes. SOMFY finances 40% of the association's budget, for educational initiatives and spin-off and prototyping projects on environmental issues.

For its part, the SOMFY Foundation is working to build a better world for future generations. A world where everyone has access to healthy and sustainable living spaces that respect people and the environment. Its scope was extended in 2021 to include the environmental aspect, enabling it to take part in public interest projects benefiting the environment.

Its first major environmental initiative is the restoration of 10 of the 70 hectares of Magland's communal woods ravaged by a storm in 2019. 60 employees in the Arve Valley participated in the planting of 1.7 hectares over two days in November 2022 and SOMFY is committed to maintaining this young forest for five years alongside the ONF - Agir pour la Forêt fund.

In the subsidiaries, this commitment to the environment is implemented locally. For example, in the Czech Republic and Slovakia, 23 employees were involved in cleaning up a park near the subsidiary and planting trees. In Poland, 11 employees took part in a tree-planting operation. In Mexico, 10 employees participated in a sustainability day. These projects are often carried out with the support of the SOMFY Foundation, with 21.7% of solidarity days dedicated to environmental initiatives in 2022.

PEOPLE

The culture we aspire to is the foundation of SOMFY's transformation and this constitutes a long-term asset for the company. Since 2021, SOMFY has integrated this new corporate culture and supported its managers in a broad leadership and culture programme.
Taking ownership of this culture takes place in several stages. In 2021, the Group's top 80 managers, members of the "One Team", participated in a series of workshops with a coaching firm specialising in transformation.
In 2022, 250 senior managers, members of the "One Team Conference", joined the programme. In a year, these roll-out modules represent more than 40 hours of workshops and coaching per employee.

The five behaviours of the desired culture:

- **Focus on customers:** develop active listening and problem-solving skills to meet customer needs;
- **Play One Team:** establish effective collaboration between functions, put the interest of the Group above that of the team, and build diverse and inclusive teams;
- **Take responsibility:** make each employee committed and responsible for implementing the priorities in order to deliver with the expected level of quality and an appropriate sense of urgency;
- **Grow and learn everyday:** as employee development is an essential part of this desired culture, everyone must be able to play their part in coping with constant change. Therefore, opportunities for development must be seized and encouraged by managers. Feedback is becoming an established practice at the heart of the dialogue between the manager, his employees and his peers, in order to progress but also to facilitate mutual adjustments. It allows to try out different ways of doing things, in full transparency with one's manager;
- **Act authentically:** employees must be able to express their ideas, to say transparently and without fear what they are good at, and what they need others to do.

ENSURING THE SUSTAINABLE EMPLOYABILITY OF EMPLOYEES

SOMFY has always put people at the heart of its corporate project since the Group firmly believes that it is through people that it will make the difference in all that it does. SOMFY thus seeks to offer every employee a plan that enables them to develop their internal and external employability in a sustainable manner. The company is a place of life in which every person can grow, both professionally and personally. Conditions in the workplace and under which they perform their role, and maintaining the health and safety of everyone are priorities of the Group's social strategy.
Ambition 2030 outlines the Group's social strategy, the main actions of which are described in the paragraphs below.

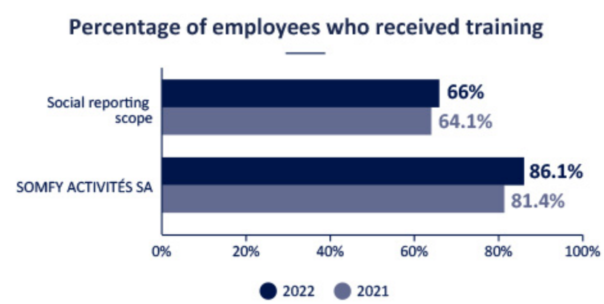
BECOMING A LEARNING ORGANISATION

ROLLING OUT CAREER DEVELOPMENT REVIEWS TO ALL EMPLOYEES

As part of the HR cycle, employees have a development review once a year. The review is separate from the performance review and is dedicated to the career prospects and development of employees. Together with their manager, employees take stock of their experience and skills acquired and those to be developed. It is now a digital meeting that is rolled out across the Group. In 2022, 94.1% of employees benefited from this review, which enabled the identification of 4,340 development actions, *i.e.* an average of two actions per employee.
SOMFY encourages employees to become actors in their own development and therefore in their employability. The Group promotes the development of business and technical skills as well as personal development, and applies the 70/20/10 model which structures learning into three parts: 70% through case study, 20% through social interaction and discussion with peers and 10% through traditional training.

OFFERING ACCESS TO SOMFY CAMPUS TO ALL EMPLOYEES

In April 2021, the Group launched SOMFY Campus, its corporate university which offers development paths for all employees. These programmes enable the professionalisation of teams and the development of leadership and business skills.
The following indicators reveal SOMFY's growing results between 2021 and 2022 thanks to an educational effort in the roll-out of training:



In 2021, the Group acquired licenses to LinkedIn Learning, a library of off-the-shelf training content that was open to 3,500 employees in 2022 (4,000 in 2023). It has provided staff with training catalogues by Academy (12) to guide them in their search for courses.

In 2022:

- number of activated licences: 3,284 (1,646 in 2021);
- number of videos viewed: 112,986 (53,938 in 2021);
- number of courses completed: 3,226 (2,121 in 2021);
- number of hours viewed: 4,772 hours (2,365 in 2021);
- average time spent per learner: 2 hours 18 minutes (30 minutes in 2021).

In addition, in 2022 SOMFY acquired licences from Speexx, a language learning platform, to meet the business priority of developing English skills within the Group:

- number of active learners: 260;
- number of hours: 1,957 hours.

ROLLING OUT CAREER PERFORMANCE REVIEWS TO ALL EMPLOYEES

—

SOMFY offers an HR cycle to all its employees, with individual meetings with their managers throughout the year. Among these, the performance review is used to assess the achievement of targets and employee proficiency in the position. This interaction is an opportunity to identify areas of progress for the coming year and to share information on the employee's work-life balance. This is also a time for both the employee and their manager to set targets for the following year. In 2022, 94.5% of employees completed a performance review (scope: connected employees of the Group, workers at the Cluses factory and the Bonneville production site).

STRENGTHENING THE GROUP'S COMPETENCY FRAMEWORK

—

A Group-wide Jobs and Competencies framework has been developed over the past three years. Today, this framework covers 18 functions, 93 job families with a list of associated skills, 189 generic positions with associated descriptions. These documents, which are accessible to all Group employees, enable each employee to find out about existing jobs within the company and identify the next steps in their career. This work is also the basis for a forward-looking approach to the development of professions, in order to anticipate the Group's future skill requirements.

PROMOTING CAREER DEVELOPMENT

Attracting talent and developing the skills of its employees are central to SOMFY's challenges. The Group's growth and performance, as well as the success of Ambition 2030, is dependent on its ability to secure the right talents, in the right place, at the right time. The resources devoted to promoting career development are therefore key to overcoming these challenges. In addition to the risk of not having the human resources necessary for the achievement of its ambitions, neglecting the development of employee skills could result in talents leaving or a fall in their commitment levels. Supporting employees in their development helps to improve their employability and their sense of security in relation to the next steps in their career, which makes it a factor in terms of commitment.

INCREASING TALENT REVIEWS

—

Talent Reviews are collective meetings between managers aimed at anticipating organisational changes, defining development plans, identifying talent pools in order to offer them attractive career paths, developing succession planning for key roles in the organisation, and analysing changes to the organisation and to jobs. Since 2020, this annual event has been extended to the entire Group. In 2022, the careers and development of more than 3,900 employees were evaluated as part of Talent Reviews.

After two years of implementation and continuous improvement, the Group is beginning to see the real benefits of this exercise. It allows us to get to know our employees better, to define tangible development and career action plans, and to identify global talent pools to fill key positions. This process is supported by regular mobility committees (at several management levels) which have resulted in more than 50 transfers across the Group.

2022 has also improved the talent assessment process in the following areas:

- strengthen succession plans;
- develop a retention plan for One Team members with an assessment of criticality, irritants and action plans;
- update the Talent Review process by function to involve more stakeholders;
- broaden and improve talent knowledge and team development;
- strengthen the skills of the HR community to support and optimise the process.

The company's maturity journey in this regard is a long-term process. Therefore, continuous improvement in 2023 will remain an important topic, with several focus areas:

- forward-looking management of positions and career paths in strategic areas such as skills and positions related to digital and artificial intelligence;
- strengthen the pipeline for key positions and for talented women to be promoted;
- extend the retention plan beyond the One Team.

PROMOTING INTERNAL MOBILITY

—

Through internal mobility, SOMFY wishes to promote career paths that enable the development of key skills that are specific to the Group, to provide it with the talent it needs for the years to come, notably to prepare for the digitalisation of professions, and to build a common base of experience that is conducive to cross-functional collaboration and innovation. Through these actions, SOMFY also aims to attract and retain employees, thanks to inspiring career paths.

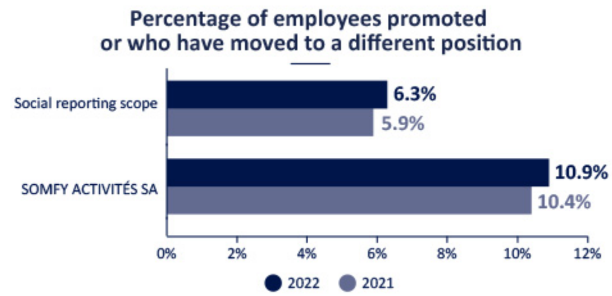
At SOMFY, depending on the characteristics of the position and the employee's profile, the recommended length of time in a position is three to five years. This ensures in-depth skill acquisition, has a guaranteed visible impact, stabilises team skills and develops the career path of employees.

Through its internal mobility policy, the commitments made are as follows:

- the Group is committed to giving preference to internal applicants over external recruitment;
- managers encourage employee mobility by considering first and foremost the interests of the Group and the development of the employees;

- particular attention will be paid to applications from people whose positions are considered to be under threat or sensitive/critical in order to support possible organisational or job changes;
- managers are responsible for organising and carrying out the integration process and the employee skills development plan to support mobility;
- SOMFY is committed to ensuring that each employee receives information on the outcome of their application, whether or not they are selected for the position in question. If unsuccessful, the applicant is supported to strengthen their development plan and their next career steps.

The efforts made to implement internal mobility are reflected in growing results between 2021 and 2022.



RAISING THE INTERNATIONAL PROFILE OF THE TEAMS

SOMFY's international profile was further boosted in 2022. Many recruitments are made with this in mind, either by recruiting people of different nationalities or by giving foreign employees responsibilities within the so-called "Group" teams. This progress was accelerated thanks to the development of the smart working policy, which reaffirmed SOMFY's desire to recruit internationally, for example by offering the option to work remotely to more employees and creating a "remote worker" status. This drive to mix cultures establishes English as the common language. This gives more opportunities for mobility to non-French speaking employees and makes SOMFY more attractive. In addition, an international mobility management procedure is now in place: it provides a more reliable framework for the expatriation or secondment of certain employees, from a legal, salary, accommodation or transport point of view.

PROMOTING FAIRNESS AND INCLUSION IN THE TEAMS

STRENGTHENING GENDER EQUALITY

SOMFY places diversity and inclusion at the heart of its priorities. The Group considers that this diversity is a driver of performance and an important element of its societal responsibility. In this context, equality between women and men is being strengthened through numerous measures. In 2022, for example, 15 women followed a "Women in Leadership" development programme (EVE and TREMPLIN programmes), whose ambitions are to support women in asserting their managerial style, to boost their self-confidence, to listen to inspiring testimonies, to raise awareness against prejudice and to create their own support network.

RENEWING COMPANY AGREEMENTS

—

Diversity and inclusion are at the heart of our people project and have been identified as major levers for collective performance. The gender discussion is one of the foundations of this. SOMFY aims to achieve 40% female managers by the end of 2030 (26% achieved by the end of 2022) and also to generalise the actions implemented by SOMFY ACTIVITÉS SA at Group level.

Focus on SOMFY ACTIVITÉS SA

Following on from a process of company agreements initiated in 2013, the company has renewed its commitment to gender equality at work through a three-year agreement for 2022-2024. This agreement falls under the umbrella of Group initiatives that are strengthened, tailored and completed at local level.

The 2022-2024 three-year agreement for gender equality at work covers five themes – recruitment, remuneration, career development, work/life balance, and health & safety at work.

This agreement sets two objectives for gender equality at work:

- to reach 33% of women in "Managerial" positions by 31 December 2024 (30% at 31 December 2022);
- to achieve 30% of women in Executive positions - category C3 (28% at 31 December 2022).

In addition, in 2022, the company implemented the new Rixain law indicator on the share of women in its governance bodies (relating to the results of the 2021 financial year). The share of women currently represented in these bodies is 28% (score 2021). The 2022 score will be calculated in March 2023. The target set for 2026 is to reach at least 30%.

In order to ensure compliance with this policy, the proportion of women in engineering and management positions is a criterion for the allocation of long-term incentives and performance-based shares to eligible top managers. The company ensures equal access to development initiatives and career progression. Specific resources have been mobilised to support the proportion of women in the Engineers and Managerial Staff category, and each year funding of €25,000 is allocated to measures aimed at female employee development towards these careers.

Seeking the balance between professional development and family responsibilities is at the heart of our concerns. Measures have been taken to promote fair distribution of family obligations - 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 Labour Code currently); solidarity based savings account scheme for employees required to support a severely ill spouse or parent. Lastly, in order to respect the work/life balance and family responsibilities, flexible working time is facilitated. For example, employees in a team on rotating shifts can move to a team on fixed shifts until their child/children reaches/reach the age of three. Particular attention is also paid to the balance of professional training investments between the genders within the same comparison category.

While health and safety in the workplace for all employees are a priority at SOMFY, specific attention is paid to the health of female employees.

Measures are specifically financed to combat musculoskeletal disorders (MSD). An annual budget of €60,000 was dedicated over three years to the "Pro MSD" project to improve the ergonomics of production workstations, the majority of which are operated by women, which was successful. As part of the new three-year agreement, a new investment of €100,000 over the period will be dedicated to logistic positions in order to address, in a spirit of equality, the occupational health issues specific to the male employees of this site.

	Social reporting scope			SOMFY ACTIVITÉS SA		
	2021	2022	Change	2021	2022	Change
Percentage of women in total workforce	46.3%	45.7%	-1.4%	39.5%	39.3%	-0.5%
Percentage of women in management	25.7%	25.8%	0.5%	31.2%	32.9%	5.2%

In 2022, the share of women in the workforce was slightly lower than in 2021, due to a large number of recruitments, but **equality objectives remain a priority for SOMFY Management**.

SUPPORTING THE EMPLOYMENT OF PEOPLE WITH DISABILITIES

Through diversity and inclusion, work environments are safer, more fulfilling and more productive. SOMFY welcomes all types of diversity, especially people with disabilities. Knowing how to welcome and accept difference enriches and strengthens the Group. SOMFY's teams that include a variety of profiles are more efficient and more innovative. The Group will therefore maintain the momentum of its people project and its disability policy initiated in 2020.

Focus on SOMFY ACTIVITÉS SA
Thus, a new disability agreement was signed for SOMFY ACTIVITÉS SA in order to renew its commitments for the period 2023-2025 in favour of the employment of persons with disabilities and the pursuit of its objectives: understanding disability, training stakeholders, recruiting differently, maintaining employment, facilitating access to sites, etc.

The company has rolled out the following mechanisms:

- monthly employee awareness campaigns;
- collaboration with a communication agency with sheltered workshop status and specialising in the field of disability;
- support from an agency for the recruitment of candidates with a disabled worker status;
- training for the HR France community and all company managers to enable them to better understand recruitment, professional integration and job retention initiatives, with more than 240 people trained to date;
- measures to encourage employee retention: four-days of paid authorised absence per year over three years, flexible working hours, flexibility in terms of role, etc.

The company participates in the following national and European events:

- the third European Disability Employment Week;
- DuoDays event (teaming up for a day with a disabled person);
- Hello Handicap, a national 100% digital recruitment forum for job seekers with disabilities.

SUPPORTING THE EMPLOYMENT OF YOUNG PEOPLE

SOMFY is also committed to promoting the employment of young people by increasing the use of apprenticeships, work/study programmes, internships and VIEs. In 2022, more than 95 students completed work experience at SOMFY. The managers and HR teams also contribute to the future of these young people at the end of their contract by making recommendations or, if they are satisfied with their work, offering to hire them. This experience is of great benefit to these students.

Focus on SOMFY ACTIVITÉS SA
To support their integration, the company has introduced a number of events throughout the year to improve their employability and social interaction between them: discovering career paths, site visits, career days, etc.
The Group promotes work/study programmes and vocational training in close collaboration with a number of schools through initiatives such as:

- the development of forward-looking training courses *via* the Club des Entreprises de l'Université Savoie Mont-Blanc and, in particular, the sponsorship of a class within Polytech Annecy-Chambéry;
- participation in the Campus des Métiers in Cluses;
- presentation of the Group's professions in the form of testimonials from female employees to secondary school girls in Cluses to promote technical professions to a female audience;
- participation in development events such as hackathons within the EDHEC Innovation Chair;
- participation of SOMFY employees in the roll-out of educational programmes.

MAKING THE WORK ENVIRONMENT CONTRIBUTE TO EMPLOYEE PERFORMANCE

DEVELOPING NEW WAYS OF WORKING

EXTENDING THE SMART WORKING POLICY TO ALL EMPLOYEES

—

A smart working project was designed in 2020-2021 to roll-out key principles focusing on remote working, remote management and well-being at work.

SOMFY pays great attention to the well-being of all its employees and considers that this key element of its social responsibility leads to improved performance. It is also a reflection of the "symmetry of attention" SOMFY extends to both its employees and customers. Several ambitious e-learning courses will support this approach, such as "Managing priorities", "Preventing burn-out", "Managing stress", "Workstation ergonomics".

For example, in 2022 SOMFY implemented the following initiatives through its smart working policy:

- four weeks of remote working to work from any location;
- the Group-wide implementation of "team Charters" to facilitate the management and collaboration of teams in hybrid mode (50 Charters in 2022 for 50 teams);
- training in the detection of psychosocial risks attended by over 1,000 people in 2022.

Many of these initiatives were designed with the support of HR business partners to define appropriate ways of organising work and collaborating within teams.

ENSURING SAFETY AT WORK

DEVELOPING PREVENTIVE HEALTH AND SAFETY POLICIES

—

SOMFY places the protection of safety and physical and mental health of 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, as well as psychosocial risks.

The Group's Health & Safety policy primarily focuses on employees. It pays particular attention to the individual and collective state of mind defined as essential in targeting the reduction of risks and the elimination of work-related incidents and accidents.

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

The Health & Safety Management approach helps to meet these objectives and is based on four fundamental principles: leadership and individual responsibility, preventive approach, risk awareness and continuous improvement.

In 2022, SOMFY attached an ambitious action plan to each objective of its Health & Safety policy:

Develop the Health & Safety culture by targeting performance excellence:

- roll-out of a vast communication campaign about the 10 risk prevention themes included in the Golden Rules (videos, posters, risk identification exercises, quizzes, etc.);
- organisation of digital conferences on the themes of risk prevention and risk awareness on World Day for Safety & Health at Work on 28 April 2022;
- development of a Health & Safety awareness-raising module about the 10 Golden Rules. This module will be integrated into the Group's onboarding programme in 2023;
- setting up and coordinating the Health & Safety network, and contacts *via* monthly meetings to discuss events and elements of the health and safety management system rolled out across the company (processes, procedures, instructions, etc.);
- creation of a Group Health & Safety Steering Committee comprising representatives of the Group's various professions.

Ensure a safe and healthy working environment and prevent accidents at work and occupational diseases:

- drafting of guidelines for remote workers to raise awareness of the risks of remote working, good practices and how to respond in the event of an emergency;
- an initial workshop was held with all the Group's Health & Safety managers in order to share knowledge;
- establishment of a global action plan to improve the safety of pedestrian and vehicle movements, and launch of its roll-out across all industrial sites;
- implementation of a solution to share the Health & Safety events (incidents, near misses, etc.) occurring in the entities with the entire network, and to cross-reference the improvements.

Comply with laws and regulations relating to health & safety:

- continuation of the Compliance Safety In Sites Committee, the aim of which is to coordinate regulatory compliance across the Group's entities.

Within the framework of the 2030 roadmap, it has been decided to focus on the frequency rate of accidents at work resulting in at least one day's sick leave at the industrial and logistics sites, and for SOMFY employees exclusively. These are the activities most likely to cause accidents, and as a result, requiring the most attention.

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

	Health & safety reporting scope			Industrial and logistic sites			SOMFY ACTIVITÉS SA		
	2021	2022	Change	2021	2022	Change	2021	2022	Change
Frequency rate of accidents leading to absence	2.41	2.70	12.0%	3.06	3.35	9.5%	2.63	4.57	73.8%
Severity rate	0.08	0.14	75.0%	0.18	0.23	27.8%	0.19	0.16	-15.8%

STRENGTHENING EMPLOYEE COMMITMENT

ONBOARDING NEW HIRES

Every new employee joining the Group, a new site or a new business line, benefits from an induction programme called "onboarding". It allows the employee to learn more about:

- SOMFY, its customers, its products, its footprint;
- the trade position they join and the associated ways of working;
- the site on which they will work.

In 2022, 232 people were enrolled in this online English-speaking onboarding programme, which will be available in several languages in 2023. It includes virtual visits to several sites such as the head office in Cluses and elsewhere.

In 2023, a Meet the Group module will be added to give new hires (managers and employees) the opportunity to meet the management team and better understand the corporate project and the focus on people that SOMFY wishes to promote.

CULTIVATING EMPLOYEE COMMITMENT

ACTING ON THE SOMFYSCOPE RESULTS

—

Every two years, a Group-wide engagement survey is conducted. The survey carried out at the end of 2022 showed a participation rate of 89% (compared to 78% in 2020), thanks to an effort to make the survey accessible to employees without a computer. The engagement rate in 2022 is 7.3/10 (compared to 7.6/10 in 2020). This almost stable high level of engagement reflects the confidence of employees in the company. This indicator makes it possible to measure the understanding of the Group's ambitions among employees, their commitment to the company, their well-being within the organisation and their team. It is a fundamental tool for capitalising on the strengths of a team and improving working methods. The results of the Somfyscope support the areas of development already identified and currently being rolled out:

- acceleration and digital transformation of professions;
- acceleration and managerial transformation of leaders;
- strengthening communication and proximity of management circles to the teams;
- focus on innovation with an "integrated solution" approach rather than a "product in detail" approach.

DEVELOPING SKILLS SPONSORSHIP AND THE INITIATIVES OF THE SOMFY FOUNDATION

—

SOMFY strives to put the skills of its employees, developed individually and collectively, for the benefit of all through meaningful projects of public interest.

As an important lever for employee engagement, the SOMFY Corporate Foundation provides financial support, as well as skills sponsorship, to non-profit and community associations seeking to provide dignified standard of living for everyone, notably by promoting access to decent and sustainable housing, better social integration and a healthier environment. In order to respond to these challenges, the SOMFY Corporate Foundation is committed to concrete projects through two action levers:

- financial support;
- human support thanks to the solidarity engagement of our employees.

Coordinating these two action levers is key to providing aid that is as close as possible to the needs of associations.

Focus on SOMFY ACTIVITÉS SA

The company has set up a scheme currently being rolled out across France that allows employees to dedicate up to three working days to the Foundation's projects. In 2022, 409 full-time equivalent days of skills sponsorship benefited French associations (compared with 175 in 2021).

The enthusiasm of employees for the Foundation's *pro bono* public interest initiatives is encouraged by senior management and by managers. In 2022, 84 projects were carried out with non-profit associations and non-governmental organisations (66 in 2021), mobilising 470 employees (233 in 2021), including 96 international employees and 374 in France, *i.e.* 7.3% of the Group's workforce from approximately fifteen subsidiaries and 13.8% of the workforce in France.

Internationally, subsidiaries are similarly encouraged to implement solidarity initiatives involving employees. This mobilisation represented 106 solidarity days in 2022, compared to 59 in 2021, a very healthy increase after years impacted by Covid-19.

PROSPERITY

DEVELOPING A CUSTOMER-CENTRIC MODEL

DEVELOPING A RELATIONSHIP OF TRUST

Customers are now moving towards meaningful and sustainable consumption, by limiting environmental impacts and choosing to shop locally. Today, providing good quality products is no longer enough. The customer must be at the heart of all the company's concerns and must receive an outstanding end-to-end service. SOMFY has initiated this process.

*"**Customer Centricity** means thinking above all about the customer, making every decision with the customer in mind, and making them the focus of everything".* The purpose of this approach is customer satisfaction. A satisfied customer is a loyal customer and a potential ambassador for SOMFY in increasingly competitive markets where demands are high. Reflecting this drive, in 2020 SOMFY renamed its Quality Department **"Customer Satisfaction & Quality"**.

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

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 2022, 12,891 interactions took place with 7,088 customers (consumers and professionals from all countries), *i.e.* 40% more customers than in 2021 out of a total of 64 surveys conducted.

Interaction notably helped to better understand customer experiences when purchasing SOMFY solutions, whether that happened in-store, online or *via* a professional. The SOMFY teams also met consumers during home visits or remote interaction. It helped to identify their daily needs and expectations and at every stage of their life. These meetings have helped to upgrade curtain motorisation solutions, smart windows, eco-designed products, imagine future services, etc.

Customer satisfaction is measured in several complimentary ways:

- **satisfaction surveys** conducted every two years. The objective is to assess base trends and to shape the areas for improvement. There are two types of results:
  - measuring recommendation of SOMFY by customers: the survey conducted in 2021 took place within the exceptional circumstances caused by the health crisis, and included end customers on the panel. With this extended scope and unprecedented situation, the CNPS (Customer Net Promoter Score), which assesses customer loyalty, fell by 22 points to 45.4,
  - overall assessment of customer satisfaction showed a satisfactory result of 79.7%.

Faced with the drop in the 2021 CNPS, in 2022 SOMFY implemented the priority action plans on the issues covered by customer feedback.

These measures are focused on three areas: the ability to manage product launches, the ease of contacting technical support and clarity of documentation;

- **a CRM solution** used by the distribution subsidiaries, which includes an instant measurement of customer satisfaction (CSAT). 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;
- **a measurement of satisfaction connected with the digital experience** (website navigation, online purchasing process and everything connected with satisfaction on social media). It is key to take into account the crossover of channels and address them appropriately.

INNOVATING WITH AND FOR CUSTOMERS

Guided by its vision "Inspiring a better way of living accessible to all", SOMFY innovates through its products and services, primarily in the area of motorisation and in its key sales territories. In addition to the services provided, these innovations are environmentally friendly, have a very high level of quality and capitalise on connectivity.

In order to provide customers with relevant innovations, the ranges developed by SOMFY meet five criteria:

- **sustainability:** products and services are environmentally friendly and have an extended life span;
- **simplicity:** SOMFY manages the complexity of the technology, which allows it to offer ergonomic, intuitive and easy-to-install products;

- **accessibility:** its fairly and reasonably priced ranges create value for every link in the value chain;
- **service-ready:** its products are based on connectivity to enable customers and partners to make the most of digitalisation;
- **discretion:** the design of the products matches various interior styles and the noise level is reduced for greater user comfort.

In parallel to its core business innovations, SOMFY offers complementary products such as connected locks and motorisation of swinging shutters, enabling it to provide consumers with complete solutions that adapt to several lifestyles.

Innovation can also be partnership-based *via* the development of white-label products, specific packaging, or the co-development of complete solutions. A perfect example is the sliding window motorisation with the Liebot Group.

When they lead to new technical solutions, these innovations are the subject of patent applications or other industrial property titles. SOMFY respects the rights of third parties, and intends to enforce intellectual property rights covering its products or those resulting from partnerships. This guarantees customers can be confident of the origin of the products and of its high quality.

DEVELOPING PROXIMITY WITH CUSTOMERS

SOMFY is keen to meet the needs of its customers as best as possible, and seeks to promote interaction with its ecosystem and develop programmes tailored to each type of customer.

A series of partnerships have therefore been established:

- the **Expert Network** brings together 2,800 SOMFY product installers in 23 countries, who benefit from specific support and services. As ambassadors, they participate in the governance of the network and contribute to the strategic direction of the company's activities to be ever more in tune with the needs of society;
- the **Powered by SOMFY partnership** brings together solar protection manufacturers who motorise their products with SOMFY motors.

SOMFY is also a promoter of interoperability of connected systems through its So Open programme. The Group participates in several initiatives:

- direct integration of third-party protocols in TaHoma, or SOMFY protocols in partner systems;
- the provision of APIs to manufacturers who wish to do so, allowing them to access SOMFY connected products through the cloud;
- a longer-term programme, as member of the Open Connectivity Standard alliance that defines and maintains the Zigbee and Matter protocols.

Thus, SOMFY interacts with all its customers to tailor its products and services to their individual needs and anticipates the future needs of an increasingly connected world.

PUTTING BUSINESS ETHICS INTO PRACTICE

PROMOTING THE GROUP'S CODE OF ETHICS

Since 2015, SOMFY has had a **Code of Ethics** that provides guidelines for individual and collective behaviour. Updated in 2021, this document is a framework that guides employees in their daily actions and decision-making. This Code is systematically provided to every employee joining the Group and is available on the Group's website and intranet in 23 languages.

The Ethics Committee, supported by the Audit and Risk Committee and General Management, ensures a collective vision of ethics and monitors the application of the principles outlined in the Code.

In 2022, an **e-learning module** was deployed to all connected people to remind them of the importance of ethics, and to make it an open subject known to all. This module was taken by 81.1% of the target group.

A **whistleblowing system** is also in place, notably *via* a platform that can be easily accessed by a QR code, allowing the reporting of any behaviour in breach of the Code of Ethics, in a confidential and secure manner. A specific procedure, formally set out in 23 languages, presents this system and the conditions of its use.

The indicator used to monitor the performance of the ethics mechanism is the number of ethics alerts reported to the Committee, which was 15 in 2022 (against 11 in 2021 and 5 in 2020). This figure, which has increased slightly, can be explained in particular by the increased communication about the existence of the whistleblowing system. Out of the 15 reports received, 10 were closed at 31 December 2022.

Since 2021, a new indicator has been calculated: the percentage of connected employees who have taken at least one training course related to ethics and compliance over the last two years. At 31 December 2022, this indicator reached 86.4% of the employees present in the Group at that date, *i.e.* 3,843 people (compared with 657 in 2021). Beyond this rate, the objective is to keep the number of trained employees at around 3,000 to ensure that this knowledge is regularly updated.

The strong growth in this figure is explained by the fact that three new modules were rolled out in 2022.

RESPECT FOR HUMAN RIGHTS

The Group's approach to human rights is based on three principles:

- full compliance and application of the laws of the countries in which it operates;
- support and promote human rights at all its operational sites and subsidiaries;
- support human rights beyond its own operations and leverage its extensive network of partners and stakeholders to promote measures to ensure respect for human rights.

The Group adheres to the following principles and guidelines:

- the ILO Declaration on Fundamental Principles and Rights at Work;
- the international human rights principles enshrined in the Universal Declaration of Human Rights, which sets a common standard for all types of organisations;
- the OECD Guidelines for Multinational Enterprises, which provide recommendations for companies, including on human rights.

In 2021, SOMFY decided to join the UN Global Compact.

The actions mentioned above or below illustrate SOMFY's commitment to promoting diversity and inclusion, decent working conditions in terms of health & safety, personal data protection, and skills development. In addition, SOMFY remains committed to setting an example in all areas of human rights.

The Group considers freedom of association as the basis for regular dialogue between the company and its employees. It respects the individual right of its employees to freely join, participate in or leave trade union organisations to promote and defend their interests. It also recognises the importance of dialogue with freely appointed employee representatives, employee representative bodies (such as works councils and employee forums) or organisations (such as trade unions), and supports collective bargaining.

Targeted communication actions were carried out in 2022 to raise internal awareness of other fundamental rights such as those concerning child labour or forced labour.

More generally, the Group is committed to ensuring healthy and respectful relationships at work between individuals and teams, and with communities.

Internal processes are in place to ensure that:

- employees work to a schedule that respects the statutory hours and legal provisions concerning rest and leave periods, and that they have the opportunity to have a good work-life balance;
- pay employees a fair wage in view of their profile, skills and qualifications;
- not allowing any situation of potential inequality to develop either at work or during the recruitment process, based on the personal characteristics of an employee;
- have the Group's suppliers sign an appendix to their contracts in relation to their obligations in terms of respect for employment laws and human rights.

In 2022, a human rights risk analysis was initiated and will continue into 2023, as will internal awareness-raising on the subject.
Finally, the ethics whistleblowing system is also available to report any incidents of harassment, discrimination or any other breach of human rights to the Group's Ethics Committee. In 2022, 10 incidents were flagged on these subjects, six of which were found to be unfounded. The others led to sanctions or remediation plans.

PREVENTING CORRUPTION

In addition to the Group's Code of Ethics and following the enactment of the French law on transparency, the fight against corruption and the modernisation of the economy, SOMFY has set out is **anti-corruption policy**, available on the Group's website, and implemented an anti-corruption programme.
In this way, the Group has formally set out **mapping dedicated** to the analysis of corruption-related risks in each of its geographic regions, in accordance with its activities. This mapping was updated in 2021.

E-learning was rolled out to all the Group's employees (excluding manual workers and equity-accounted entities) in 22 languages and is compulsory for all new hires. In 2022, 74.3% (567 people) of new hires completed this module. In 2021, 75.3% of new hires had completed it, *i.e.* 384 people. In addition, **face-to-face training** will be provided for employees considered to be most at risk (353 people in 2022 compared to 17 in 2021).
Accounting controls were implemented to detect potential fraudulent acts. They are carried out by operational staff, the Compliance team and Internal Audit. **Assessment of third parties** is ongoing based on the defined strategy, with the help of a dedicated platform.

ENSURING FAIR COMPETITION

The Group's compliance with rules governing competition is a priority. In 2022, the Group widely distributed its **Competition Law Compliance Code** to all employees, who signed it and committed to upholding it.

The Group has also undertaken a wide-ranging **awareness-raising** campaign for employees concerned by these challenges by providing them with dedicated face-to-face and remote training. Thematic and digitalised fact sheets are available to everyone, and immersive e-learning modules are mandatory for certain targeted and priority populations.
Finally, a process for detecting and reporting **incidents** on this subject has been put in place.

PROTECTING PERSONAL DATA

Since 2018, SOMFY has been actively engaged in ensuring the Group is in compliance with the General Data Protection Regulation (GDPR).
Within the framework of the disclosure and transparency requirement provided for by GDPR, the Group has adopted data protection policies: one intended for employees and a second intended for customers, partners and consumers. The data protection policy covering employees information applies at global level, going beyond European scope, to ensure an equivalent level of protection for all employees wherever they are located.
An Information System Security policy has been formally outlined and rolled out in order to structure governance and define each person's role in ensuring the security of SOMFY's IT system. It is supported by General Management and implemented across the board by the Group's Information System Security Manager (ISSM). It covers all information assets: IT, industrial and products.

The Group has appointed a Data Protection Officer (DPO) responsible for monitoring data protection and the roll-out of the roadmap. It relies on a network of GDPR specialists, the Privacy Champions, and on a global GDPR Steering Committee that meets monthly. At European level, local steering committees (for each business area) meet once or twice a year.
SOMFY's European employees (excluding production) completed mandatory online training ("GDPR Assignment") in 2019 and 2020. Since then, this training has been mandatory for all new SOMFY employees. In 2022, 66% of new hires successfully completed this training (77% in 2021). A training module specifically aimed at SOMFY's HR population was also implemented in October 2022. This training is mandatory for the entire HR community in Europe.
The management of GDPR incidents is integrated into the single IT incident management process, in order to identify, track and manage GDPR incidents as soon as they are flagged. If first level operators identify a potential data or information security breach, they escalate the ticket to the information security team which then classifies it *via* an objective and expert analysis.

In addition, IT security has been strengthened:
- email and internet access filtering with machine learning and sandboxing technologies;
- setting up an outsourced Security Operations Center (SOC) to strengthen the capacity of internal IT security teams;
- subscription to a Cyber Threat Intelligence (CTI) service to detect potential information leaks or anticipate potential attacks;
- organisational or technical audits, as well as intrusion tests, regularly carried out by accredited and independent third parties on various areas of the information system.

Finally, in 2021 SOMFY launched a global cybersecurity awareness and training programme (Cyber 360), aiming to reinforce the awareness of all employees of IT security risks and challenges, and to embed good practices. This programme will continue for several years and will be supplemented with additional content and assessment questionnaires. In 2022, the existing e-learning modules on IT security were completed by 582 additional people.

COMBATTING 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 notably 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 Report for France;
- monitor compliance of intragroup transactions with arm’s length principles and OECD actions on taxation base erosion and profit shifting (BEPS).

GROWING WITH THE GROUP'S ECOSYSTEMS

DEVELOPING THE BUSINESS ECOSYSTEM

HAVING A POSITIVE IMPACT ON THE ECOSYSTEM

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Given that SOMFY buys all the components that make up its products, relationships with its suppliers are key. The Group goes further, driven by the firm belief that its Purchasing Department can have a positive impact on the ecosystem.

FOSTERING SUPPLIER ENGAGEMENT

The Purchasing Department promotes the commitment of each supplier. This commitment is incorporated in the responsible purchasing policy and, in contracts outlining the relationships between the Group and its partners, is formalised by the signing of a Charter on the Social and Environmental Responsibility of SOMFY Suppliers in terms of human rights, employment laws, environment, fair practices and combatting corruption. The expectations are shared from the qualification phase onwards. 58 suppliers have signed this Charter, including 100% of new suppliers, which is in line with the 2030 target.

REAFFIRMING CONVICTIONS AND UPGRADING EXPERTISE

The Purchasing Academy, created in 2022, helps to strengthen the Group's common culture. The onboarding rolled out to all buyers, regardless of their seniority, reaffirms the convictions and values that each buyer must embody. Having a positive impact on the supplier ecosystem is at the heart of everything the SOMFY's Purchasing Department does. Every day, the buyers reaffirm this policy to the suppliers. The Excellence Department is also developing the expertise of buyers in relation to CSR topics. The Purchasing Department's onboarding includes a chapter on Responsible Purchasing. Buyers are also reminded of business ethics through role-playing. To date, 96% of buyers have been trained.

PROXIMITY

54% of suppliers are located within 500 kilometres from the assembly site. In 2021, 44% of purchases met this criterion. The indicator now includes the Rumilly (France) and Nanxun (China) sites. Only the BFT (Italy) site is not included. On a like-for-like 2021 scope, the indicator would be 50%.

ASSUMING RESPONSIBILITY FOR THE FUTURE OF ECOSYSTEMS

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LONG-TERM RELATIONSHIPS

SOMFY's Purchasing Department believes that it must operate within the framework of long-term relationships with the Group's suppliers.
Performance and strategic reviews allow SOMFY and its suppliers to align and identify areas for improvement, making these relationships beneficial for all parties. These reviews are carried out on a regular basis.

REDUCING THE CARBON FOOTPRINT OF THE SOMFY SUPPLY CHAIN - PROMOTING LOW CARBON SOLUTIONS

Compliance has been at the heart of the Purchasing Department's work with suppliers for many years: Conflict Minerals and REACH/RoHS. Each year, campaigns are launched to guarantee the compliance of the products purchased with the latest applicable regulations.
In line with the objectives mentioned in the "Planet" paragraph to reduce the carbon footprint of SOMFY's supply chain, supplier selection now includes sustainable development criteria. The carbon footprint of the products on offer, as well as the sustainable development approach of the partner suppliers, are considered in their selection. SOMFY's Purchasing Department implemented a carbon footprint assessment tool for all procurement in 2022.

FOSTERING ECOSYSTEM RESILIENCE

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MONITORING OF SUPPLIER RISKS

The Group is convinced that the resilience of its supply chain is key to ensuring sustainable growth and the Purchasing Department has implemented a reinforced supplier risk management system:

- its coverage has been extended. The number of suppliers assessed according to the risk analysis matrix increased by 85%. 141 suppliers are now evaluated. There were 76 in 2021 and 49 in 2020;
- risk assessment is now carried out more frequently with a rating review every three months;
- governance has been strengthened, as has the coordination of action plans. All SOMFY stakeholders are involved in monitoring and decision-making.

In doing so, the level of risk identified as high decreased by 18% in 2022 despite the current environment and global crises.

SHARING BEST PRACTICES

SOMFY also promotes the sharing of best practices from the Group and its suppliers. For example, an energy survey was launched with the Group's 80 leading suppliers. The objective was to identify the actions implemented to safeguard the company against the energy supply risk. The Purchasing Department shared the actions undertaken by SOMFY, encouraging suppliers to follow suit. Half of them responded.

DEVELOPING LOCAL ECOSYSTEMS

SHARING THE VALUE CREATED WITH LOCAL COMMUNITIES AND ECOSYSTEMS

SOMFY is committed to fulfilling its role as a corporate citizen by striving to share the benefits of its growth with the local ecosystem through its interactions with local stakeholders. For this purpose, the Group promotes inclusion and equal opportunities, contributes to development through sport, and is involved in the fight for decent and healthy homes.

Focus on SOMFY ACTIVITÉS SA

In line with its values and its sustainable development policy, the company works for the common good through its participation in the Club "Les Entreprises s'engagent" of Haute-Savoie, which implements initiatives to:

- promote social and professional integration in its employment areas;
- combat discrimination and exclusion, in particular in relation to access to employment and education.

On this last challenge, it also supports several local actors, including:

- the Campus des Métiers, the FORMA association, the Chambre Syndicale de la Métallurgie Haute-Savoie and the Collège Geneviève Anthonioz de Gaulle to promote professions to young people and people who struggle to integrate into the workforce;
- the association "Orchestre à l'École" which combats exclusion and promotes development through classical music in the primary schools of Bois-Jolivet in Bonneville and Laurent Molliex in Cluses;
- various initiatives to support local sports clubs.

In addition, a hundred or so secondary school students were invited to the Group's head office to receive career guidance, and 260 girls from the Lycée Charles Poncet in Cluses took part in a day organised by female employees to promote women in technical professions.

Recognised as an inclusive company concerned with the integration of all, the company has committed itself within the framework of the disability agreement to reach at least 15 contracts by 2025 enabling the support of vulnerable people or those who struggle to integrate into the workforce and beneficiaries of the obligation to employ disabled people: PMSMP, springboard contract, assisted contract, etc.

This civic commitment is also supported by the SOMFY Foundation, which received €400,000 in funding in 2022. This funding has enabled various initiatives such as:

- support for Les Petites Pierres endowment fund which, in 2022, carried out 54 projects to combat poor housing, enabling €890,000 in funding to be provided to associations, half of which was provided through crowd funding (*i.e.* 10 fewer projects than in 2021);
- support for the "Ma Chance Moi Aussi" association which assists primary school pupils in the underprivileged neighbourhoods of Annemasse near the Group's head office;
- support for the NGO "Habitat for Humanity" for initiatives carried out in Romania, Poland, Hungary, Spain, Asia-Pacific, as well as for donations to Ukraine;
- support for the association "Sport dans la Ville" for its support of young people from the underprivileged neighbourhoods.

Subsidiaries also took action in their local ecosystems to support educational and inclusion projects:

- in the Czech Republic, donations were made to associations helping people with disabilities and children in need or caring for the elderly;
- in Poland, donations of products and computers were made to local associations;
- in Germany, the subsidiary made a financial donation and a commitment to the Tubingen hospice near the subsidiary together with its employees;
- financial and product donations were also made in the United States, Sweden and Australia.
- in France, on several occasions the French subsidiary accompanied its advertising campaigns with incentive mechanisms for micro-donations dedicated to initiatives to combat poor housing.

The Group's subsidiaries contributed more than €75,000 to associations working in the public interest. Collections and donations were also made to help people in Ukraine.

GREEN TAXONOMY

In accordance with its objectives to reduce greenhouse gas emissions by 55% by 2030, which were reaffirmed in July 2021, the European Union (EU) has introduced a classification system for economic activities according to their environmental impact: the European Green Taxonomy (Green Taxonomy). It has published European regulation 2020/852 of 18 June 2020 (referred to as the "Taxonomy" regulation)(1) on the establishment of a framework intended to promote sustainable investments within the EU.

SOMFY is required to publish, for the 2021 financial year, performance indicators that highlight the eligible proportion of its sales, investments (CAPEX) and some of its operating expenses (OPEX) resulting from products and/or services associated with economic activities considered to be sustainable within the meaning of this regulation and its delegated acts for the first two climate related targets regarding mitigation and adaptation to climate change. For 2022 reporting, given that SOMFY no longer meets the definition of a Public Interest Entity (PIE), it publishes the Taxonomy-eligible and aligned portion of its sales, CAPEX and some of its OPEX for the same two climate targets on a voluntary basis.

An activity is considered as aligned if, firstly, it is eligible under the first two objectives of the Taxonomy and if, secondly, it meets the technical criteria for alignment presented in Appendices I and II of the Climate delegated regulation of 4 June 2021(2). There are three types of technical alignment criteria:

- substantial contribution criteria: technical environmental performance criteria to determine whether the economic activity makes a significant contribution to one of the two climate objectives;
- "Do No Significant Harm" criteria (DNSH): secondary criteria to ensure that the economic activity does not significantly affect the other five environmental objectives of the Taxonomy;
- minimum safeguards criteria: a third type of criteria, general and not specific to the nature of the activity, making it possible to ensure that economic activities respect human rights, competition law, anti-corruption laws and tax rules, among others.

All three types of criteria must be met in order to conclude that the activity is aligned.

In line with the implementation of the European Green Taxonomy, SOMFY will also have to publish performance indicators on the other four objectives of the Taxonomy from 2024 onwards, namely:

- sustainable use and protection of aquatic and marine resources;
- the transition to a circular economy;
- pollution prevention and reduction;
- protection and restoration of biodiversity and ecosystems.

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

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

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

DETERMINING ELIGIBLE ACTIVITIES WITHIN THE MEANING OF THE TAXONOMY

SOMFY's activities in relation to solar protection systems, their motorisation and automation, significantly contribute to climate change mitigation. Automating the movement of solar protection systems makes it possible to make the most of the sun's energy in winter to heat the interior of a building and to protect against it in summer. In line with its strategy to reduce greenhouse gas emissions, SOMFY develops solar protection automation solutions that contribute to the energy efficiency of buildings. These carbon gains are amplified by the reduction of induced emissions from products.

The study on CO_2 emissions avoided by SOMFY solutions, carried out with the consultancy Carbone 4 (see the section "Maximising avoided emissions" of this report), as well as analyses carried out by ES-SO, a European association connected with the solar protection industry, show that the **motorisation and automation of solar protection leads to lower energy consumption related to the heating and air conditioning of buildings**.

The latest thermal regulation for buildings in France, RE2020, also confirms the positive impact of SOMFY's activities, by integrating this impact for BBIO (coefficient for measuring heating, air conditioning and lighting needs) certification for new buildings.

In addition, SOMFY is committed to halve its carbon footprint by 2030 (in terms of absolute value for scopes 1&2 and in terms of intensity for scope 3).

SOMFY products therefore contribute to decarbonising the entire value chain, both in its internal operations and through the use of its products by end-user customers.

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

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

(1) https://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=CELEX:32020R0852&from=EN
(2) https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=PI_COM:C(2021)2800&from=EN
(3) https://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=CELEX:32021R2178&from=EN

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

Environmental objective	Activity covered by European Taxonomy	Associated NACE Code	Definition of the activity	Corresponding Group activity
Climate change mitigation	3.5. Manufacture of energy-efficiency equipment for buildings	C27	Manufacture of energy-efficiency equipment for buildings, and their essential components	Manufacture of motors for: – roller shutters; – EVB (adjustable awnings); – swinging shutters; – interior blinds; – curtains. Manufacture of smart automation: – centralised management, programming, scenario (dawn/dusk); – energy-efficient building automation and control system; – control units, accessories, components required for the smooth operation of the above product families.
	7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	C27	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	Installation, commissioning, maintenance and adjustment services of the above-mentioned elements

For activity 3.5., Manufacture of energy efficient equipment for buildings, the Group has specifically selected (i) automated solar protection motors and (ii) associated controls, accessories, components and services, such as the essential components for equipment, covered under the substantial contribution criteria related to façade and cover elements equipped with a sun protection device or an adjustment feature for sun rays.
It should be noted that these motorisation systems used in the eligible activities have also been the subject of an investment in the field of energy efficiency with the target of a 40% reduction in annual electricity consumption per motor by 2030 as referred to in the strategy A better way to care.

To complement the above-mentioned eligible activities, the Group's activities that generate capital and operating expenditure related to the economic activities that can be considered as individually eligible in environmental terms are the following:

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

CALCULATION OF INDICATORS

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The Group calculated the indicators in accordance with the provisions of European Commission delegated regulation 2021/2178 of 6 July 2021 and the appendices thereto supplementing (EU) regulation 2020/852 using its existing reporting processes and systems.
Results cover all the Group's activities that were integrated into the financial consolidation scope at 31 December 2022.
The financial information used is derived from the Group's information systems (consolidation software) at the balance sheet date. They have been jointly analysed and audited by local and central teams, in order to ensure they are consistent with, in particular, the consolidated sales and investments presented in the consolidated financial statements, and then reviewed by the Finance Department, the Environmental Performance Department and the Consolidation and Financial Communication Department.
The results of these calculations are presented below:

	Aligned share at 31/12/22	Eligible share at 31/12/22	Eligible share at 31/12/21
Sales	73%	73%	75%
CAPEX	36%	62%	68%
OPEX	61%	67%	65%

The change in eligibility ratios between 2021 and 2022 is due to:
- a stable breakdown of SOMFY sales;
- an increase in the share of capital expenditure on the new ERP that is not eligible for the Taxonomy's CAPEX ratio;
- stable R&D costs dedicated to products eligible for the OPEX ratio.

The difference between the eligibility and alignment ratios is due to:
- the use of substantial contribution criteria for the determination of eligible sales, resulting in an equivalent ratio for eligibility and alignment;
- the exclusion from the CAPEX ratio of capital expenditure on buildings and vehicles given that they do not yet meet the alignment criteria;
- the exclusion from the OPEX ratio of operating expenses related to buildings and vehicles that do not currently meet the alignment criteria.

ANALYSIS OF ELIGIBILITY

The methodology for calculating the eligibility ratios was unchanged compared to 2021.

Sales

The proportion of economic activities eligible for the Taxonomy was calculated as the share of sales from products and services associated with economic activities eligible for the Taxonomy (numerator) divided by sales (denominator) for the period from 1 January 2022 to 31 December 2022.
The numerator of the indicator relating to sales is based on analytical reporting of the products deemed to be eligible. This analysis does not use distribution keys.
The denominator of the sales indicator is based on consolidated sales and can be directly reconciled with the consolidated income statement on page 88 of the 2022 annual report.

CAPEX

The CAPEX indicator is defined as the CAPEX eligible for the Taxonomy (numerator) divided by the total CAPEX (denominator).
The numerator of the CAPEX indicator is determined by adding the capital expenditure of eligible activities and the individually eligible capital expenditure as described in the section Determining eligible activities within the meaning of the Taxonomy. It should be noted that, to simplify matters, only the capital expenditure connected with the sites producing an eligible product has been used, that related to a site producing several products one of which does not qualify as eligible has not been used.
SOMFY's activities are not highly capital-intensive. In addition to the investments relating to non-eligible activities, a significant proportion of capital expenditure also covers types that are non-eligible within the meaning of Taxonomy, such as those related to IT hardware and the capitalised portion of the costs of the SAP ERP implementation.
The denominator of the CAPEX indicator consists of acquisitions of property, plant & equipment and intangible assets excluding goodwill during the year, before depreciation, amortisation and writedowns, and excluding changes in fair value. It includes acquisitions of property, plant & equipment (IAS 16) and intangible assets (IAS 38) and acquisitions of rights of use mainly associated with leases of buildings and vehicles (IFRS 16).
The reconciliation of the denominator of the CAPEX indicator with the consolidated financial statements is as follows:

CAPEX ratio denominator (cash approach)	**-108,367**
IFRS 16 CAPEX restatement with no cash impact	22,005
Change in payables and receivables related to non-current assets	-1,022
Cash outflows related to the acquisition of intangible assets and property, plant & equipment (Cash flow statement p 89 of the 2022 annual report)	**-87,385**

OPEX

The OPEX indicator is defined as OPEX eligible for the Taxonomy (numerator) divided by total OPEX (denominator).
The numerator of the OPEX indicator is determined in accordance with the same methodology as for capital expenditure. To simplify matters, only research and development expenditure related to an eligible product has been used, that related to several products one of which does not qualify as eligible has not been used.
The OPEX indicator denominator used by the Group pursuant to the provisions of Appendix 1 to European Commission delegated regulation 2021/2178 of 6 July 2021 was restricted to the following categories:
- Research and Development expenditure, including in particular the related staff costs, excluding management as specified in the Commission's draft communication on the interpretation of certain provisions of the delegated regulation;
- short-term lease expenditure for vehicles (non-capitalised);
- maintenance, upkeep, renovation and repair costs for industrial equipment and buildings;
- any other direct expenditure, related to the routine upkeep of tangible assets by the company or by third parties to whom these activities are outsourced, which is necessary to ensure these assets continue to operate properly.

METHODOLOGY FOR ASSESSING ACTIVITIES IN LIGHT OF TECHNICAL EVALUATION CRITERIA

Methodology for assessing generic DNSH and minimum safeguards criteria

As part of the assessment of the alignment of the Group's eligible activities with the Taxonomy, SOMFY verified the compliance of their business model with the generic DNSH criteria and the minimum safeguards provided for respectively in Appendix 1 of the Climate delegated regulation of 4 June 2021 on the Climate Change Mitigation Objective, regulation (EU) 2020/852 and the report of the Sustainable Finance Platform (SFP).

The Group meets all the generic criteria of the Taxonomy as described in the paragraphs below:

- in order to meet the DNSH criterion relating to the Taxonomy's objective of **Adaptation to climate change**, the Group has implemented a climate risk analysis for the most important production sites manufacturing the eligible products. This three-step approach is described in the section on Analysing resilience to climate risks in this chapter.
  This analysis will be continued and gradually extended to smaller industrial sites, distribution subsidiaries and, finally, to the entire value chain;
- in order to meet the DNSH criterion relating to the Taxonomy's objective of **Sustainable use and protection of water and marine resources**, the Group complies with local regulations as a matter of principle. As stated in the chapter "Conserving resources" of this report, SOMFY's business involves assembly and does not use water in its production processes. Water consumption is solely linked to "non-industrial" uses (lavatories, showers, drinking fountains);
- to meet the DNSH criterion relating to the **Protection and restoration of biodiversity and ecosystems** objective, the Group relies on European regulations to justify the alignment of all its projects in Europe, such as the EIA Directive (Environmental Impact Assessment of Projects in Europe). SOMFY's activities do not fall within the scope of projects listed in Appendix II of Directive 2011-92-EU. In addition, the Polish production site, located near a Natura 2000 area, was exempted;
- to meet the DNSH criterion relating to the Taxonomy's **Pollution prevention and reduction** objective, the Group relies on compliance with European regulations on polluting substances to justify the alignment of its products. The FAQ published on 19 December 2022 provides additional information concerning this DNSH which, however, raises interpretation challenges on the method to be applied. The impacts of this FAQ and any subsequent clarification that would explain the provisions of Appendix C of the Climate Delegated Act will be taken into account and may alter SOMFY's interpretation of the alignment.

Regarding **minimum safeguards**, the report of the Platform on Sustainable Finance published in October 2022 defined a set of minimum safeguards in the areas of human rights, corruption, competition law and taxation, and specified the criteria for non-alignment as well as the steps of due diligence to be carried out for alignment to be considered.

Companies are now expected to demonstrate compliance with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, and the International Bill of Human Rights.

To meet the minimum human rights safeguards, the Group relies on the following:

- signing of the United Nations Global Compact in 2021, thereby committing to ten universally accepted principles on human rights, labour standards, environment and fight against corruption;
- a Group Code of Ethics specifying that each employee is expected to act in strict compliance with laws and regulations, to demonstrate loyalty and honesty and to behave with exemplary professional ethics (see paragraph Promoting the Group's Code of Ethics in this chapter). In addition, the Code of Ethics and Business Conduct sets out the Group's policy on business ethics and individual behaviour;
- with regard to corruption, the Group has put in place a comprehensive system, in accordance with the requirements of the SAPIN 2 law, for identifying corruption risks, prevention policies, whistleblowing processes, etc., rolled out throughout the Group's activities in France and internationally, and detailed in the Preventing corruption paragraph of this chapter;
- in order to comply with regulatory obligations related to taxation, SOMFY puts forward a responsible tax policy, explained in the section "Putting business ethics into practice" of this document, respecting the recommendations issued by the Organisation for Economic Cooperation and Development (OECD);
- in terms of fair competition, the Group has widely disseminated its Competition Law Compliance Code to each of its employees, who by signing it have committed themselves to adhering to it. This chapter details the actions taken in this regard in the "Ensuring Fair Competition" paragraph of the "Putting business ethics into practice" section.

Methodology for assessing the substantial contribution and specific DNSH criteria

The Group has analysed the criteria for substantial contribution as well as the DNSH criteria specific to the activities listed in the Taxonomy as described below.

Activity 3.5:

Activity	Substantial contribution
3.5 Manufacture of energy-efficiency equipment for buildings	The activity consists of the manufacture of the following products and their essential components: – façade and roofing elements with a solar shading or solar control function – energy-efficient building automation and control systems – zoned thermostats and devices for the smart monitoring of the main electricity loads or heat loads for buildings, and sensoring equipment – products for smart monitoring and regulating of heating system, and sensoring equipment

The analysis of the substantial contribution is carried out through analytical reporting of sales, derived from the financial statements without using distribution keys.

Activity	Specific DNSH
3.5 Manufacture of energy-efficiency equipment for buildings	The activity assesses the availability and, where possible, adopts techniques that support: – reuse and use of secondary raw materials and re-used components in products manufactured – design for high durability, recyclability, easy disassembly and adaptability of products manufactured – waste management that prioritises recycling – information on and traceability of substances of concern throughout the life cycle of the manufactured products

Specific DNSH criteria are generally analysed across all the Group's product lines:

- first-grade recycled plastics are used in all product ranges. The volumes of recycled plastic and their grades are reported by the purchasing Departments;
- the design of quality and durable products is the result of SOMFY's quality policy. Numerous tests are carried out on products to adhere to regulatory requirements and to verify that products meet the additional performance criteria that the Group has set itself. The results of these tests make it possible to offer warranty periods of up to 7 years. The motors have an estimated life of 15 years and the control points 10 years;
- production and non-production waste is monitored and processed by external organisations with a recovery rate increasing from 89% to 93% in 2022;
- end-of-life products are managed by the WEEE network, to which SOMFY contributes *via* Ecosystem. This organisation works to extend the life of household electrical and electronic equipment by supporting repair and re-use. It also recycles them when they turn into waste, and recycles used electrical and electronic equipment, lamps and small fire extinguishers. According to Ecosystem, the recyclability rate of products in the professional WEEE sector (which include SOMFY products) is 80.3% with a recovery rate is 87.5%. Work is underway at Ecosystem level to provide more accurate figures by product category;
- finally, SOMFY complies with European regulations on substances. Information is collected from suppliers through questionnaires. These results are then verified by an independent laboratory for more than 65% of products sold under the Somfy brand.

Activity 7.5:

Activity	Substantial contribution
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	The activity consists in one of the following individual measures: – installation, maintenance and repair of zoned thermostats, smart thermostat systems and sensing equipment, including motion and day light control – installation, maintenance and repair of building automation and control systems, building energy management systems (BEMS), lighting control systems and energy management systems (EMS) – installation, maintenance and repair of façade and roofing elements with a solar shading or solar control function, including those that support the growing of vegetation

Note: Only the generic DNSH related to Objective 2 is relevant to this activity as there is no specific DNSH.

The analysis of the substantial contribution is also carried out through analytical reporting of sales, derived from the financial statements without using distribution keys.

OUTLOOK

SOMFY is committed to a continuous improvement process with regard to the alignment of its activities.

From a methodological point of view, the improvement of the data collection process is under review, including:

- the integration of additional indicators into financial consolidation tools;
- systematic consideration of taxonomic criteria in investment decisions. In 2022 this criterion was applied, for example, to the construction of a new industrial site.

The Group's strategy is aligned with the Green Taxonomy approach. It promotes activities that have a positive impact on buildings. Work in progress will help reduce the carbon impact of products and SOMFY intends to work with the entire industry to continue in this direction.

METHODOLOGICAL NOTE

The non-financial statement was drafted using the reporting protocol introduced for 2022 CSR reporting.

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 benchmark for external data verification. It is available on request from Head Office.

SELECTION OF INDICATORS

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

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

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

COLLECTION, INTERNAL CONTROL AND CONSOLIDATION

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

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

REPORTING PERIOD

The data collected covers the period from 1 January to 31 December 2022.

Depending on the indicators, it can relate to:

- an annual consolidation of the data from 1 January 2022 to 31 December 2022;
- the data measured at 31 December 2022.

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

Unless otherwise specified, when 2022 and 2021 data are referred to, it is on a comparable scope basis.

REPORTING SCOPE

For reasons of organisation and access to information, a number of Group entities have not been included. The Group wants to use the scopes that are the 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 2022 reporting:

The Group's overall workforce at 31 December 2022 (including permanent, fixed-term and work/study employees, and excluding interns and temporary staff) was 6,433 people compared with 6,131 in 2021.

The scope of analysis of social data relates to 41 Group companies and a workforce at 31 December 2022 of 5,787 people, representing 90% of the Group's total workforce. Répar'stores (153 people) and Teleco Automation (101 people), entities acquired in 2021 and 2022 respectively, are not included in the scope of social data reporting and will be gradually integrated over the next few years.

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

The reporting scope for Health & Safety data was extended in 2022 to cover a maximum number of entities and to bring it into line with the quarterly internal coordination process. It now includes 62 entities (instead of 59 in 2021), representing 82.1% of the workforce, and will gradually be extended.

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

The methodology used for calculating average annual electricity consumption was refined in 2021 to take into account a greater granularity of data, down to the SKU. This methodology was maintained in 2022.

The reporting scope of the "Percentage of local purchases" indicator was extended to two additional sites in 2022 (in China and France). The indicator is published on a like-for-like basis.

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

In accordance with Article L. 225-37 of the Commercial Code, we remind you of SOMFY SA's corporate governance principles.
The company's Financial and Legal Departments are the major contributors to the preparation of this report under the authority of the Board of Directors.
This report was forwarded to the Statutory Auditors, submitted to the Audit and Risk Committee on 6 March 2023 for review, and to the Board of Directors on 7 March 2023 for approval.

CORPORATE GOVERNANCE

COMPOSITION OF CORPORATE GOVERNANCE BODIES

At the Combined General Meeting of 2 June 2021, SOMFY adopted the form of a Limited Company with a Board of Directors.

Moreover, at its meeting of 2 June 2021, the Board of Directors decided, pursuant to Article 18 of the company's Articles of Association, to separate the roles of Chairman, entrusted to Jean Guillaume Despature, and Chief Executive Officer, entrusted to Pierre Ribeiro. It was also decided to appoint Valérie Dixmier as Deputy Chief Executive Officer in charge of People, Culture and Organization.

COMPOSITION OF GENERAL MANAGEMENT

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

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

At 31 December 2022, as at the date of this report, General Management is comprised as follows:

Name	Position	Age	Date appointed	Date term ends
Pierre Ribeiro	Chief Executive Officer	56	2 June 2021	2025 AGM
Valérie Dixmier	Deputy Chief Executive Officer	56	2 June 2021	2025 AGM

COMPOSITION OF THE BOARD OF DIRECTORS

At 31 December 2022, as at the date of preparation of this report, the SOMFY SA Board of Directors consisted of 11 members, including two members representing employees:

Name	Position	Age	Nationality	Date appointed	Date term ends	Audit and Risk Committee	Appointment and Remuneration Committee	Strategy Committee	Sustainable Development Committee
Jean Guillaume Despature	Chairman	45	French	2 June 2021	2025 AGM	-	Member	Chairman	Member
Paule Cellard	Independent member*	67	French	2 June 2021	2025 AGM	Member	Member	-	-
Anthony Stahl	Member	49	French	2 June 2021	2023 AGM	-	-	Member	-
Marie Bavarel-Despature	Member	42	French-Swiss	2 June 2021	2024 AGM	-	-	-	Member
Sophie Desormière	Independent member*	56	French	2 June 2021	2025 AGM	-	-	Member	-
Florence Noblot	Independent member*	59	French	2 June 2021	2025 AGM	-	-	-	Chair
Bertrand Parmentier	Independent member*	67	French	2 June 2021	2024 AGM	Member	Chairman	Member	-
Vincent Léonard	Independent member*	60	French	1 June 2022	2026 AGM	Chairman	-	-	Member
Grégoire Ferré	Independent member*	44	French	1 June 2022	2026 AGM	-	-	Member	-
Bénédicte Miesch	Member representing employees	49	French	4 March 2022	3 March 2026	-	-	-	-
Wandrille Henrotte	Member representing employees	45	French	27 September 2022	26 September 2026	-	-	-	-

* *The independence of Board members is characterised by a lack of significant financial, contractual, family or close connections that could affect their independence of judgement. The criteria for assessing their independence are the following: to have neither been, during the last five years, nor currently be, either an employee or an executive corporate officer of the company or a Group company; to have neither had, during the last two years, nor currently have a significant business relationship with the company or its Group (as customer, supplier, competitor, provider, creditor, bank, etc.); neither to be a significant shareholder in the company nor to hold a significant percentage of its voting rights; not to have a close relationship or family connection with a corporate officer or a significant shareholder; and not to have been, during the last six years, a Statutory Auditor of the company. Independence is about the way an individual understands and handles their own responsibilities, and therefore a matter of personal ethics and loyalty to the company and other Board members. It is the Board's responsibility to assess the position of each of its members using the above criteria.*

INFORMATION REGARDING TERMS OF OFFICE AND DUTIES DURING THE FINANCIAL YEAR

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

- **Pierre RIBEIRO - Chief Executive Officer**
  - Director of Asian Capital International Limited, Sino Global International Holdings Limited, Sino Link Trading Limited, New Unity Limited, Hong Kong CTLT Trade Co. Limited, SOMFY Kabushiki Kaisha, FIGEST BV and PROMOFI BV,
  - Director, Vice-Chairman and Chief Executive Officer of SOMFY ACTIVITÉS SA,
  - Permanent Representative of SOMFY ACTIVITÉS SA, Manager of Somfybat,
  - Member of the Board of Directors of BFT SpA,
  - Director of DSG Coordination Center SA.
- **Valérie DIXMIER - Deputy Chief Executive Officer**
  - No other terms of office.

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

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

- **Marie BAVAREL-DESPATURE - Member of the Board of Directors**
  - Member of the Sustainable Development Committee of SOMFY SA,
  - Member of the Supervisory Board of Damartex SA (company listed on Euronext Growth),
  - Manager of FIDEP,
  - Member of the Board of Trustees of the On Seniors' Side Foundation (Damartex),
  - Vice-Chair of the Équinoxe Foundation.

- **Paule CELLARD - Independent member of the Board of Directors**
  - Member of the Audit and Risk Committee of SOMFY SA,
  - Member of the Appointment and Remuneration Committee of SOMFY SA,
  - Member of the Supervisory Board of Damartex SA (company listed on Euronext Growth),
  - Chair of the Audit Committee of Damartex SA (company listed on Euronext Growth),
  - Member of the Remuneration Committee of Damartex SA (company listed on Euronext Growth),
  - Director of HSBC Continental Europe,
  - Member of the Risk and Remuneration Committees of HSBC Continental Europe.

- **Jean Guillaume DESPATURE - Chairman of the Board of Directors**
  - Chairman of the Strategy Committee of SOMFY SA,
  - Member of the Appointment and Remuneration Committee of SOMFY SA,
  - Member of the Sustainable Development Committee of SOMFY SA,
  - Chairman of the Supervisory Board of Damartex SA (company listed on Euronext Growth),
  - Chairman of the Remuneration Committee and member of the Audit Committee of Damartex SA (company listed on Euronext Growth),
  - Chairman of the Board of Directors of Edify SA,
  - Chairman of the Investment Committee and Remuneration Committee of Edify SA,
  - Director of FDS Financière Développement Suisse SA,
  - Member of the Supervisory Board of SIGEFI,
  - Director of Siparex Associés,
  - Chairman of the SOMFY Corporate Foundation (as Permanent Representative of the Founder – SOMFY ACTIVITÉS SA, a Group company),
  - Chairman of the Les Petites Pierres endowment fund (as Permanent Representative of the SOMFY Corporate Foundation, itself represented by SOMFY ACTIVITÉS SA, a Group company),
  - Director of Acacia SA,
  - Chairman and Director of DSG Coordination Center SA (a Group company),
  - Manager of FIDEP and CMC (a Group company).

- **Sophie DESORMIÈRE - Independent member of the Board of Directors**
  - Member of the Strategy Committee of SOMFY SA,
  - Member of the Board of Directors of Gentherm,
  - Chair of the Appointments and Corporate Governance Committee of Gentherm.

- **Grégoire FERRÉ - Independent member of the Board of Directors**
  - Member of the Strategy Committee of SOMFY SA.

- **Wandrille HENROTTE - Member of the Board of Directors representing employees since 27 September 2022**
  - Member of the Board of Directors of Association Active House.

- **Vincent LÉONARD - Independent member of the Board of Directors**
  - Chairman of the Audit and Risk Committee of SOMFY SA,
  - Member of the Sustainable Development Committee of SOMFY SA,
  - Member of the Board of Trustees of Secours Catholique Caritas France, whose Audit Committee he also chairs.

- **Bénédicte MIESCH - Member of the Board of Directors representing employees since 4 March 2022**
  - Trustee of the SOMFY Corporate Foundation.

- **Florence NOBLOT - Independent member of the Board of Directors**
  - Chair of the Sustainable Development Committee of SOMFY SA,
  - Member of the Supervisory Board of Elis SA (company listed on Euronext),
  - Chair of the Corporate Social Responsibility Committee of Elis SA (company listed on Euronext).

- **Bertrand PARMENTIER - Independent member of the Board of Directors**
  - Chairman of the Appointment and Remuneration Committee of SOMFY SA,
  - Member of the Audit and Risk Committee of SOMFY SA,
  - Member of the Strategy Committee of SOMFY SA,
  - Trustee of the Pierre Fabre Foundation,
  - Trustee of Secours Catholique Caritas France, Chairman of the Tarn-Aveyron-Lozère Delegation,
  - Chairman of the Cylad Consulting Corporate Foundation,

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

- **Arthur WATIN-AUGOUARD - Member of the Board of Directors representing employees from 27 July 2021 to 24 February 2022**
  - Trustee – Association Saint Pierre de Tarentaise.

Apart from the terms of office and duties performed by the members of the Board within SOMFY SA and a number of Group entities, all the other terms of office and duties are performed outside the Group.

REGULATED AGREEMENTS

Please note that no regulated agreement concluded and authorised during previous financial years and with continuing effect during the financial year just ended is to be reported, and that no new agreements of the same nature as those referred to in Articles L. 225-86 and L. 225-38 and subsequent of the Commercial Code were concluded during the 2022 financial year.

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

Nil.

AUTHORISATIONS

The Board of Directors benefits from the following authorisations:

	Date of AGM	Date authorisation expires	Authorised amount	Used during the financial year ended 31 December 2022	Residual amount at 31 December 2022
Authorisation to grant existing free shares	AGM 1 June 2022	31 July 2025	1.5% of share capital on date of AGM		1.5% of share capital
Authorisation to grant stock options	AGM 2 June 2021	1 August 2024	1.5% of share capital on date of AGM*		1.5% of share capital

** This ceiling shall count towards the total number of shares able to be allocated free of charge by the Board of Directors in respect of the authorisation granted by the 25th extraordinary resolution of the General Meeting of 1 June 2022 and any other subsequent authorisation of a similar type granted by the General Meeting.*

It is specified that during the financial year, the allocation free of charge of 32,172 shares, representing 0.087% of the share capital was decided by the Board of Directors on 1 June 2022 based on the previous authorisation.

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

At its meeting of 2 June 2021, the Board of Directors set the number of shares that every corporate officer will be required to retain until the termination of their duties at 25% of the total shares allocated to them free of charge; this percentage may be reduced to 20% at the end of a period of four years from the allocation, then successively to 15% six years after the allocation, to 10% eight years after the allocation and to 5% until they leave their role.

05
CONSOLIDATED FINANCIAL STATEMENTS

05
CONSOLIDATED FINANCIAL STATEMENTS

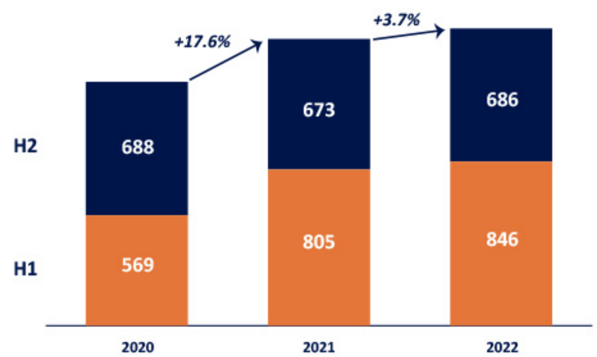
KEY FIGURES

€ millions	31/12/22	31/12/21
Sales	1,531.9	1,477.8
Current operating result	278.1	301.1
Current operating margin	18.2%	20.4%
Consolidated net profit	238.4	259.4
ROCE	20.5%	31.4%
Cash flow	285.2	313.1
Net investments in intangible assets and PPE (including IFRS 16)	107.3	70.0
Shareholders' equity	1,485.2	1,371.2
Net financial debt*	-427.7	-641.7
Non-current assets	913.4	681.8
Workforce at period end	6,736	6,878
Ordinary dividend per share (€)	3.90	2.15
Exceptional dividend per share (€)	17.00	-

* *(-) Net financial surplus.*

SALES GROWTH BY CUSTOMER LOCATION

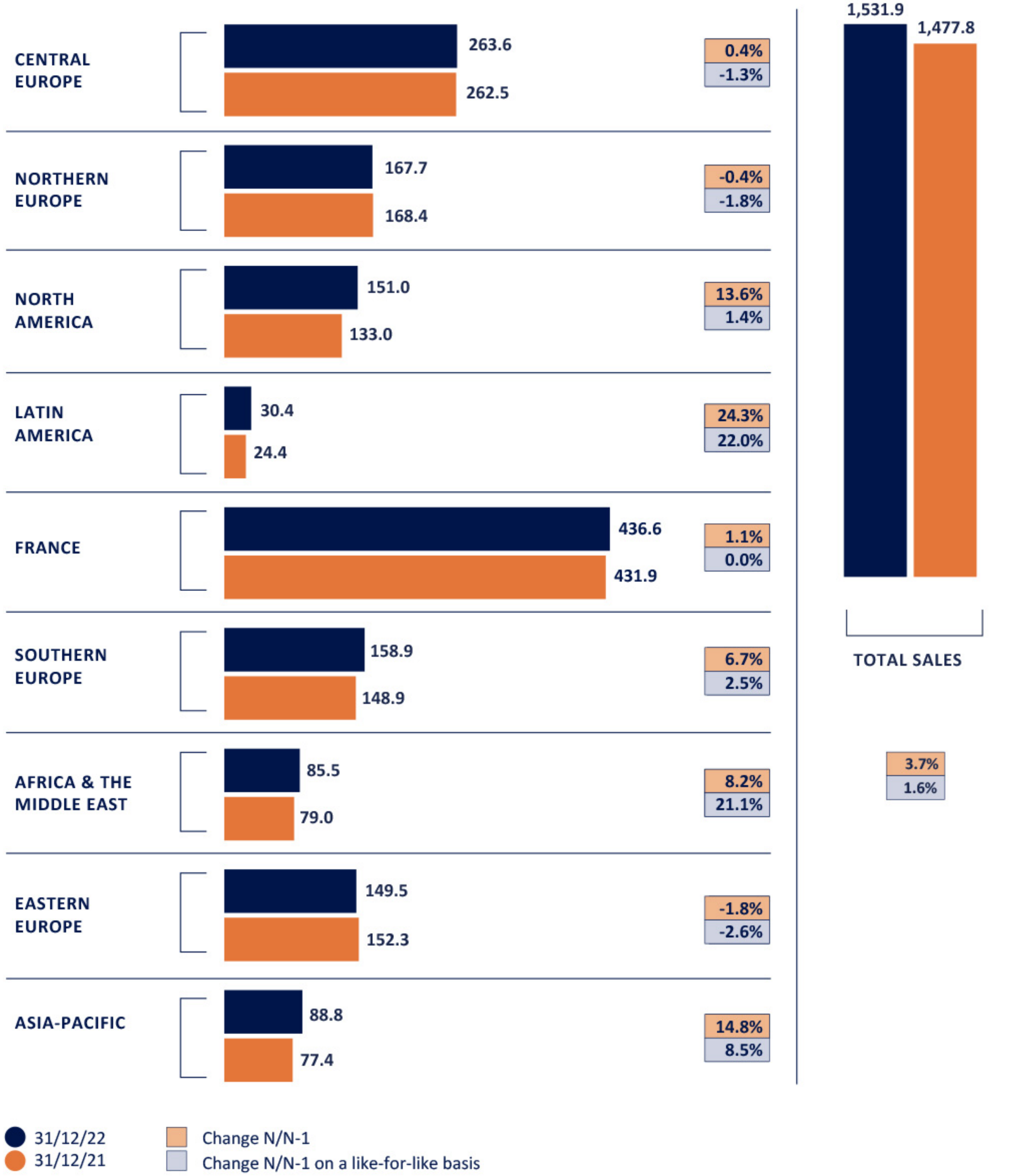
Data in € millions	2020	2021	2022	Change 22/21
Sales	1,257.1	1,477.8	1,531.9	3.7%



Group sales were €1,532 million for the year, an increase of 3.7% compared with the previous financial year (up 1.6% on a like-for-like basis). Business activity over the second half-year confirmed the slowdown recorded since the second quarter of 2022, with sales of €686 million, up 1.9% compared with the previous financial year (down 1.6% on a like-for-like basis), despite the delivery backlog having been cleared. It should be noted that Teleco Automation sales have been consolidated into the Group's financial statements since 1 July 2022, with the consolidated portion standing at €18 million.

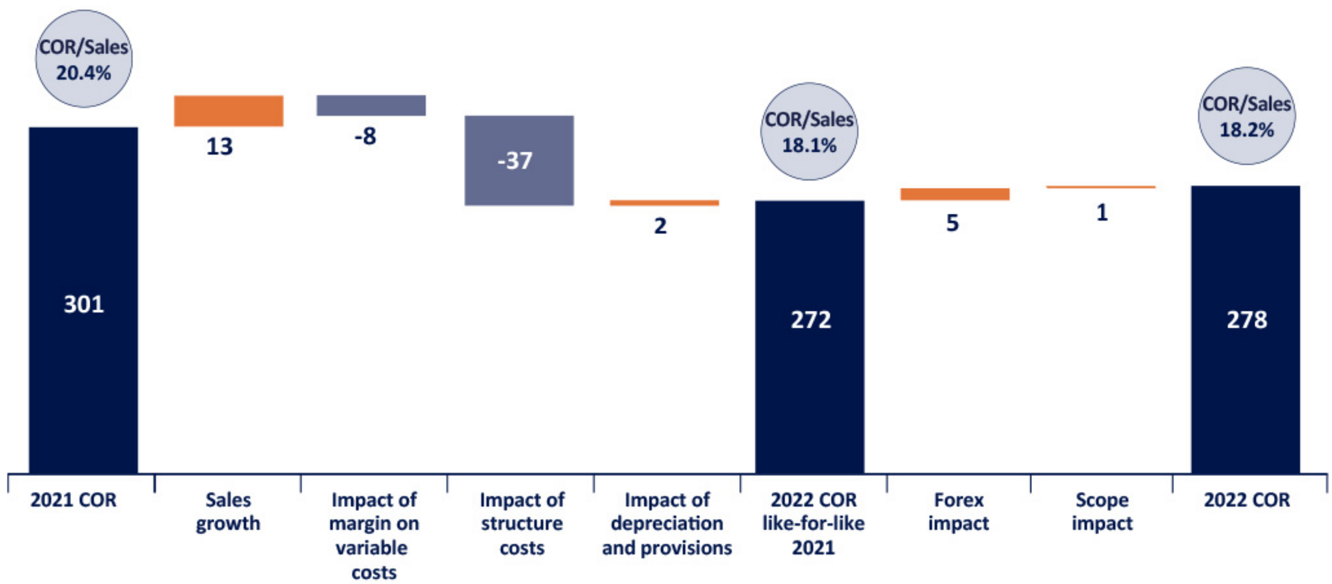
During the 2022 financial year, the Latin America, Africa & the Middle East and Asia-Pacific regions posted significant growth (up 22.0%, 21.1% and 8.5% respectively on a like-for-like basis), demonstrating the benefits of the Group's international footprint. Eastern Europe, Northern Europe and Central Europe were more severely affected by economic and geopolitical tensions, and thus reported declines (down 2.6%, 1.8% and 1.3% respectively on a like-for-like basis, including Germany which was down 3.0%). France and North America remained stable (up 0.0% and 1.4% respectively on a like-for-like basis), reflecting the strength of the Group's fundamentals and very positive structural trends in the residential market.

Sales of the equity-accounted Chinese subsidiary Dooya totalled €297 million over the financial year, an increase of 7.6% in real terms (down 0.2% on a like-for-like basis, including an increase of 22.4% over the first half-year and a decline of 17.1% over the second). Sales declined in China (down 2.3% on a like-for-like basis), due to current market conditions in the country, notably concerning the management of the pandemic which continued throughout the year and impacted business, and were stable in the Rest of the World (up 1.3% on a like-for-like basis).



CHANGE IN CURRENT OPERATING RESULT

Data in € millions	2021	2022	Change 22/21
Current operating result	301.1	278.1	-7.6%
Current operating margin (COR/Sales)	20.4%	18.2%	-222 bps

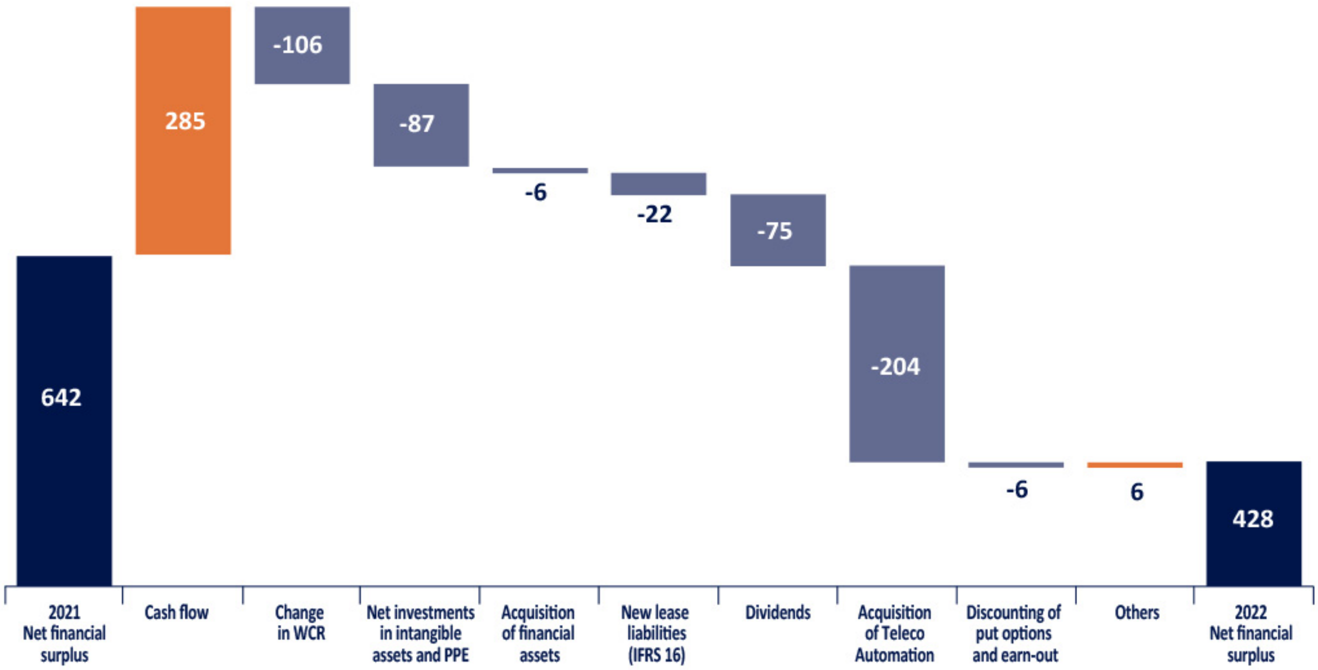


Current operating result stood at €278 million over the financial year, a decline of 7.6%, equating to a current operating margin of 18.2%, lower than those recorded in 2020 and 2021 – which stood at abnormally high levels of 20.7% and 20.4% respectively – but higher than that seen in pre-Covid periods (17.1% in 2019).
Current operating result was impacted by the slowdown in sales, the significant rise in the price of raw materials and transportation costs, and the maintaining of the Group's structuring projects, reflected in an increase in related structure costs, and the upturn in certain expenses (travel, marketing).

CHANGE IN NET PROFIT

Non-recurring expenses increased, related to the Russian-Ukrainian crisis and the expenses related to the acquisition of Teleco Automation.
Net financial expense was higher due to forex impacts, and the income tax rate was comparable to that seen in the previous financial year.
Given Dooya's healthy performance, the share of net profit from associates and joint ventures grew by €8 million and totalled €25 million.
Consolidated net profit totalled €238 million over the financial year, a decline of 8.1%.
The return on capital employed (ROCE) stood at 20.5%, similar to the level seen in 2019 (22.2%). Note that it was 31.4% in 2021.

NET FINANCIAL DEBT



Shareholders' equity increased from €1,371 million to €1,485 million over the 2022 financial year. Net financial surplus declined from €642 million to €428 million, mainly as a result of the recent acquisition of Teleco Automation and the increase in inventory, in light of lower sales and the Group's desire to rebuild its safety stock, with a knock-on impact on working capital requirements. Cash flow declined by 8.9%, in line with profits.

OUTLOOK

Following the Simplified Public Tender Offer initiated by the Despature family group, the implementation of the squeeze-out and the delisting of SOMFY shares from the regulated Euronext Paris market took place on 9 February 2023.

This transaction does not call into question the Group's strategic plan, and it continues rolling out its roadmap while remaining vigilant to the still very uncertain macro-economic and geopolitical environment against the backdrop of the global economic slowdown.

HIGHLIGHTS OF THE YEAR

SIMPLIFIED PUBLIC TENDER OFFER FOR THE SHARES OF SOMFY

—

On 15 November 2022, SOMFY SA was informed of a Draft Simplified Public Tender Offer for its shares, intended to strengthen the Despature family group's control over the company. The family group already owned 73.9% of SOMFY's share capital and 84.2% of its theoretical voting rights, and sought to delist the company. This Offer, which applied to a maximum of 7,551,738 shares, was fully aligned with the Group's strategic and operational development and reaffirmed the principal shareholder's intention to support the Group's long-term business growth.

The Offer, jointly initiated by J.P.J.S. and JP 3 ("the Initiators"), was priced at €143 per share, representing a premium of 38.5% above the volume-weighted average share price over the previous 60 trading days and a premium of 20.6% above the last closing price before the Offer was announced, thus offering shareholders a significant premium relative to the recent market track record of SOMFY shares.

On 7 December 2022, the Board of Directors issued a reasoned opinion on the Offer and stated that said Offer and its implications were in line with the interests of the Group, its shareholders and employees, and recommended that the company's shareholders tender their shares to the Offer.

This opinion was issued unanimously following the recommendations of the *ad hoc* committee, comprised of three independent members, and the findings of the report – including a fairness opinion on the financial terms of the Offer – submitted by the independent appraiser Finexsi, appointed upon the proposal of this committee.

The AMF declared the Offer compliant on 20 December 2022 and published the notice announcing the opening of the Offer on 21 December 2022, with the Offer period running from 22 December 2022 to 12 January 2023.

Following the transaction, since the free float accounted for less than 10% of the company's share capital and voting rights, a squeeze-out was conducted and the remaining shares were acquired in February 2023. This squeeze-out constitutes a subsequent event. At the date of preparation of this report, shares in the company have been delisted from Euronext Paris.

SYNDICATED LOAN

—

Alongside the structuring of the financial package that enabled the J.P.J.S. and JP 3 holding companies to make the Simplified Public Tender Offer, on 16 December 2022 SOMFY SA took out a €300 million syndicated loan over five years in the form of a revolving credit facility from its main financial partners. This facility replaced the bilateral borrowing facilities still in place with certain banks.

An extension of the syndicate to include new partners and increase the amount of the revolving credit facility by €50 million is currently being set up and should be finalised in the first half-year of 2023. This extension constitutes a subsequent event.

RUSSIAN-UKRAINIAN CRISIS

—

The war between Russia and Ukraine has been ongoing since 24 February 2022. It has led to the displacement of huge numbers of the Ukrainian population to neighbouring countries and sanctions against Russia by the international community, caused a sharp rise in energy prices and exacerbated the semi-conductor crisis. SOMFY is closely monitoring developments in the Russian-Ukrainian conflict, stopped its exports to Russia at the start of the crisis and has implemented measures to protect its employees and assets in these territories, which account for less than 1% of the Group's sales. It is difficult at this stage to assess its repercussions on the economy in general and on the Group's business in particular. Within this uncertain environment, potential asset impairment of approximately €3.4 million has been measured by SOMFY, for which provision has been made at 31 December 2022.

PRESSURE ON PROCUREMENT

—

The Group has continued to face an increase in the price of raw materials, transportation and electronic components against a backdrop of shortage of the latter (disruption exacerbated by the resurgence of Covid-19 in Asia, notably blocking the port of Shanghai, and by the war in Ukraine). To manage procurement difficulties, SOMFY has maintained the dedicated crisis unit and has pursued its strategy of redesigning its products. These measures have helped to reduce delivery backlogs.

ACQUISITION OF AN INTEREST IN FRENCH GROUP ELCIA

—

On 14 April 2022, SOMFY acquired a 6.33% stake in the share capital of Elcia, the French leader for configurators and software for the windows, doors, roller shutters and shading systems sector, for €5 million. This acquisition was financed from SOMFY's existing cash resources and has been recognised as a non-consolidated equity investment pursuant to IFRS 9, since SOMFY does not exercise any significant influence over Elcia.

Sharing common values based on innovation and customer service, SOMFY and Elcia seek to establish this partnership to pursue the dual aim of helping Elcia Group to expand in Europe, in particular in Germany, and supporting trade installers with the sale of connected solutions.

With 230 employees and more than 24,000 users of ProDevis, the number 1 costing and management solution for installers in windows, doors, roller shutters and shading systems, a solution aimed at optimising interaction between manufacturers, their sales networks and residential customers, Elcia Group generated sales of €27 million in 2022.

ACQUISITION OF ITALIAN GROUP TELECO AUTOMATION

—

On 4 July 2022, SOMFY acquired a 75% stake in the share capital of Italian group Teleco Automation, a specialist in automation, control and lighting systems for indoor and outdoor residential equipment. The Group financed the acquisition using existing cash resources. The acquisition cost was €146 million and the agreement comes with put and call options relating to the balance of Teleco Automation's share capital exercisable in early 2025. Teleco Automation has been fully consolidated in the Group's financial statements since 1 July 2022.

This acquisition will enable SOMFY to benefit from the Italian group's expertise and innovation capacity in the automation of solar protection equipment for terraces, particularly pergolas and awnings, in order to accelerate the development of its core business and support the digitalisation of outdoor living equipment. Founded in 1996 and operating in about 40 countries, Teleco Automation showed dynamic growth, had 102 employees, and contributed €18.0 million to the Group's sales and €0.8 million to its current operating result in the year to 31 December 2022.

CHANGES TO THE CONSOLIDATION SCOPE

—

Apart from the transaction mentioned above, there were no material changes to the consolidation scope during the 2022 financial year.

CONTINGENT LIABILITIES

—

The proceedings brought against **SOMFY SA** by **Spirel** employees before the regional court of Albertville have been closed since 23 June 2021, the employees' appeal to the highest Court of Appeal having been rejected. In a decision dated 3 May 2022, the Arbitrating Judge of the Labour Court of Albertville dismissed the claim brought by the employees challenging their redundancy and seeking compensation of an amount substantially identical to the amount sought in the proceedings before the regional court (€8.2 million). The proceedings before the Labour Court of Albertville had already been dismissed in 2016 and 2018. Certain employees appealed that decision and the proceedings are thus still ongoing.

The Group continues to qualify the risk as a contingent liability and no provision was recognised at 31 December 2022.

In a ruling of 17 December 2021, the Paris Commercial Court had dismissed all claims brought by **Alder Holdings SAS** (formerly United Technologies Holdings SAS) in its case against **SOMFY SA** concerning the disposal of CIAT shares in 2015. For reference, Alder Holdings was claiming a total of €18.4 million from the sellers of the CIAT shares (of which SOMFY's portion would have been €8.5 million) under the liability guarantee, in connection with complaints fully contested by the sellers, and also remained liable for deferred payments. In early 2022, Alder Holdings appealed the ruling of 17 December 2021, thus blocking the €10 million held in escrow yet to be received by the sellers (of which €4.3 million for SOMFY).

Under mediation proceedings led by the Paris Court of Appeal, SOMFY SA and Alder Holdings entered into an agreement on 30 September 2022 to bring the dispute to a close. Under this agreement, the sellers will pay compensation of €3.5 million to Alder Holdings (of which €1.3 million to be paid by SOMFY SA), to be deducted from the escrow account, the remaining balance of which will be released in full (of which €2.9 million for SOMFY SA).

Proceedings were fully completed as at 31 December 2022. The impacts recognised by SOMFY SA in 2022 consist of a €2.2 million inflow in respect of deferred payments, a €2.9 million inflow in respect of the balance of the purchase price and a non-current loss of €1.6 million including other costs.

POST-BALANCE SHEET EVENTS

SIMPLIFIED PUBLIC TENDER OFFER AND SQUEEZE-OUT

—

As noted under Highlights, the Simplified Public Tender Offer ended on 12 January 2023 and a total of 5,020,213 shares were tendered during the Offer period, with the result that the Despature family group held 87.47% of SOMFY's share capital and 92.06% of its voting rights following the Offer.

Since those shares not tendered to the Offer accounted for less than 10% of the share capital and voting rights, the Despature family group decided on 30 January 2023 to conduct a squeeze-out of SOMFY shares not tendered to the Offer at a price of €143 per share.

The squeeze-out and the delisting of SOMFY shares from the Euronext Paris market took effect on 9 February 2023.

EXTENSION OF SYNDICATE AND REVOLVING CREDIT FACILITY

—

As noted under Highlights, the extension of the syndicate is currently being set up and should be finalised in the first half-year of 2023 to include new partners and increase the amount of the revolving credit facility by €50 million.

CONSOLIDATED INCOME STATEMENT

€ thousands	Notes	31/12/22	31/12/21
Sales	(4.1.1)	1,531,947	1,477,834
Other operating income	(4.1.2)	35,449	19,319
Purchases consumed and production stocked		-576,817	-549,372
Employee expenses		-443,072	-406,345
External expenses		-202,872	-174,711
EBITDA		**344,633**	**366,725**
Amortisation and depreciation charges	(5.2.2) & (5.3.2)	-67,941	-62,663
Charges to/reversal of current provisions		1,440	-2,318
Gains and losses on disposal of non-current operating assets		-69	-688
CURRENT OPERATING RESULT		**278,064**	**301,056**
Other non-current operating income and expenses	(4.2.2)	-8,099	-835
Goodwill impairment	(4.2.2) & (5.1.1.2)	-	-
OPERATING RESULT		**269,965**	**300,222**
– *Financial income from investments*		*3,941*	*764*
– *Financial expenses related to borrowings*		*-5,293*	*-3,374*
Cost of net financial debt		-1,351	-2,610
Other financial income and expenses		-6,322	1,716
NET FINANCIAL INCOME/(EXPENSE)	**(7.1.2)**	**-7,673**	**-893**
PROFIT BEFORE TAX		**262,291**	**299,328**
Income tax	(11.1)	-48,520	-56,932
Share of net profit/(loss) from associates and joint ventures	(13.1.1)	24,659	17,027
CONSOLIDATED NET PROFIT		**238,430**	**259,423**
Attributable to Group share		237,003	258,049
Attributable to Non-controlling interests		1,426	1,374
Basic earnings per share (€)	**(6.2.2)**	**6.88**	**7.49**
Diluted earnings per share (€)	**(6.2.2)**	**6.86**	**7.48**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ thousands	31/12/22	31/12/21
Consolidated net profit	**238,430**	**259,423**
Movement in gains and losses on translation of foreign currency	-6,910	12,694
Movement in fair value of foreign currency hedges	-635	600
Movement in tax on items that may be reclassified to profit or loss	164	-155
Items that may be reclassified to profit or loss	**-7,381**	**13,139**
Revaluation of net liabilities of defined benefit plans	2,868	1,946
Movement in tax on items that will not be reclassified to profit or loss	-795	-537
Items that will not be reclassified to profit or loss	**2,073**	**1,409**
Items of other comprehensive income	**-5,308**	**14,548**
Total comprehensive income for the period	**233,122**	**273,971**
Attributable to Group share	231,695	272,597
Attributable to Non-controlling interests	1,426	1,374

CONSOLIDATED CASH FLOW STATEMENT

€ thousands	Notes	31/12/22	31/12/21
Consolidated net profit		**238,430**	**259,423**
Depreciation, amortisation and impairment loss of assets (excluding current assets)		67,948	57,496
Charges to/reversals of provisions for liabilities (excluding employee benefits)		-4,443	2,327
Unrealised gains and losses related to fair value movements		-520	-202
Unrealised foreign exchange gains and losses		869	-1,665
Income and expenses related to stock options and employee benefits		6,701	5,512
Depreciation, amortisation, provisions and other non-cash items		**70,555**	**63,468**
Profit on disposal of assets and others		522	3,540
Share of net profit/(loss) from associates and joint ventures		-24,659	-17,027
Deferred tax expense		384	3,703
Cash flow		**285,232**	**313,108**
Cost of net financial debt (excluding non-cash items)		1,351	2,610
Dividends of non-consolidated companies		-2	-
Tax expense (excluding deferred tax)		48,139	53,227
Change in working capital requirements	(8.3)	-102,443	-4,559
Tax paid		-51,392	-58,693
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		**180,885**	**305,693**
Acquisition-related disbursements:			
– intangible assets and property, plant and equipment	(8.2)	-87,385	-54,951
– non-current financial assets		-6,041	-1,612
Disposal-related proceeds:			
– intangible assets and property, plant and equipment	(8.2)	636	615
– non-current financial assets		-	187
Change in current financial assets		8	3,890
Acquisition of companies, net of cash acquired	(8.4)	-109,711	-28,381
Disposal of companies, net of cash disposed	(8.4)	5,187	2,879
Dividends paid by associates		1,100	-
Dividends paid by non-consolidated companies and companies accounted for using equity method		2	-
Interest received		3,535	566
NET CASH FLOW FROM INVESTING ACTIVITIES (B)		**-192,668**	**-76,807**
Increase in loans		132	48
Repayment of borrowings and lease liabilities		-17,449	-17,856
Net increase in subsidiaries' shareholders' equity		-	10
Dividends and interim dividends paid		-75,127	-63,767
Movement in treasury shares		-682	393
Interest paid		-5,271	-3,377
NET CASH FLOW FROM FINANCING AND CAPITAL ACTIVITIES (C)		**-98,397**	**-84,549**
Impact of changes in foreign exchange rates on cash and cash equivalents (D)		-240	3,402
NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D)		**-110,420**	**147,739**
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	**(8.1)**	**736,258**	**588,519**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**(8.1)**	**625,839**	**736,258**

CONSOLIDATED BALANCE SHEET – ASSETS

€ thousands	Notes	31/12/22 Net	31/12/21 Net
Non-current assets			
Goodwill	(5.1.1.2)	191,686	119,035
Net intangible assets	(5.2.2)	163,989	65,500
Net property, plant and equipment	(5.3.2)	333,486	297,925
Investments in associates and joint ventures	(13.1.1)	193,142	172,998
Financial assets	(7.2.1.2)	11,450	4,942
Other receivables	(4.6.2)	12	52
Deferred tax assets	(11.3)	17,521	19,165
Employee benefits	(10.2.1.2)	2,127	2,222
Total Non-current assets		**913,412**	**681,840**
Current assets			
Inventories	(4.4.2)	305,055	204,174
Trade receivables	(4.5.2)	147,590	136,612
Other receivables	(4.6.1)	35,982	27,462
Current tax assets	(11.1)	16,395	13,851
Financial assets	(7.2.1.2)	322	394
Derivative instruments - assets	(7.2.4.2)	221	702
Cash and cash equivalents	(7.2.5.2)	626,295	736,665
Total Current assets		**1,131,860**	**1,119,860**
TOTAL ASSETS		**2,045,272**	**1,801,700**

CONSOLIDATED BALANCE SHEET - EQUITY AND LIABILITIES

€ thousands	Notes	31/12/22	31/12/21
Shareholders' equity			
Share capital		7,400	7,400
Share premium		1,866	1,866
Reserves		1,238,603	1,103,847
Net profit for the period		237,003	258,049
Group share		**1,484,873**	**1,371,162**
Non-controlling interests		298	13
Total Shareholders' equity		**1,485,171**	**1,371,175**
Non-current liabilities			
Non-current provisions	(9.1.2)	9,324	12,039
Other financial liabilities	(7.2.2.1)	153,650	63,796
Other liabilities	(4.7.2)	1,179	1,206
Employee benefits	(10.2.1.2)	26,746	27,759
Deferred tax liabilities	(11.3)	41,390	22,774
Total Non-current liabilities		**232,288**	**127,575**
Current liabilities			
Current provisions	(9.1.2)	29,336	13,977
Other financial liabilities	(7.2.2.1)	45,310	31,244
Trade payables		118,567	123,644
Other liabilities	(4.7.1)	124,779	124,956
Tax liabilities	(11.1)	9,667	9,130
Derivative instruments - liabilities	(7.2.4.2)	153	-
Total Current liabilities		**327,813**	**302,950**
TOTAL EQUITY AND LIABILITIES		**2,045,272**	**1,801,700**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ thousands	Share capital*	Share premium	Reserves	Total share-holders' 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	-	-	259,423	**259,423**	1,374	**258,049**
Items of other comprehensive income	-	-	14,548	**14,548**	-	**14,548**
Total comprehensive income for the period	**-**	**-**	**273,971**	**273,971**	**1,374**	**272,597**
Treasury share transactions	-	-	2,388	**2,388**	-	**2,388**
Dividends	-	-	-63,767	**-63,767**	-	**-63,767**
Changes to the consolidation scope**	-	-	-12,350	**-12,350**	-44	**-12,306**
Other movements***	-	-	-35	**-35**	-1,366	**1,331**
AT 31 DECEMBER 2021	**7,400**	**1,866**	**1,361,909**	**1,371,175**	**13**	**1,371,162**
Net profit for the period	-	-	238,430	**238,430**	1,426	**237,003**
Items of other comprehensive income	-	-	-5,308	**-5,308**	-	**-5,308**
Total comprehensive income for the period	**-**	**-**	**233,122**	**233,122**	**1,426**	**231,695**
Treasury share transactions	-	-	1,812	**1,812**	-	**1,812**
Dividends	-	-	-75,126	**-75,126**	-7	**-75,119**
Changes to the consolidation scope**	-	-	-39,786	**-39,786**	268	**-40,054**
Other movements***	-	-	-6,025	**-6,025**	-1,403	**-4,623**
AT 31 DECEMBER 2022	**7,400**	**1,866**	**1,475,905**	**1,485,171**	**298**	**1,484,873**

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

** *The change to the consolidation scope mainly consists of the impact related to the Répar'stores entities put options in 2021 and that related to the Teleco Automation entities put options in 2022.*

*** *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. Other movements notably include a change in liabilities corresponding to put options granted to holders of non-controlling interests in 2021 and 2022 (see note 7.2.2.1), the impact of applying the interpretation of IAS 19 in 2021 and the effects of changes in actuarial differences on pension liabilities arising from the revision of actuarial assumptions in 2022 (see note 10.2.1.2).*

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 in liabilities are recognised under "Equity - Group share".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SOMFY SA is a French limited company with a Board of Directors (*Société Anonyme à Conseil d'Administration*), which was listed on Euronext Paris (compartment A, Code ISIN FR0013199916) until 9 February 2023, the date on which its shares were delisted following a squeeze-out (see Post-balance sheet events). The company name did not change during the financial year. Founded in 1969 in France, 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 more than 50 years, SOMFY has been using automation to improve living environments and has been committed to creating reliable and sustainable solutions that promote better living and well-being for all. The registered office is located at 50, avenue du Nouveau Monde 74300 Cluses in the Haute-Savoie district of France. Its main establishment is in Cluses.

As of 31 December 2022, SOMFY SA is a 52.85%-subsidiary of the French company J.P.J.S. Following the squeeze-out on 9 February 2023 (see Post-balance sheet events), J.P.J.S. now holds 69.99% of the share capital of SOMFY SA.

On 7 March 2023, the Board of Directors approved the IFRS consolidated financial statements of the **Group** for the 12-month financial year ended 31 December 2022. Total assets were €2,045,272 thousand and consolidated net profit €238,430 thousand (Group share: €237,003 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 2022 have been prepared in accordance with the international financial reporting standards ("IFRS") applicable at that date, as adopted by the European Union at the date of preparation of these financial statements.

NOTE 1.3 JUDGEMENTS AND ESTIMATES

Note 1.3.1 General principles

The preparation of the consolidated financial statements requires Management to make a number of judgments, estimates and assumptions liable to affect the values of assets, liabilities, and income and expense items in the financial statements, and information provided in the notes to the financial statements. Due to the inherently uncertain nature of the assumptions, actual results may differ from estimates. The Group reviews its estimates and assessments on a regular basis to take past experience into account and incorporate factors considered relevant under current economic conditions.

The major items of the financial statements that may be subject to estimates are as follows:

- the impairment of goodwill and intangible assets and property, plant and equipment, whose measurement is specifically based on future cash flow, discount rate and net realisable value assumptions (note 5.1 to the consolidated financial statements);
- the lease term and discount rate for property leases (note 5.3 to the consolidated financial statements);
- retirement commitments, whose measurement is based on a number of actuarial assumptions (note 10.2.1 to the consolidated financial statements);
- provisions and contingent liabilities (notes 9.1 and 9.2 to the consolidated financial statements);
- the measurement of options associated with stock option plans and free share allocations granted to employees (note 10.3 to the consolidated financial statements);
- the measurement of certain financial instruments used to hedge foreign exchange and raw materials, as well as certain options negotiated on the acquisition of equity investments (notes 7.2.2 and 7.2.4 to the consolidated financial statements).

As part of the preparation of these annual consolidated financial statements, the main judgments made and the main assumptions used by Management have been updated based on the latest indicators available.

At 31 December, the Group reviews its performance indicators and carries out impairment tests if there is any indication that an asset may have been impaired.

Note 1.3.2 Challenges relating to climate risk

SOMFY has identified global warming as a risk in relation to the environmental impact of its operations and products and the impact of the environment on its business (see chapter 3 Non-financial statement). Judgements and estimates include the Group's strategic assumptions aimed at delivering on its own commitments to limit CO_2 emissions under its Ambition 2030 roadmap, which are aligned with European directives such as the Sustainable Finance Disclosure regulation (SFDR), the EU's Green Taxonomy and the draft Corporate Sustainability reporting Directive (CSRD). A breakdown of SOMFY's commitments and of policies and actions associated with climate risk can be found in chapter 3 Non-financial statement. At present, climate risk may have a marginal impact on the estimated useful life of property, plant and equipment used to calculate depreciation, reviews of estimates and assumptions concerning asset impairment tests and the measurement of risks to determine the amount of provisions for liabilities and charges. However, these climate risk-related estimates remain uncertain by nature and will need to be updated as scientific knowledge of the underlying issues improves.

NOTE 1.4 NEW APPLICABLE STANDARDS AND INTERPRETATIONS

Note 1.4.1 Standards, amendments and interpretations whose application is mandatory for financial years beginning on or after 1 January 2022

The Group has applied the following standards, amendments and interpretations as of 1 January 2022:

Standards	Content	Application date
Amendments to IAS 16	Proceeds before Intended Use	Applicable from 1 January 2022
Amendments to IAS 37	Cost of Fulfilling a Contract	Applicable from 1 January 2022
Amendments to IFRS 3	References to the Conceptual Framework	Applicable from 1 January 2022
Annual improvements to IFRS	2018-2020 cycle (IFRS 1, IFRS 9, IFRS 16, IAS 41)	Applicable from 1 January 2022

These new standards have not had a material impact on the Group's results and financial position.

Clarifications by regulators on the IFRS-IC interpretation of IAS 38 "Configuration or Customisation Costs in a Cloud Computing Arrangement" do not contradict SOMFY's position on the matter. It should be noted that, as part of the implementation of its new ERP the Group considers that it has control of the SAP application. Expenses incurred in customising the ERP to SOMFY's specific needs contributed to create a specific asset controlled and used exclusively by SOMFY, thus falling within the scope of IAS 38. Consequently, they are capitalised at a gross amount of €28 million as at 31 December 2022.

Note 1.4.2 Standards, amendments and interpretations whose application is not yet mandatory

Standards	Content	Application date
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current	Applicable from 1 January 2024 according to the IASB, not yet approved by the EU
Amendments to IAS 1	Disclosure of Accounting Policies	Applicable from 1 January 2023 according to the IASB
Amendments to IAS 1	Non-Current Liabilities with Covenants	Applicable from 1 January 2024 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
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

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

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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 2022 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.

Note 2.2.1 Accounting principles

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.

Note 2.2.2 Detailed information

The Group has subsidiaries in Turkey and Argentina, whose economies were considered hyperinflationary at 31 December 2022. IAS 29 therefore applies to these entities, whose functional currencies are the Turkish lira and the Argentine peso. Application of this standard primarily impacts sales generated by the Group in Turkey (+€0.29 million) with a limited impact on profits and the balance sheet.

NOTE 2.3 BUSINESS COMBINATIONS

Note 2.3.1 Accounting principle

When a company is incorporated in the consolidation scope, the identifiable assets, liabilities and contingent liabilities of the acquired entity are measured at fair value measured at the date of acquisition, except for non-current assets classified as assets held for sale, which are recognised at the fair value net of disposal costs.

Goodwill is measured as the difference between total identifiable assets, liabilities and contingent liabilities of the acquired entity, individually estimated at fair value, and the transferred consideration (purchase price) measured at fair value of the assets transferred.

At the date of the acquisition and for each business combination, the Group can opt for the partial goodwill method (limited to the equity interest acquired by the Group) or for the full goodwill method. If it opts for the full goodwill method, minority interests are measured at fair value and the Group recognises goodwill on all identifiable assets and liabilities.

Business combinations prior to 1 January 2010 have been treated in accordance with the partial goodwill method, which was the only method applicable until that date.

In the case of a business combination achieved in stages, the previously held equity interest is remeasured at fair value at the date control is acquired. The difference between the fair value and the net book value of this investment is recognised directly in operating profit.

Restatements of asset and liability values relating to acquisitions recognised on a provisional basis (due to expertise work in progress or supplementary analyses) are recognised as retrospective restatements of goodwill if they occur within 12 months following the acquisition date.

Beyond this deadline, the impacts of restatements are directly recognised in profit or loss for the financial year, except for error corrections.

In addition, earn-out payments are included in the acquisition cost at their fair value at the acquisition date and regardless of their probability. During the valuation period, subsequent adjustments are offset against goodwill where they relate to facts and circumstances that existed at the acquisition date. If not, and after the end of this period, adjustments to earn-out payments are recognised directly in the income statement, unless the earn-out payments are offset against an equity instrument.

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

Note 2.3.2 Detailed information

The financial impact of the acquisition of Teleco Automation (see Highlights) is broken down as follows:

€ thousands	Fair value recognised at the allocation date
Goodwill	**72,935**
Other non-current assets	**105,429**
– of which Allocated intangible assets (brand, customer base and patents)	92,400
Current assets	**40,859**
– of which Inventories	14,549
– of which Trade receivables	8,144
– of which Cash and cash equivalents	16,533
Non-current liabilities excluding put option-related liability	**-51,726**
– of which Deferred tax liabilities	-26,123
Current liabilities	**-12,685**
– of which Financial liabilities	-2,128
Put option-related liability	**-68,890**
Impact of the put option on shareholder's equity	**40,054**
Shareholders' equity of residual minority interests	**-278**
Purchase price paid	**125,697**
Cash acquired	-16,526
ACQUISITION-RELATED CASH FLOW NET OF CASH ACQUIRED	**109,171**

(+) cash outflow.

Goodwill on the acquisition, calculated on the percentage interest acquired (*i.e.* using the partial goodwill method), came to €72.9 million after recognising assets and liabilities at fair value, mainly consisting of a brand measured at €24.6 million, a customer base measured at €52.8 million amortisable over an average of 18 years, and patents measured at €15 million amortisable over an average of 12 years. This goodwill has been allocated on a provisional basis; the allocation will become final when the 12-month measurement period ends on 30 June 2023.

The put option-related liability was determined using a discount rate of 10.5%. A variation of +/-150 basis points in this rate leads to a variation of +/-€2.3 million.

NOTE 2.4 OPERATIONS TREATED IN ACCORDANCE WITH IFRS 5

ASSETS HELD FOR SALE

Pursuant to IFRS 5 – Non-current assets held for sale, a non-current asset or asset group must be classified in the balance sheet as held for sale if its book value will be recovered principally through a sale transaction rather than through continuing use. Within the meaning of the standard, "sale" includes sales, distributions and exchanges against other assets. The non-current asset or asset group held for sale must be available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets and their sale must be highly probable. For a sale to be regarded as highly probable, the following criteria must be met:

- the appropriate level of Management must be committed to a disposal plan;
- an active programme to locate a buyer and complete the plan must have been initiated;
- the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value;
- the disposal must be reliably expected to be completed within 12 months from the reclassification of the assets as held for disposal or exchange;
- the actions required to complete the plan must indicate that it is unlikely that significant changes will be made or that the plan will be withdrawn.

Prior to their reclassification as "Assets held for sale", the non-current asset or assets and liabilities of the disposal group are measured in accordance with their respective applicable standards. Following their reclassification as "Assets held for sale", the non-current asset or group of assets is measured at the lower of its net book value and its fair value less costs to sell, an impairment loss being recognised where relevant.

On reclassification of a non-current asset as held for sale, the depreciation/amortisation of this asset ceases. In the case of a disposal resulting in a loss of control, the assets and liabilities of the entire subsidiary are classified as assets and liabilities "held for sale" in the "Assets held for sale" and "Liabilities related to assets held for sale" balance sheet items, as soon as the disposal meets the classification criteria of IFRS 5.

Pursuant to the application of IFRS 5:

- in the case of balance sheet items reclassified as assets and liabilities held for sale, no adjustments are made to comparative figures for prior periods;
- income statement and cash flow statement items relating to the individual assets held for sale are not restated.

DISCONTINUED OPERATIONS

A discontinued operation is a component of Group activities whose business and cash flows are clearly separate from the remainder of the Group and:

- represents either a separate major line of business or a geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation takes place at the time of sale or earlier if the activity meets the criteria for classification as held for sale.

When an activity is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the entity had met the criteria for classification as a discontinued operation from the start of the comparative period.

The Group did not undertake any transactions falling within the scope of IFRS 5 in 2021 or 2022.

NOTE 3 SEGMENT REPORTING

NOTE 3.1 ACCOUNTING PRINCIPLES

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.

NOTE 3.2 DETAILED INFORMATION

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

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

The two geographic regions 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).

Countries in these two geographical regions have similar economic characteristics in terms of products and services offered, categories of customers, distribution channels, prospecting methods and tools, logistical flows, regulatory constraints in relation to product safety, analytical reporting of performance, internal procedures and so on.

Countries are also grouped together based on internal organisation and separation of responsibilities across geographical regions, with operational decision-makers responsible for performance and growth within their respective regions.

AT 31 DECEMBER 2022

€ thousands	North & West	South & East	Intra-regional eliminations	Consolidated
Segment sales	593,366	1,276,477	-337,897	**1,531,947**
Intra-segment sales	-1,824	-336,073	337,897	-
Segment sales - Contribution to sales	591,543	940,404	-	**1,531,947**
Segment current operating result	88,676	189,388	-	**278,064**
Share of net profit/(loss) from associates and joint ventures	-	24,659	-	**24,659**
Cash flow	58,162	227,070	-	**285,232**
Net investments in intangible assets and PPE (including IFRS 16)	7,674	99,657	-	**107,330**
Goodwill	2,622	189,064	-	**191,686**
Net intangible assets and PPE	38,224	459,250	-	**497,474**
Investments in associates and joint ventures	-	193,142	-	**193,142**

SOMFY has adjusted its North & West and South & East sales figures to reflect the effects of hyperinflation in Argentina and Turkey by -€0.04 million and +0.29 million respectively (see note 2.2.2).

AT 31 DECEMBER 2021

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

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	31/12/22	31/12/21	Change N/N-1	Change N/N-1 on a like-for-like basis
Central Europe	263,595	262,511	0.4%	-1.3%
of which Germany	*206,665*	*211,568*	*-2.3%*	*-3.0%*
Northern Europe	167,682	168,400	-0.4%	-1.8%
North America	151,005	132,981	13.6%	1.4%
Latin America	30,352	24,427	24.3%	22.0%
NORTH & WEST	**612,633**	**588,319**	**4.1%**	**0.2%**
France	436,558	431,883	1.1%	0.0%
Southern Europe	158,908	148,931	6.7%	2.5%
Africa & the Middle East	85,490	79,021	8.2%	21.1%
Eastern Europe	149,526	152,295	-1.8%	-2.6%
Asia-Pacific	88,831	77,385	14.8%	8.5%
SOUTH & EAST	**919,313**	**889,514**	**3.4%**	**2.6%**
TOTAL SALES	**1,531,947**	**1,477,834**	**3.7%**	**1.6%**

SOMFY has adjusted its Latin America and Africa & the Middle East sales figures to reflect the effects of hyperinflation in Argentina and Turkey by -€0.04 million and +€0.29 million respectively (see note 2.2.2).
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 2022 and 31 December 2021, in accordance with the simplification measures of IFRS 15.

Note 4.1.2 Other operating income

Other operating income totalled €35.4 million in 2022 compared with €19.3 million in 2021. This includes refundable tax credits, other miscellaneous rebillings and insurance income receivable.

NOTE 4.2 OTHER NON-CURRENT OPERATING INCOME AND EXPENSES

Note 4.2.1 Accounting principle

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-recurring operating income and expenses.

Other non-recurring 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.

Note 4.2.2 Detailed information

€ thousands	31/12/22	31/12/21
Charge to/reversal of non-current provisions	-2,459	1,058
Other non-recurring items	-5,165	-1,889
– *Non-current income*	*150*	*45*
– *Non-current expenses*	*-5,315*	*-1,933*
Net gain/(loss) on disposal of non-current assets	-476	-4
OTHER NON-CURRENT OPERATING INCOME AND EXPENSES	**-8,099**	**-835**
GOODWILL IMPAIRMENT	**-**	**-**

At 31 December 2022, other non-current operating income and expenses notably included a €3.4 million provision for impairment of assets in connection with the Russian-Ukrainian conflict, a €1.6 million loss relating to the settlement of the dispute with Alder Holdings (see Highlights) and €1.4 million in acquisition costs in connection with the acquisition of the Teleco Automation group.
At 31 December 2021, other non-current operating income and expenses mainly consisted of restructuring costs associated with the closure of small distribution operations.

NOTE 4.3 ALTERNATIVE PERFORMANCE MEASURES

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

Note 4.3.1.1 Accounting principle

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.

Note 4.3.1.2 Detailed information

At 31/12/22	Sales	Current operating result
CHANGE N/N-1 ON A LIKE-FOR-LIKE BASIS	**+1.6%**	**-9.6%**
Forex impact	+0.8%	+1.7%
Scope impact	+1.2%	+0.3%
Change in accounting method impact	-	-
CHANGE N/N-1 AT ACTUAL ACCOUNTING METHODS, EXCHANGE RATES AND CONSOLIDATION SCOPE	**+3.7%**	**-7.6%**

Note 4.3.2 Current operating margin

Note 4.3.2.1 Accounting principle

Current operating margin corresponds to current operating result as a proportion of sales (COR/Sales). This indicator measures operating profitability.

Note 4.3.2.2 Detailed information

€ thousands	31/12/22	31/12/21
Current operating result	278,064	301,056
Sales	1,531,947	1,477,834
CURRENT OPERATING MARGIN	**18.2%**	**20.4%**

Note 4.3.3 ROCE

Note 4.3.3.1 Accounting principle

ROCE corresponds to the return on capital employed after tax, equating to the ratio, expressed as a percentage, of Current Operating Result after tax applied at the standard rate to capital invested (or employed).
Capital employed corresponds to the sum of shareholders' equity (with the effects of goodwill impairment being excluded) and net financial debt.

Note 4.3.3.2 Detailed information

€ thousands	**Notes**	**31/12/22**	**31/12/21**
Current operating result		278,064	301,056
Effective tax rate	*(11.1)*	*18.50%*	*19.02%*
Current operating result after tax impact		**226,626**	**243,795**
Shareholders' equity		1,485,171	1,371,175
Neutralisation of goodwill impairment	(5.1.2.2)	46,623	46,547
Restated shareholders' equity		1,531,794	1,417,722
Net financial debt	(7.2.3)	-427,746	-641,717
Capital invested (capital employed)		**1,104,048**	**776,005**
ROCE (RETURN ON CAPITAL EMPLOYED)		**20.5%**	**31.4%**

Note 4.3.4 Net financial debt

Note 4.3.4.1 Accounting principle

The net financial debt corresponds to the difference between financial assets and financial liabilities. It notably takes into account unlisted bonds receivable, issued by certain companies in which shares are held or related entities, earn-out on acquisitions, liabilities relating to options granted to minority shareholders in fully consolidated companies and deferred settlements of a financial nature. Not included are securities in non-controlling equity investments, deposits & guarantees and government grants.

Note 4.3.4.2 Detailed information

Details of the calculation of the net financial debt are provided in note 7.2.3.

NOTE 4.4 INVENTORIES

Note 4.4.1 Accounting principle

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.
In practice, net realisable value is calculated as book value less a discount reflecting inventory turnover times and technical obsolescence.
Alongside this statistical approach, some lines are analysed individually whenever more specific indicators of impairment are identified, notably when selling price falls below net realisable value.

Note 4.4.2 Detailed information

€ thousands	31/12/22	31/12/21
Gross values		
Raw materials and other supplies	89,289	67,050
Finished goods and merchandise	232,805	151,526
Total	**322,094**	**218,575**
Provisions	**-17,039**	**-14,401**
NET VALUES	**305,055**	**204,174**

€ thousands	Value 31/12/21	Net charges	Exchange rate movements	Changes in consolidation scope and method	Other movements	Value 31/12/22
Inventory provisions	-14,401	-1,076	-49	-1,512	-	**-17,039**

NOTE 4.5 TRADE RECEIVABLES

Note 4.5.1 Accounting principle

Trade receivables are recorded at their nominal value and a provision for writedown is established when receivables are unlikely to be collected.
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.

Note 4.5.2 Detailed information

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.
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	31/12/22	31/12/21
Gross value	156,870	146,815
Provision	-9,280	-10,203
NET VALUE	**147,590**	**136,612**

€ thousands	Value 31/12/21	Charges	Used reversals	Unused reversals	Exchange rate movements	Changes in consolidation scope and method	Other movements	Value 31/12/22
Provision for bad debts	-10,203	-412	932	501	56	-154	-	**-9,280**

At 31 December 2022, 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	120,222	25,597	2,876	1,101	7,073	**156,870**
Provision	-191	-384	-1,219	-780	-6,707	**-9,280**

NOTE 4.6 OTHER CURRENT AND NON-CURRENT RECEIVABLES

Note 4.6.1 Other current receivables

€ thousands	31/12/22	31/12/21
Gross values		
Receivables from employees	584	594
Other taxes (including VAT)	15,485	10,851
Prepaid expenses	11,244	8,134
Other receivables	8,669	7,882
TOTAL	**35,982**	**27,462**

“Other receivables” notably consists of €7.2 million in insurance refunds receivable in connection with quality issues, recognised in the income statement under Other operating income. At the beginning of the year, this item included current receivables totalling €6.8 million in connection with the disposal of CIAT shares, settled in 2022 (see Highlights).

Note 4.6.2 Other non-current receivables

Other non-current receivables are not material.

NOTE 4.7 OTHER CURRENT AND NON-CURRENT LIABILITIES

Other payables are recognised at their nominal value.

Note 4.7.1 Other current liabilities

€ thousands	31/12/22	31/12/21
Social liabilities	107,973	106,780
Tax liabilities	9,418	10,177
Deferred income	2,384	2,042
Fixed assets suppliers	4,684	5,731
Other	321	227
TOTAL	**124,779**	**124,956**

Note 4.7.2 Other non-current liabilities

€ thousands	31/12/22	31/12/21
Other operating liabilities	-	-
Other non-operating liabilities	1,179	1,206
TOTAL	**1,179**	**1,206**

NOTE 5 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

NOTE 5.1 GOODWILL AND IMPAIRMENT TESTS

Note 5.1.1 Goodwill

Note 5.1.1.1 Accounting principle

Goodwill is measured using the method described in note 2.3.1.
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.

Note 5.1.1.2 Detailed information

€ 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	-168
Charge for impairment	-
AT 31 DECEMBER 2021	**119,035**
Impact of changes in consolidation scope and method	72,935
Impact of changes in foreign exchange rates	-284
Charge for impairment	-
AT 31 DECEMBER 2022	**191,686**

The impact of changes in consolidation scope is linked to the acquisition of Répar'stores in 2021 and that of Teleco Automation in 2022 (see note 2.3.2).

Note 5.1.2 Impairment test

Note 5.1.2.1 Accounting principle

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.

Note 5.1.2.2 Detailed information

At 31 December 2022, 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.

Despite an unstable geopolitical environment and persistent supply shortages, SOMFY's business model has withstood recent crises, buoyed by the need to address key housing-related issues, with households increasingly demanding greater comfort and energy-efficiency.

The impairment tests were conducted using the discounted cash flow method and based on the business plans reviewed by the management responsible for the CGUs. General Management, the Board of Directors and the Audit and Risk Committee have also ruled on the findings of these tests.

The main assumptions used are as follows:

- business plan assumptions include SOMFY's commitments to sustainable development as set out in its Ambition 2030 roadmap;
- in financial year 2023, the market is likely to remain buoyant and sales should grow;
- profitability was exceptional in 2020 and 2021 thanks to non-structural savings. In 2022, as supplies remain tight and investment ramps up, the current operating margin returned to slightly above pre-crisis levels;
- the discount rate rose from 9.5% to 10.4%, while the growth rate to infinity was the same as the one used at 31 December 2021 for the SOMFY CGU. The discount rate and the growth rate to infinity used to test the Répar'stores CGU for impairment were 11.3% and 3% respectively. The discount rate and the growth rate to infinity used to test the newly acquired Teleco Automation CGU for impairment were 10.5% and 3% respectively.

The current environment is uncertain, and the above assumptions represent the Group's current scenario. They are liable to change depending on the economic situation and the consequences of the crisis in Ukraine.

BREAKDOWN OF THE GOODWILL OF THE MAIN CGUS AND DETAILS OF THE MAIN ASSUMPTIONS USED FOR EACH CGU AT 31 DECEMBER 2022

Given BFT's full integration in SOMFY, residual goodwill was transferred to the SOMFY CGU's overall goodwill.

€ thousands	Gross value	Impairment	Net value	Discount rate	Rate of growth to infinity
SOMFY	140,561	-46,623	**93,938**	10.4%	2.0%
Répar'stores	24,813	-	**24,813**	11.3%	3.0%
Teleco Automation	72,935	-	**72,935**	10.5%	3.0%
TOTAL FULLY-CONSOLIDATED COMPANIES	**238,309**	**-46,623**	**191,686**	**-**	**-**

Following a review of the value of the goodwill, no impairment charge was recognised during the 2022 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 SOMFY CGU is not subject to specific sensitivity testing given the very large safety margin arising from the value of goodwill recognised.

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 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:

- a two-point increase in the discount rate combined with a two-point decrease in the EBITDA to sales ratio in the normative flow used in the calculation of the terminal value could lead to the recognition of an impairment of €1.3 million on the goodwill of Répar'stores.

The Group considers these changes in assumptions resulting in impairment losses unlikely.

NOTE 5.2 OTHER INTANGIBLE ASSETS

Note 5.2.1 Accounting principle

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 indefinite lives and are tested for impairment within the CGU to which they belong at least annually.

Note 5.2.2 Detailed information

€ thousands	Allocated intangible assets	Development costs	Patents and brands	Software	Other intangible assets	In progress and advance payments	Total
Gross value at 1 January 2022	26,735	40,339	4,655	75,203	2,824	12,303	**162,059**
Acquisitions	-	25	124	636	10	18,568	**19,363**
Disposals	-	-437	-6	-399	-341	-	**-1,183**
Impact of changes in foreign exchange rates	42	9	8	-16	1	-	**43**
Impact of changes in consolidation scope and method	92,400	8,923	3,186	704	864	21	**106,098**
Other movements	-	2,587	73	11,523	-63	-14,120	**-**
AT 31 DECEMBER 2022	**119,177**	**51,446**	**8,040**	**87,651**	**3,294**	**16,771**	**286,380**
Accumulated amortisation at 1 January 2022	-10,754	-25,983	-4,410	-53,624	-1,789	-	**-96,559**
Amortisation charge for the period	-3,362	-4,471	-140	-5,814	-140	-	**-13,927**
Disposals	-	497	3	339	268	-	**1,107**
Impact of changes in foreign exchange rates	-42	-9	-7	16	-	-	**-41**
Impact of changes in consolidation scope and method	-	-8,556	-3,132	-680	-604	-	**-12,972**
Other movements	-	63	-	-63	-	-	**-**
AT 31 DECEMBER 2022	**-14,158**	**-38,458**	**-7,685**	**-59,825**	**-2,265**	**-**	**-122,392**
NET VALUE AT 31 DECEMBER 2022	**105,019**	**12,988**	**355**	**27,826**	**1,029**	**16,771***	**163,989**

* *Including €8.5 million in development expenses in progress.*

€ 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	-	10	114	1,070	3	12,732	**13,929**
Disposals	-	-972	-30	-289	-3	-	**-1,294**
Impact of changes in foreign exchange rates	-15	-	5	131	-2	-	**119**
Impact of changes in consolidation scope and method	17,071	1	406	-	306	18	**17,802**
Other movements	-	5,330	11	14,605	-	-19,946	**-**
AT 31 DECEMBER 2021	**26,735**	**40,339**	**4,655**	**75,203**	**2,824**	**12,303**	**162,059**
Accumulated amortisation at 1 January 2021	-8,859	-22,855	-3,915	-48,412	-1,648	-	**-85,690**
Amortisation charge for the period	-1,911	-4,099	-95	-5,405	-139	-	**-11,649**
Disposals	-	972	21	287	3	-	**1,283**
Impact of changes in foreign exchange rates	16	-	-5	-94	-	-	**-83**
Impact of changes in consolidation scope and method	-	-1	-415	-	-4	-	**-420**
Other movements	-	-	-	-	-	-	**-**
AT 31 DECEMBER 2021	**-10,754**	**-25,983**	**-4,410**	**-53,624**	**-1,789**	**-**	**-96,559**
NET VALUE AT 31 DECEMBER 2021	**15,981**	**14,357**	**245**	**21,579**	**1,035**	**12,303***	**65,500**

* *Including €5.1 million in development expenses in progress.*

The impact of changes in consolidation scope is linked to the acquisitions of Répar'stores (2021) and Teleco Automation (2022), mainly consisting of the recognition of customer bases valued at €15.5 million and €52.8 million respectively.

Development expenses fulfilling the criteria of IAS 38 are capitalised and deemed as internally generated intangible assets. At 31 December 2022, the gross value of these assets was €59.9 million, of which €8.5 million was in progress and the net value was €21.5 million.

In addition to capitalised expenses, the amount of research and development expenses recognised during the year was €133 million.

There are no contractual commitments to purchase intangible assets.

Net intangible assets recognised in the context of business combinations at 31 December 2022 comprised €24.6 million in brands, €52.8 million in customer base and €15 million in patents, compared with €1.2 million in brands, €14.5 million in customer base and €0.3 million in software at 31 December 2021. The increase over the period is the result of the acquisition of Teleco Automation (see note 2.3.2).

NOTE 5.3 PROPERTY, PLANT AND EQUIPMENT

Note 5.3.1 Accounting principle

Except for business combinations, PPE assets are recorded at their acquisition or production cost, which includes the purchase price and all costs necessary to make the assets operational.

Current maintenance costs are recognised as expenses for the financial year.

Straight-line depreciation is used based on the following average useful lives:

- buildings: 20 to 30 years;
- machinery and tools: 5 to 10 years;
- transport vehicles: 3 to 5 years;
- office furniture and equipment: 5 to 10 years;
- fittings and fixtures: 8 to 10 years.

Taking account of the nature of PPE held by the Group, no significant component was identified.

Subsequent expenditures may be capitalised if they comply with asset recognition criteria, as defined by IAS 16, in particular if it is probable that the future economic benefits of the asset will flow to the company. These criteria are considered prior to incurring the cost.

Asset residual values, useful lives and asset depreciation are reviewed, and amended if necessary, at each annual closing.

PPE recoverable amounts are reviewed when events or changes in circumstances indicate that the book value may not be recovered.

PPE are derecognised at disposal or when no future economic benefit is expected from their use or disposal. Any profit or loss resulting from the derecognition of an asset (measured as the difference between the net proceeds of the sale and the book value of the asset) is included in the income statement for the year in which the asset is derecognised.

PRINCIPLES APPLICABLE TO LEASES (IFRS 16)

The Group mainly holds property leases covering SOMFY's various locations around the world and vehicle leases. The Group has a number of industrial or IT equipment leases of less significance.

Leases are recognised in the balance sheet with effect from their inception date at the present value of future payments (mainly fixed) based on the lessee's marginal borrowing rate at the date of the lease agreement. This is the rate of interest the lessee would have to pay to borrow the funds needed to acquire the asset over a similar term and in a similar economic environment.

Leases are recognised under "lease liabilities", with a corresponding entry on the asset side under "rights of use in relation to leases", with each item stated in the relevant category of underlying asset. PPE financed through leases are depreciated over the same periods as PPE acquired outright where the Group expects to gain ownership of the asset at the expiry of the contract. If not, the asset is depreciated on the basis of the shorter period of the asset useful life and the duration of the lease. In the income statement, depreciation is recognised within the operating margin and interest expenses in net financial income/(expense). The tax impact of this consolidation adjustment is taken into account through the recognition of deferred taxes.

The lease term is defined on a case-by-case basis and corresponds to the enforceable period of the lease taking into account any optional periods that are reasonably certain to be exercised. The Group applies IFRIC provisions over the enforceable duration of the leases.

The depreciation period for fixtures and fittings in the context of property leases is the shorter of the useful life of the asset and the lease term.

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.

Note 5.3.2 Detailed information

€ 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 2022	16,885	167,032	72,510	321,927	1,253	70,893	15,943	30,076	**696,520**
New right-of-use assets	-	-	13,923	-	2,571	-	5,511	-	**22,005**
Acquisitions	2,036	1,368	-	11,085	-	6,633	-	45,869	**66,991**
Disposals	-	-5,615	-2,768	-13,369	-181	-6,034	-4,329	-	**-32,296**
Impact of changes in foreign exchange rates	-78	-252	-5	-927	3	154	-80	-122	**-1,307**
Impact of changes in consolidation scope and method	-	164	4,463	3,913	-	785	757	48	**10,129**
Other movements	85	3,587	-	33,675	159	5,026	-	-42,898	**-366**
AT 31 DECEMBER 2022	**18,927**	**166,285**	**88,123**	**356,305**	**3,805**	**77,456**	**17,801**	**32,973**	**761,674**
Accumulated depreciation at 1 January 2022	-1,652	-97,864	-23,425	-215,715	-632	-50,823	-8,483	-	**-398,595**
Depreciation charge for the period	-243	-6,611	-9,970	-24,072	-283	-7,730	-5,105	-	**-54,014**
Disposals	-	5,256	1,738	13,247	169	5,358	4,003	-	**29,771**
Impact of changes in foreign exchange rates	21	-64	120	484	-	-98	38	-	**501**
Impact of changes in consolidation scope and method	-	-105	-2,381	-2,882	-	-508	-343	-	**-6,219**
Other movements	-	-	-	366	-	-	-	-	**366**
AT 31 DECEMBER 2022	**-1,875**	**-99,388**	**-33,917**	**-228,571**	**-746**	**-53,802**	**-9,891**	**-**	**-428,189**
NET VALUE AT 31 DECEMBER 2022	**17,053**	**66,897**	**54,205**	**127,734**	**3,059**	**23,653**	**7,910**	**32,973**	**333,486**

€ 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 2021	16,908	165,103	63,047	302,106	1,190	66,441	13,497	21,953	**650,246**
New right-of-use assets	-	-	12,371	-	201	-	5,106	-	**17,678**
Acquisitions	2	1,092	-	7,863	-	5,402	-	29,523	**43,883**
Disposals	-	-354	-4,975	-6,248	-153	-5,647	-2,997	-	**-20,374**
Impact of changes in foreign exchange rates	-27	-52	1,444	662	-	746	28	80	**2,883**
Impact of changes in consolidation scope and method	-	-	622	300	15	959	308	-	**2,204**
Other movements	3	1,243	-	17,244	-	2,991	-	-21,481	**-**
AT 31 DECEMBER 2021	**16,885**	**167,032**	**72,510**	**321,927**	**1,253**	**70,893**	**15,943**	**30,076**	**696,520**
Accumulated depreciation at 1 January 2021	-1,414	-91,746	-16,951	-197,020	-446	-47,961	-6,451	-	**-361,989**
Depreciation charge for the period	-248	-6,044	-9,435	-23,183	-296	-7,014	-4,829	-	**-51,049**
Disposals	-	329	3,119	5,335	109	5,311	2,852	-	**17,056**
Impact of changes in foreign exchange rates	9	-92	-470	-590	-	-478	-53	-	**-1,672**
Impact of changes in consolidation scope and method	-	-56	-	-257	-	-626	-1	-	**-941**
Other movements	-	-256	312	-	-	-56	-	-	**-**
AT 31 DECEMBER 2021	**-1,652**	**-97,864**	**-23,425**	**-215,715**	**-632**	**-50,823**	**-8,483**	**-**	**-398,595**
NET VALUE AT 31 DECEMBER 2021	**15,233**	**69,167**	**49,085**	**106,213**	**621**	**20,069**	**7,460**	**30,076**	**297,925**

The impact of changes in consolidation scope is linked to the acquisition of Teleco Automation.
The total net value of right-of-use assets stood at €65.2 million at 31 December 2022, compared with €57.2 million at 31 December 2021. The main increases in right-of-use assets relate to renewed leases and two significant new leases: €4.7 million in respect of RS FRANCHISE (new registered office) and €2.1 million in respect of SOMFY Canada.
The average residual term is five years for commercial leases and two years for vehicle leases.
For 2022, the average discount rate for property leases was 2.80% in France, 6.78% in Poland, 4.80% in China and 23.20% in Brazil, with durations ranging from three to seven years.
For 2021, the average discount rate for property leases was 0.80% in France, 2.28% in Poland, 5.05% in China and 13.10% in Brazil, with durations ranging from three to seven years.
The Group is affected by the issue of "3/6/9" leases (commercial leases with a minimum term of nine years and an early termination option every three years) on its French subsidiaries. The gross value of right-of-use assets on French leases stood at €17.2 million at 31 December 2022, compared with €12.4 million at 31 December 2021 (the gross value of rights to use land and buildings totalled €88.1 million at 31 December 2022, compared with €72.5 million at 31 December 2021). "3/6/9" leases are generally assumed to have a nine-year term.
At 31 December 2022, uncapitalised lease expenses relating to services and short-term or low-value leases are broken down as follows: €1.3 million in respect of property lease expenses, €1.5 million in respect of vehicle lease expenses and €1.7 million in respect of other lease expenses.
At 31 December 2021, uncapitalised lease expenses relating to services and short-term or low-value leases were broken down as follows: €1.0 million in respect of property lease expenses, €1.3 million in respect of vehicle lease expenses and €1.0 million in respect of other lease expenses.
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 service 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 mergers, demergers, contributions and 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, including related economic interest groups and companies, as well as all other shares allocated under a company or group savings scheme (or similar), in relation to employee profit-sharing and/or any other form of allocation to employees and/or corporate officers of the Group, including related economic interest groups and companies;
- to cover marketable securities giving right to the allocation of shares in the company, in accordance with current regulations;
- to 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

	31/12/22	31/12/21
Total number of shares	37,000,000	37,000,000
Treasury shares	2,547,558	2,560,045
Par value	€0.20	€0.20
Proposed ordinary dividend	€3.90	€2.15
Proposed exceptional dividend	€17.00	-

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

Note 6.2.1 Accounting principle

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.

Note 6.2.2 Detailed information

Basic earnings per share	31/12/22	31/12/21
Net profit - Group share (€ thousands)	237,003	258,049
Total number of shares (1)	37,000,000	37,000,000
Treasury shares* (2)	2,547,558	2,560,045
Number of shares used in calculation (1) – (2)	34,452,442	34,439,955
BASIC EARNINGS PER SHARE (€)	**6.88**	**7.49**

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

Diluted earnings per share	31/12/22	31/12/21
Net profit - Group share (€ thousands)	237,003	258,049
Total number of shares (1)	37,000,000	37,000,000
Treasury shares** (2)	2,476,042	2,497,483
Number of shares used in calculation (1) – (2)	34,523,958	34,502,517
DILUTED EARNINGS PER SHARE (€)	**6.86**	**7.48**

** *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)

Note 7.1.1 Accounting principle

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.

Note 7.1.2 Detailed information

€ thousands	31/12/22	31/12/21
Cost of net financial debt	-1,351	-2,610
– *Financial income from investments*	*3,941*	*764*
– *Financial expenses related to borrowings*	*-5,293*	*-3,374*
• *of which financial charges related to IFRS 16*	*-873*	*-851*
Effect of foreign currency translation	-6,232	-567
Other	-91	2,283
NET FINANCIAL INCOME/(EXPENSE)	**-7,673**	**-893**

Net financial expense for 2022 came in at -€7.7 million, mainly consisting of -€6.2 million in effects of foreign currency translation. In 2021, this item consisted of the reversal of a €3.6 million provision in connection with the repayment of the Garen loans and -€0.6 million in effects of foreign currency translation.
The cost of net financial debt decreased as a result of higher returns on financial investments.

NOTE 7.2 FINANCIAL ASSETS AND LIABILITIES

Note 7.2.1 Financial assets

Note 7.2.1.1 Accounting principle

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.

Other assets (in particular marketable securities) are measured at fair value, changes in which are recognised in the income statement.

Note 7.2.1.2 Detailed information

€ 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 2022	3,160	61	2,113	3	**5,336**	394	**4,942**
Increase	5,898	-	142	-	**6,041**	-	**6,041**
Decrease	0	-63	56	-1	**-8**	-8	**-**
Net change in impairment	-4	-	-	-	**-4**	-	**-4**
Impact of changes in foreign exchange rates	-	39	-	5	**45**	18	**26**
Impact of changes in consolidation scope and method	11	309	34	23	**363**	63	**300**
Fair value recognised in items of other comprehensive income	-	-	-	-	**-**	-	**-**
Other movements	-	-	-	-	**-**	-145	**145**
AT 31 DECEMBER 2022	**9,065**	**346**	**2,345**	**30**	**11,772**	**322**	**11,450**
Non-current financial assets	9,065	280	2,090	28	**11,450**	-	-
Current financial assets	-	66	255	2	**322**	-	-

The increase in treasury shares was mainly related to the acquisition of 6.33% of the share capital of Elcia for €5 million (see Significant events).
The impact of changes in consolidation scope is linked to the acquisition of Teleco Automation.
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 2022	831	53,929	39,874	**94,634**	406	**95,040**	31,244	**63,796**
Increase in loans	9	-	123	**132**	53	**185**	53	**132**
Repayment of borrowings and lease liabilities	-864	-16,410	-175	**-17,449**	-186	**-17,635**	-17,635	**-**
Other movements related to business acquisitions	-	-	-540	**-540**	-	**-540**	-540	**-**
Total cash movements	**-855**	**-16,410**	**-592**	**-17,857**	**-133**	**-17,990**	**-18,122**	**132**
Impact of the revaluation of put options	-	-	5,631	**5,631**	-	**5,631**	326	**5,305**
Impact of changes in foreign exchange rates	-	275	-20	**255**	187	**442**	155	**287**
New lease liabilities	-	22,006	-	**22,006**	-	**22,006**	-	**22,006**
Adjustments to lease liabilities with no cash impact	-	-1,423	-	**-1,423**	-	**-1,423**	-1,423	**-**
Impact of changes in consolidation scope and method	3,683	2,609	88,966	**95,258**	-3	**95,255**	2,177	**93,077**
Other movements	-	-	-	**-**	-	**-**	30,952	**-30,952**
Total non-cash movements	**3,683**	**23,467**	**94,577**	**121,727**	**184**	**121,910**	**32,188**	**89,723**
AT 31 DECEMBER 2022	**3,659**	**60,986**	**133,858**	**198,504**	**457**	**198,960**	**45,310**	**153,650**
Non-current financial liabilities	2,515	45,708	105,427	**153,650**	-	**153,650**	-	-
Current financial liabilities	1,144	15,278	28,431	**44,853**	457	**45,310**	-	-

The impact of changes in consolidation scope is linked to the acquisition of Teleco Automation.
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 liability derivative was stable between 31 December 2022 and 2021 at €16.6 million. The balance of Other borrowings and financial liabilities includes the debt relating to the put options granted to the holders of non-controlling interests, changes in which are recognised in equity, and earn-outs, changes in which are recognised in the income statement. This item increased by €94 million as a result of the acquisition of Teleco Automation.

Note 7.2.2.2 Analysis by maturity

€ thousands	31/12/22	31/12/21
1 year or less	45,310	31,244
Between 1 and 2 years	19,227	10,658
Between 2 and 3 years	78,454	7,043
Between 3 and 4 years	30,204	4,966
Between 4 and 5 years	10,461	4,091
5 years or more	15,305	37,039
TOTAL	**198,960**	**95,040**

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

€ thousands	Undiscounted 2022 liability	Discounted 2022 liability
1 year or less	16,248	15,278
Between 1 and 2 years	12,936	12,236
Between 2 and 3 years	8,260	7,746
Between 3 and 4 years	6,314	5,941
Between 4 and 5 years	4,799	4,529
5 years or more	15,796	15,256
TOTAL	**64,354**	**60,986**

€ thousands	Undiscounted 2021 liability	Discounted 2021 liability
1 year or less	14,264	13,422
Between 1 and 2 years	11,220	10,590
Between 2 and 3 years	7,457	7,010
Between 3 and 4 years	5,290	4,966
Between 4 and 5 years	4,320	4,091
5 years or more	14,359	13,851
TOTAL	**56,910**	**53,929**

Note 7.2.2.3 Analysis by rate

€ thousands	31/12/22	31/12/21
Variable rate	2,550	3,005
Fixed rate	74,866	43,591
Non-interest bearing	121,545	48,444
TOTAL	**198,960**	**95,040**

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

Note 7.2.2.4 Analysis by currency

€ thousands	31/12/22	31/12/21
Euro	158,123	56,339
Other	40,837	38,701
TOTAL	**198,960**	**95,040**

Note 7.2.2.5 Secured liabilities

The Group had no liabilities secured by collateral at 31 December 2022.

Note 7.2.2.6 Covenants

At 31 December 2022, SOMFY SA had a total of €300 million undrawn medium-term loan facilities (confirmed credit lines) with four banks, following the setting up of the syndicated loan (see Highlights). Funds made available by the credit institutions are subject to SOMFY SA commitment to comply with a financial covenant based on its ability to repay (net financial debt/EBITDA). This financial covenant will be tested for the first time on 31 December 2023.
SOMFY SA also had undrawn overdraft facilities and unconfirmed credit facilities totalling €45 million at 31 December 2022.

Note 7.2.3 Analysis of net financial debt

The net financial debt is defined in note 4.3.4.1.

€ thousands	31/12/22	31/12/21
Financial liabilities included in net financial debt calculation	198,938	95,040
– *of which liabilities related to lease agreements (IFRS 16)*	*60,986*	*53,929*
Financial assets included in net financial debt calculation	389	93
– *Marketable securities*	*43*	*32*
– *Loans*	*346*	*61*
Cash and cash equivalents	626,295	736,665
NET FINANCIAL DEBT	**-427,746**	**-641,717**
Liabilities related to put options and earn-outs	133,729	39,739
RESTATED NET FINANCIAL DEBT	**-561,475**	**-681,456**

(-) Net financial surplus.

Note 7.2.4 Classification and fair value of financial instruments

Note 7.2.4.1 Accounting principle

DERIVATIVE FINANCIAL INSTRUMENTS

All derivative financial instruments are measured at their fair value. Fair value is either the market value for listed instruments, or a value provided by financial institutions in accordance with usual criteria (over-the-counter market).

Derivative financial instruments primarily comprise options related to business acquisitions, foreign exchange contracts, raw material hedging contracts and interest rate swaps.

For derivatives designated as cash flow hedge instruments, the effective portion of fair value movements of the derivatives is recognised in items of other comprehensive income and accumulated in the hedging reserve. Any ineffective portion in the fair value movement of derivatives is immediately recognised through net profit.

The fair value movements in foreign currency, raw material and interest rate hedging instruments ineligible for hedge accounting are recognised in net financial income/expense.

The fair value of derivative instruments is recognised in the balance sheet under specific items: “current and non-current asset derivative instruments” or “current and non-current liability derivative instruments” depending on the nature of the hedged good.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurements are specified by level in accordance with the following fair value hierarchy:

- the instrument is quoted on an active market (Level 1);
- measurement requires the use of valuation techniques drawing on observable data, either directly (prices) or indirectly (as derived from prices) (Level 2);
- at least one significant component of fair value is based on non-observable data (Level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency, and those prices represent regularly occurring market transactions. These instruments are classified as Level 1.

The fair values of financial instruments that are not traded in an active market (*e.g.* over-the-counter derivatives) are determined using valuation techniques. These different valuation techniques maximise the use of observable market data, where available, and rely little on the Group’s estimates. The instrument is classified as Level 2 if all elements required to calculate the fair value of an instrument are observable.

If one or more of the principal pricing elements is not based on observable market prices, the instrument is classified as Level 3.

Note 7.2.4.2 Detailed information

€ thousands	Amount at 31 December 2022	Assets and liabilities at amortised cost *(Fair value equal to net book value)*	Financial assets and liabilities *Fair value recognised in items of other comprehensive income)*	Financial assets and liabilities *(Fair value recognised in the income statement)*	Fair value hierarchy
Assets					
Non-current financial assets	**11,450**	2,385	9,065	-	Level 3
Trade receivables	**147,590**	147,590	-	-	Level 3
Current financial assets	**322**	322	-	-	Level 3
Current derivative instruments	**221**	-	-223	443	Level 2
Cash and cash equivalents	**626,295**	596,946	-	29,349	Levels 1 & 2
Liabilities					
Non-current financial liabilities	**153,650**	48,297	105,353	-	Level 3
Current financial liabilities	**45,310**	16,934	11,776	16,600	Level 3
Trade payables	**118,567**	118,567	-	-	Level 3
Current derivative instruments	**153**	-	153	-	Level 2

€ thousands	Amount at 31 December 2021	Assets and liabilities at amortised cost *(Fair value equal to net book value)*	Financial assets and liabilities *Fair value recognised in items of other comprehensive income)*	Financial assets and liabilities *(Fair value recognised in the income statement)*	Fair value hierarchy
Assets					
Non-current financial assets	**4,942**	1,782	3,160	-	Level 3
Trade receivables	**136,612**	136,612	-	-	Level 3
Current financial assets	**394**	394	-	-	Level 3
Current derivative instruments	**702**	-	778	-76	Level 2
Cash and cash equivalents	**736,665**	611,595	-	125,070	Levels 1 & 2
Liabilities					
Non-current financial liabilities	**63,796**	40,657	23,139	-	Level 3
Current financial liabilities	**31,244**	14,644	-	16,600	Level 3
Trade payables	**123,644**	123,644	-	-	Level 3
Non-current derivative instruments	**-**	-	-	-	Level 2

The net book value of current assets and liabilities is deemed to be a reasonable approximation of their fair value due to their short-term nature.
For variable rate borrowings and debt, net book value is deemed to be a reasonable approximation of their fair value.
The fair value of derivative instruments and cash equivalents is established with reference to observable market data (Level 2).
Non-consolidated equity investments, as well as earn-outs and options related to business acquisitions are measured at their balance sheet fair value, based in particular on the future earnings prospects of the businesses acquired (Level 3).
There has been no change in the method of determining fair value for any category during the period.

Note 7.2.5 Cash and cash equivalents

Note 7.2.5.1 Accounting principle

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.

Note 7.2.5.2 Detailed information

€ thousands	31/12/22	31/12/21
Cash	233,299	501,052
Cash equivalents	392,997	235,613
CASH AND CASH EQUIVALENTS	**626,295**	**736,665**

Cash equivalents are mainly interest-bearing current accounts and financial investments presumed to be eligible as cash equivalents in keeping with the joint position issued by the Autorité des Normes Comptables (French Accounting Standards Authority) and the Autorité des Marchés Financiers (French Financial Markets Authority).

NOTE 7.3 FINANCIAL RISK MANAGEMENT POLICY

Foreign exchange risk

The Group's exposure to foreign exchange risk is primarily related to its operational activities (intragroup sales of manufactured products distributed by commercial subsidiaries outside the Euro zone, these sales being denominated in local currencies and purchases denominated in local currencies).
Almost 65% of consolidated Group sales were generated in the Euro zone in the year to 31 December 2022, unchanged from 31 December 2021.
Foreign currency denominated assets represent 13.5% of total assets at 31 December 2022, compared with 12.3% at 31 December 2021. 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 leading currencies.
The Group is careful in assessing foreign exchange risk in a tense geopolitical and economic environment, notably due to the Russian-Ukrainian crisis. Currency hedging continues to be adjusted in line with forecasts and market trends.
Since 1 July 2010, the Group has been applying hedge accounting to foreign currency hedging instruments. The effective portion of fair value movements is therefore taken to items of other comprehensive income and the ineffective portion is recognised in net financial income/(expense). Foreign exchange hedges are adjusted in line with forecasts.
The impact of the effective portion of hedges at 31 December 2022 was €0.6 million on items of other comprehensive income and was not material on profit and loss (transfer) at a positive €0.2 million. Since indirect exposure to exchange rate fluctuations is low, implementation of amendments to IFRS 9, IAS 39 and IFRS 7 (IBOR reform) had no material impact on the hedging instruments used.
The ineffective portion of hedges was nil at 31 December 2022 and 2021.

Foreign exchange hedges by currency

31/12/22	Contract nominal value				
€ thousands	Sales	Purchases	Net total	Total fair value	Of which fair value recognised in items of other comprehensive income
USD	16,501	-	**16,501**	-474	-474
CNY	14,025	-	**14,025**	-482	-482
CHF	-	-3,351	**-3,351**	6	6
CAD	-	-6,215	**-6,215**	424	424
ILS	-	-3,036	**-3,036**	269	269
PLN	-	-13,652	**-13,652**	-208	-208
AUD	-	-5,735	**-5,735**	299	299
GBP	-	-13,902	**-13,902**	217	217
Other currencies	4,068	-9,921	**-5,853**	168	168
	34,594	**-55,812**	**-21,218**	**221**	**221**

31/12/21	Contract nominal value				
€ thousands	Sales	Purchases	Net total	Total fair value	Of which fair value recognised in items of other comprehensive income
USD	-	-15,186	**-15,186**	377	377
CNY	-	-10,911	**-10,911**	461	461
CHF	6,170	-4,234	**1,936**	-100	-100
CAD	3,265	-	**3,265**	-88	-88
ILS	3,498	-	**3,498**	-218	-218
NOK	3,524	-	**3,524**	29	29
AUD	5,764	-	**5,764**	14	14
GBP	9,580	-	**9,580**	-162	-162
Other currencies	11,428	-2,729	**8,700**	-80	-80
	43,230	**-33,060**	**10,170**	**232**	**232**

Foreign exchange hedges by type

31/12/22 € thousands	Contract nominal value		Net total	Fair value
	Sales	Purchases		
Fair Value Hedges	13,684	-19,421	**-5,737**	221
Cash Flow Hedges	20,910	-36,391	**-15,480**	
Net Investment Hedges	-	-	**-**	-
Trading	-	-	**-**	-
	34,594	**-55,812**	**-21,218**	**221**

31/12/21 € thousands	Contract nominal value		Net total	Fair value
	Sales	Purchases		
Fair Value Hedges	21,960	-15,297	**6,663**	232
Cash Flow Hedges	21,270	-17,763	**3,507**	
Net Investment Hedges	-	-	**-**	-
Trading	-	-	**-**	-
	43,230	**-33,060**	**10,170**	**232**

Interest rate risk

The Group is exposed to interest rate risks. Management of the interest rate relative to Group debt is based on consolidated position and market conditions. The primary objective of the rate risk management policy is to control Group financing costs.
The majority of the Group companies' financial liabilities is at fixed rate.
The Group applies hedge accounting to interest rate hedge instruments. The effective portion of fair value movements is therefore taken to items of other comprehensive income and the ineffective portion is recognised in net financial income/(expense).
The Group did not use any interest-rate hedging instruments during the 2022 financial year, as was also the case in 2021.

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 conditions arising from the tense geopolitical and economic environment, in particular as a result of supply issues and the Russian-Ukrainian crisis.
External Group financing essentially relies upon leases and medium-term credit facilities.
Some debts are subject to compliance with covenants. The covenants are detailed in note 7.2.2.6.
The Group does not finance itself using securitisation, factoring or reverse factoring.

The Group has confirmed medium-term credit lines (€300 million "Revolving Credit Facility" arranged at the end of 2022 - see Highlights) and authorised overdrafts, currently unused (see note 7.2.2.6).
The Group is not affected by restricted cash problems, except in Russia and Ukraine given the current geopolitical context (see Highlights). The total amount of unavailable liquid assets for the Group in these two countries is €2.5 million. However, the liquid assets in these two subsidiaries is used by them to meet their short-term cash commitments.

Credit risk

The Group's exposure to credit risk is related to its cash surplus deposited with banks.
Given the breakdown of its investments (interest-bearing current accounts, subscription to investments of an investment-grade type and term deposits) and the credit risk of its main banking partners, whose credit ratings range from A- to A+, the Group's exposure to investment risk is deemed to be low and is closely monitored in light of the tense geopolitical and economic environment, in particular as a result of supply issues and the Russian-Ukrainian crisis.

Raw material risk

The Group is exposed to fluctuations in the price of the raw materials used in the manufacture of its products (copper and zinc in particular).
To maintain its profitability, the Group must be able to cover for or offset this risk or pass it on to its customers.
The Group has nevertheless implemented procedures to limit its exposure to risks related to changes in raw material prices.
SOMFY protects against movements in raw material prices by placing firm orders with its suppliers (**physical hedges** for copper) and *via* hedging agreements for materials on the financial markets (copper and zinc **paper hedges**) on components that cannot be physically hedged.

The Group is careful in assessing supply risk in a tense market environment, notably due to supply issues affecting raw materials and electronic components and the Russian-Ukrainian crisis. Raw material hedging continues to be adapted in line with forecasts and market trends.
In accordance with IFRS 9, the Group is in a position to apply hedge accounting to a material component of a non-financial item. As such, the effective portion of financial instruments implemented is therefore taken to items of other comprehensive income and the ineffective portion is recognised in net financial income/(expense). Raw material hedges are adjusted in line with forecasts.
The impact of efficient hedges on items of other comprehensive income was a negative €0.2 million net of deferred tax at 31 December 2022. The ineffective portion of hedges was nil at 31 December 2022 and 2021.

31/12/22	Tonnes	Hedging of items off-balance sheet *€ thousands*	Fair value *€ thousands*	Types
Copper	1,105	8,487	74	Swap
Zinc	906	2,710	-227	Swap
	2,011	**11,197**	**-153**	

31/12/21	Tonnes	Hedging of items off-balance sheet *€ thousands*	Fair value *€ thousands*	Types
Copper	250	1,979	154	Swap
Zinc	695	1,839	315	Swap
	945	**3,818**	**470**	

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	31/12/22	31/12/21
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	**736,258**	**588,519**
Cash and cash equivalents at the start of the period	736,665	588,925
Bank overdrafts	-406	-405
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**625,839**	**736,258**
Cash and cash equivalents at the end of the period	626,295	736,665
Bank overdrafts	-457	-406

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 €1 million in the year ended 31 December 2022 compared with an increase of €2.9 million in 2021.
During 2022, the Group acquired intangible assets and property, plant and equipment totalling €86.4 million, compared with €57.8 million in 2021.
Net of cash receipts related to disposals of intangible assets and property, plant and equipment, investments totalled €86.7 million in 2022 compared with €54.3 million in 2021.
New right-of-use assets and associated new lease liabilities are not considered cash flows.

NOTE 8.3 CHANGE IN WORKING CAPITAL REQUIREMENTS

€ thousands	31/12/22	31/12/21
Net decrease/(increase) in inventory	-86,931	-20,871
Net decrease/(increase) in trade receivables	-3,661	-1,951
Net (decrease)/increase in trade payables	-12,570	8,592
Net movement in other receivables and payables	719	9,671
CHANGE IN WORKING CAPITAL REQUIREMENTS	**-102,443**	**-4,559**

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

In 2022, net cash flow from acquisitions consisted of €109.2 million in respect of the acquisition of Teleco Automation and €0.5 million arising from the buyout of non-controlling interests from Overkiz.
In 2021, net cash flows from acquisitions included €27.5 million from the acquisition of Répar'stores, €0.8 million from payment of the final earn-out on SOMFY Protect by Myfox and €0.1 million arising from the buyout of non-controlling interests from BFT India.
In 2022 as in 2021, net cash flows from disposals corresponded to the partial payment of current receivables on the CIAT disposal (see Highlights).

NOTE 9 PROVISIONS AND CONTINGENT LIABILITIES

NOTE 9.1 PROVISIONS

Note 9.1.1 Accounting principle

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.

Provisions are notably set aside to cover the following:

- product risks: warranties related to products and individualised risks linked with specific quality issues;
- commercial risks: disputes with customers and suppliers;
- restructuring costs;
- other tax, social and miscellaneous risks.

Note 9.1.2 Detailed information

€ thousands	Product risks	Commercial risks	Provisions for restructuring	Other risks	Total 2022
At 1 January 2022	15,887	4,522	706	4,900	**26,016**
Charges	18,077	659	3,132	1,976	**23,844**
Used reversals	-2,844	-1,757	-47	-638	**-5,286**
Unused reversals	-3,717	-1,662	-178	-326	**-5,882**
Impact of foreign exchange rates	-61	-17	9	36	**-32**
Impact of changes in consolidation scope and method	-	-	-	-	**-**
Other movements	983	-545	-	-438	**-**
AT 31 DECEMBER 2022	**28,325**	**1,200**	**3,623**	**5,511**	**38,660**
Non-current provisions	7,276	147	-	1,901	9,324
Current provisions	21,050	1,053	3,623	3,610	29,336

The net increase in provisions is mainly the result of a €2.7 million provision in connection with the Russian-Ukrainian crisis (provisions for restructuring – see Highlights) and provisions of €11.9 million in connection with quality issues (product risks).
Some of which are covered by insurance refunds receivable totalling €7.2 million, recognised under other current receivables over the period (see note 4.6.1).

NOTE 9.2 CONTINGENT LIABILITIES

Note 9.2.1 Accounting principle

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.

Note 9.2.2 Detailed information

The Group has contingent liabilities relating to legal action and arbitration or regulatory proceedings arising in the normal course of business. Each known dispute or proceeding in progress involving SOMFY or any of the Group companies was reviewed at the balance sheet date. After advice from legal counsel, all provisions deemed necessary were made to cover the estimated risks.
All the Group's contingent liabilities are listed in the Highlights.

NOTE 10 EMPLOYEE INFORMATION

NOTE 10.1 WORKFORCE

The Group's workforce at 31 December 2022, including temporary and part-time employees recorded on a full-time equivalent basis, was as follows:

	31/12/22	31/12/21
Average workforce	6,905	6,906
Workforce at period end	6,736	6,878

The Group's average workforce held steady, with the reduction in the use of temporary staff as business slowed in the second half of 2022 offset by an increase in the average permanent workforce.
The Teleco Automation group has an average headcount of 103, compared with a period-end headcount of 102.

NOTE 10.2 EMPLOYEE BENEFITS

Note 10.2.1 Pensions and other long-term benefits

Note 10.2.1.1 Accounting principle

In respect of pension plan commitments, the Group contributes to pension plans or grants benefits to employees on retirement in compliance with the rules and regulations in place in each country. These benefits have been measured.

Contributions paid in respect of plans analysed as defined contribution plans, for which the Group has no other obligation than paying contributions, are recognised as expenses for the financial year.

For defined benefit plans relating to post-employment benefits the cost of benefits is measured using the projected unit credit method.

According to this method, the rights to benefits are allocated to periods of service depending on the plans' specificities for acquisition of rights, by taking account of a straight-line effect where the rate of acquisition of rights is not uniform to the periods of subsequent service.

The amount of future payments corresponding to benefits granted to employees are measured on the basis of salary increase, retirement age and death rate assumptions, and then discounted to their present value on the basis of long-term bond interest rates of prime issuers.

These plans are either financed – their assets being managed separately and independently from the Group – or not, with their commitments being recognised in the balance sheet under "Employee benefits".

The provision recognised in the balance sheet corresponds to the present value of the obligations calculated as described above, less the fair value of plan assets.

The different defined benefit plans are the following:

- retirement benefit plans (IFC) for all French companies, in compliance with applicable collective agreements;
- defined benefit pension plans in international subsidiaries (United States in particular).

Re-measurements of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding amounts accounted for in the calculation of net interest on the net liability) and, if applicable, the change in the effect of assets ceiling (excluding amounts accounted for in the calculation of net interest on the net liability) are recognised immediately in other comprehensive income.

The past service cost resulting from a plan amendment or curtailment of an existing plan is immediately expensed.

Expenses relating to this type of plan are recognised under employee expenses and, with regard to the accretion expense, under financial expense.

Long service awards are treated as long-term benefits granted to employees and provided for on the basis of an actuarial evaluation at every year-end. Actuarial gains and losses are recognised as expenses.

Also, the severance pay provision (TFR) applicable to Italian companies is treated as a long-term benefit.

Note 10.2.1.2 Detailed information

At 31 December 2022, actuarial losses recognised in reserves amounted to €5.5 million (a negative €7.2 million in "Employee benefits" and a positive €1.7 million in deferred tax).

Movements between 2021 and 2022 can be analysed as follows:

RETIREMENT BENEFITS

€ thousands	2022			2021		
	France	Other countries	Total	France	Other countries	Total
GROSS COMMITMENTS						
Opening balance	**19,395**	**22,629**	**42,024**	**23,580**	**21,039**	**44,619**
Net expense for the period:	1,449	1,152	**2,601**	1,035	925	**1,960**
– *current service cost and financial cost*	*1,449*	*1,152*	***2,601***	*1,035*	*925*	***1,960***
– *return on plan assets*	-	-	**-**	-	-	**-**
– *employee contributions*	-	-	**-**	-	-	**-**
Contributions paid	-	-	**-**	-	-	**-**
Benefits paid	-87	-193	**-280**	-159	-373	**-532**
Actuarial gains & losses/Past service cost	-3,783	-52	**-3,835**	-2,296	-6	**-2,302**
IFRIC-IC interpretation of IAS 19	-	-	**-**	-2,901	-200	**-3,101**
Changes in foreign exchange rates	-	-	**-**	-	1,244	**1,244**
Changes in consolidation scope	86	964	**1,050**	136	-	**136**
Closing balance	**17,060**	**24,500**	**41,560**	**19,395**	**22,629**	**42,024**
PLAN ASSETS						
Opening balance	**-972**	**-20,336**	**-21,308**	**-534**	**-17,778**	**-18,312**
Net expense for the period:	-8	-408	**-416**	-3	-382	**-385**
– *current service cost and financial cost*	-	-	**-**	-	-	**-**
– *return on plan assets*	*-8*	*-408*	***-416***	*-3*	*-382*	***-385***
– *employee contributions*	-	-	**-**	-	-	**-**
Contributions paid	-	-1,087	**-1,087**	-600	-981	**-1,581**
Benefits paid	87	-	**87**	159	-	**159**
Actuarial gains & losses	-14	1,272	**1,258**	6	257	**263**
Changes in foreign exchange rates	-	-1,173	**-1,173**	-	-1,452	**-1,452**
Changes in consolidation scope	-	-	**-**	-	-	**-**
Closing balance	**-907**	**-21,732**	**-22,639**	**-972**	**-20,336**	**-21,308**
OPENING BALANCE OF PROVISION	**18,423**	**2,293**	**20,716**	**23,046**	**3,261**	**26,307**
CLOSING BALANCE OF PROVISION	**16,153**	**2,768**	**18,921**	**18,423**	**2,293**	**20,716**
TOTAL MOVEMENTS RECOGNISED AS EXPENSES FOR THE PERIOD	**-1,439**	**-745**	**-2,184**	**-1,032**	**-544**	**-1,576**

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

	2022			2021		
€ thousands	Actuarial liabilities Long service and jubilee awards	TFR liability	Total	Actuarial liabilities Long service and jubilee awards	TFR liability	Total
OPENING BALANCE	**2,854**	**1,967**	**4,821**	**2,845**	**1,985**	**4,830**
Cost	-162	1,315	**1,153**	73	1,174	**1,247**
Benefits paid	-148	-1,168	**-1,316**	-76	-1,278	**-1,354**
Changes in consolidation scope and foreign exchange rates	42	998	**1,040**	12	86	**98**
CLOSING BALANCE	**2,586**	**3,112**	**5,698**	**2,854**	**1,967**	**4,821**

The main actuarial assumptions used are as follows:

At 31 December	2022	2021
Discount rate		
France	4.0%	1.0%
Germany	4.0%	1.0%
United States	5.0%	3.3%
Other	1.0-6.0%	1.0-5.0%
Future salary increases		
France	2.5%-3.5%	2.0%
Germany	3.5%	2.0%
United States	3.0%	3.0%
Other	1.0-8.0%	1.0-5.0%

The sensitivity of the gross retirement benefit commitment based on a variation of +1%/-1% in discount rate is -10.12%/+12%, respectively.

Note 10.2.2 Gross compensation allocated to executives

€ thousands	31/12/22	31/12/21
Short term-benefits	3,223	2,452
Post-employment benefits	86	70

Executives consist of the Chief Executive Officer, the Deputy Chief Executive Officer and the Chairman of the Board of Directors.
Post-employment benefits correspond to retirement benefits associated with the employment contracts of executives.

NOTE 10.3 SHARE-BASED PAYMENTS

Note 10.3.1 Accounting principle

Some Group employees, including senior executives, may be entitled to the allocation of free shares, subject to the achievement of certain employment and performance conditions, and options entitling them to acquire SOMFY SA shares at a price fixed in advance. The Group does not grant warrants to subscribe for shares.

Effective allocation of options and free shares is subject to conditions being fulfilled. Each beneficiary must be employed by the Group at the date options are exercised or free shares vested. For some employees, the ability to exercise options may also be governed by the achievement of predetermined objectives.

Options were valued using the Black & Scholes model, which calculates the fair value of the benefit granted to date and takes account of various parameters such as the share price, exercise price, expected volatility, expected dividends, risk free interest rate and the life of the option. The fair value of free shares is determined using an approach that faithfully replicates the methodology that would be used by a bank's trading room should beneficiaries request a price from the latter to monetise their shares.

During the rights vesting period, the fair value of options and free shares thus determined is split in proportion to the acquisition of rights. This expense is posted to personnel expenses and offset by an increase in equity. Upon exercise of the options, the exercise price received is recorded under cash and offset in equity.

The dilutive impact of outstanding options and free shares is reflected in the calculation of diluted earnings per share.

In accordance with IFRS 2, share options are valued at market value at the date of allocation and subsequently amortised through the income statement over the vesting period for all plans granted since 7 November 2002.

Note 10.3.2 Detailed information

At 31 December 2022, no more stock option plans existed.

During 2020, the Management Board of SOMFY SA agreed on the following allocations of SOMFY SA performance shares:

- at its meeting of 31 August 2020, allocation of SOMFY performance shares to 52 beneficiaries. The vesting of these performance shares was subject to the condition that they must remain employed by the Group. Final vesting took place on 15 September 2022. The shares vested were available from 16 September 2022 and they were not 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 was subject to the condition that they must remain employed by the Group. Final vesting took place on 28 November 2022. The shares vested were available from 29 November 2022 and were not subject to a retention obligation.

During 2021, the Board of Directors of SOMFY SA agreed on the following allocations of SOMFY SA performance shares:

- at its meeting of 28 June 2021, allocation of SOMFY performance shares to 69 beneficiaries. The vesting of these performance shares is subject to the condition that they must remain employed by the Group. Final vesting will take place on 30 June 2023. The shares vested will be available from 1 July 2023 and will not be subject to a retention obligation;
- at its meeting of 28 June 2021, allocation of SOMFY performance shares to 122 beneficiaries. The vesting of these performance shares is subject to the condition that they must remain employed by the Group. Final vesting will take place on 30 June 2024. The shares vested will be available from 1 July 2024 and will not be subject to a retention obligation;
- at its meeting of 7 December 2021, allocation of SOMFY performance shares to 4 beneficiaries. The vesting of these performance shares is subject to the condition that they must remain employed by the Group. Final vesting will take place on 30 June 2023. The shares vested will be unavailable until midnight, 11 December 2023, since they will be subject to a retention obligation;
- at its meeting of 7 December 2021, allocation of SOMFY performance shares to 4 beneficiaries. The vesting of these performance shares is subject to the condition that they must remain employed by the Group. Final vesting will take place on 30 June 2024. The shares vested will be available from 1 July 2024 and will not be subject to a retention obligation.

During 2022, the Board of Directors of SOMFY SA agreed on the following allocation of SOMFY SA performance shares:

- at its meeting of 1 June 2022, allocation of SOMFY performance shares to 111 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 2025. The shares vested will be available from 1 July 2025 and will not be subject to a retention obligation.

At 31 December 2022, the free share position was as follows:

Plan date	Plan name	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 2022	Number of shares potentially vested at 31/12/22
31/08/20	AGAP 2022 Plan	52	17,340	100.83	15/09/22	16/09/22	-1,102	**16,238**	-
25/11/20	AGAP 2022 Plan n°2	3	516	126.24	28/11/22	29/11/22	-17	**499**	-
28/06/21	AGAP 2023 Plan	69	19,236	140.15	30/06/23	01/07/23	-641	-	**18,595**
28/06/21	AGAP 2024 Plan	122	24,444	137.39	30/06/24	01/07/24	-815	-	**23,629**
07/12/21	AGAP 2023 Plan n°2	4	1,284	165.80	30/06/23	11/12/23	-43	-	**1,241**
07/12/21	AGAP 2024 Plan n°2	4	1,284	162.93	30/06/24	01/07/24	-43	-	**1,241**
01/06/22	AGAP 2025 Plan	111	32,172	129.21	30/06/25	01/07/25	-5,362	-	**26,810**

Pursuant to the Simplified Public Tender Offer described under Highlights, free share plans in the process of vesting remain valid and will continue to run until expiry. Shares allocated under these plans will vest in accordance with the continued employment and performance conditions applicable to each plan.

Following the closure of the Offer period, liquidity agreements have been put in place with J.P.J.S. and JP 3 in 2023 to enable plan beneficiaries to sell their shares, once vested, at prices governed by a calculation formula.

Pursuant to IFRS 2, the liquidity agreements put in place in 2023 would result in a change to the original plans in the form of a cash alternative, the value of which is liable to change at each balance sheet date in line with variations in the formula parameters.

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 2022: SOMFY SA, SOMFY ACTIVITÉS SA, Simu, CMC, Domis SA, 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	31/12/22	31/12/21
Profit before tax	**262,291**	**299,328**
Share of expenses on dividends	*4,411*	*3,556*
Reclassification of CVAE to Income tax	*-2,676*	*-2,771*
Reclassification of CIR to Other operating income	*-6,082*	*-4,505*
Other	*9,400*	*4,232*
Permanent differences	5,053	512
Net profit taxed at reduced rate	-41,385	-40,639
Net profit taxable at standard rate	225,959	259,201
Tax rate in France	*25.83%*	*28.41%*
Tax charge recalculated at the French standard rate	58,354	73,633
Tax at reduced rate	4,275	4,198
Difference in standard rate in foreign countries	*-14,284*	*-19,585*
Tax losses for the year, unrecognised in previous periods, deficits used	*201*	*-766*
Effect of the rate difference	-14,083	-20,350
Tax credits	-6,450	-4,546
Other taxes and miscellaneous	6,424	3,998
GROUP TAX	**48,520**	**56,932**
Effective rate	***18.50%***	***19.02%***

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 28.41% in 2021 to 25.83% in 2022, 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 (€8.1 million), other European countries (€2.2 million), Poland (€2.1 million), Middle Eastern countries (€1.1 million), and the United States (€0.7 million).
Tax credits mainly comprise tax credits related to investments of -€4.4 million in 2022, compared with -€2.2 million in 2021. They were also increased by €2.9 million in incentive measures in Italy at 31 December 2021.
In 2022, the "**Other taxes and miscellaneous**" item notably included €2.7 million in respect of the CVAE corporate value-added contribution. In 2021, they notably included €2.8 million in respect of the CVAE contribution, less €0.8 million relating to tax claims.

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 €40 million at the end of 2022, based on the standard tax rate, compared with €41.6 million at the end of 2021.
No significant deferred tax assets were recognised in 2022 in relation to tax losses arising during the financial year or in previous years.

Global minimum tax

In response to concerns over the unequal allocation of profits and tax contributions by multinational corporations, various global agreements have been signed, including an agreement signed by more than 135 countries to introduce a global minimum tax rate of 15%. The Organisation for Economic Co-operation and Development (OECD) published a draft legislative framework in December 2021 followed by detailed guidance in March 2022 for use by countries that are signatories to the agreement in amending their local tax laws. Once changes to tax legislation in any country in which the Group operates have been enacted or substantively enacted, the Group may become subject to additional tax. At the publication date of the financial statements, no country in which the Group operates had enacted or substantively enacted tax legislation in relation to this additional tax. The Group could potentially become subject to additional tax in countries where the effective tax rate is currently below 15%. Management is closely monitoring the legislative process in each country in which the Group operates. At 31 December 2022, the Group did not have sufficient information to quantify the potential impact.

NOTE 11.2 DEFERRED TAX RECOGNISED IN ITEMS OF OTHER COMPREHENSIVE INCOME

€ thousands	31/12/22	31/12/21
Deferred tax assets		
– actuarial gains and losses on employee benefits	1,695	2,482
– foreign currency hedges	-	-
– raw material hedges	39	-
Deferred tax liabilities		
– foreign currency hedges	57	60
– raw material hedges	-	121
NET DEFERRED TAX	**1,677**	**2,301**

NOTE 11.3 ANALYSIS BY TYPE

€ thousands	31/12/22	31/12/21	Of which income statement impact	Of which impact of changes to the consolidation scope
Deferred tax on restatements related to IFRS standards and temporary differences, including:	-34,046	-11,707	-2,081	-18,638
– *restatements to employee benefits*	*4,244*	*4,789*	*159*	*118*
– *restatements resulting from provision methods*	*3,310*	*3,600*	*53*	*-*
– *restatements due to tax and social liabilities*	*2,831*	*3,140*	*-296*	*-*
– *restatements due to SOPEM tax credits*	*1,656*	*3,196*	*-1,481*	*-*
– *restatements on the fair value of hedge instruments*	*49*	*9*	*-*	*-*
– *restatements resulting from acquisition expenses*	*71*	*236*	*17*	*-*
– *restatements related to the fair value of non-current assets*	*-28,992*	*-4,183*	*1,331*	*-26,123*
– *restatements related to leases (IFRS 16)*	*-5,544*	*-6,066*	*501*	*31*
– *restatements related to differences in amortisation and depreciation*	*-11,087*	*-11,180*	*-83*	*-*
– *restatements from the capitalisation of development costs*	*-4,853*	*-4,417*	*-414*	*-*
– *other*	*4,268*	*-831*	*-1,869*	*7,336*
Deferred tax on intragroup margins	10,237	8,157	1,701	410
Miscellaneous	-60	-60	-	-
TOTAL	**-23,869**	**-3,610**	**-381**	**-18,229**
DEFERRED TAX ASSETS	**17,521**	**19,165**	**-**	**7,454**
DEFERRED TAX LIABILITIES	**-41,390**	**-22,774**	**-**	**-26,123**

Deferred tax assets and liabilities for each jurisdiction or entity are offset in accordance with IAS 12.

NOTE 12 OFF-BALANCE SHEET COMMITMENTS

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The Group's commitments comprise the following:

NOTE 12.1 COMMITMENTS GIVEN

€ thousands	31/12/22	31/12/21
Dooya put option	142,100	147,599
Interest over the remaining terms of loans and lease liabilities	3,393	2,997
Copper forward purchase	11,197	3,818
Foreign currency forward sale and purchase	-21,218	10,170
TOTAL	**135,472**	**164,583**

The put option granted to Dooya's co-owners has constituted an off-balance sheet commitment since the end of 2018 (the year the consolidation method of Dooya changed). This option has been exercisable since end 2015.

Interest over the remaining terms of loans and lease liabilities is calculated only on those loans and lease liabilities with known maturities and not on short-term credit facilities with *ad hoc* drawings.

NOTE 12.2 COMMITMENTS RECEIVED

€ thousands	31/12/22	31/12/21
Guarantees & deposits received, liability guarantees	25,000	5,000
Unused credit lines	300,000	178,000
TOTAL	**325,000**	**183,000**

NOTE 12.3 COMMITMENTS TO ACQUIRE ADDITIONAL SHARES IN COMPANIES NOT FULLY CONSOLIDATED

Due to the lack of specific IFRS provisions and in accordance with the recommendation issued by the AMF on 4 November 2009, the Group opted for the following accounting treatment in relation to commitments to acquire non-controlling interests. Upon initial recognition, these commitments are recognised as financial debt at the discounted acquisition value and offset by a reduction in the book value of non-controlling interests. The difference between the book value of the non-controlling interests due to be acquired and the value of the estimated liability is recognised in equity.

NOTE 13 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES AND RELATED PARTIES

NOTE 13.1 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The value of investments in associates and joint ventures corresponds to the proportion of shareholders' equity held.

The recoverable amount of an equity investment is measured at the higher of its fair value, after deduction of disposal costs, and its value in use.

If the recoverable amount exceeds the net book value of the investment in the associate at the end of the period, no impairment is recognised.

However, if this amount is lower than the net book value, an impairment loss equal to the difference is recognised in priority against goodwill.

Goodwill related to equity-accounted companies is posted to the "Investments in associates and joint ventures" account.

Impairment recorded on the equity-accounted value may be reversed in the event of a significant recovery in the value of the equity investment.

Fair value after deduction of disposal costs is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting disposal costs.

Value in use is determined based on cash flows, which are estimated using plans or budgets over a maximum period of five years; the cash flows beyond that date are extrapolated by applying a constant or decreasing rate of change, and are discounted by using long-term post-tax market rates, which reflect the market's estimates of the time value of money and the specific risks inherent to the assets. In certain cases, cash flows can be estimated over longer periods, to be justified equity investment by equity investment.

Percentage ownership of associates and joint ventures is set out in note 15 to the consolidated financial statements.

Note 13.1.1 Value of investments in associates and joint ventures

€ thousands	31/12/22	31/12/21
Investments in associates and joint ventures - opening balance	172,998	145,471
Changes in consolidation scope and method	152	-
Share of profit/(loss) from associates	24,659	17,027
Dividends paid	-1,100	-
Changes in foreign exchange rates	-3,694	10,400
Other	127	101
INVESTMENTS IN ASSOCIATES AND JOINT VENTURES - CLOSING BALANCE	**193,142**	**172,998**

"Investments in associates and joint ventures" mainly consist of the investment in Dooya (€192.4 million in 2022, compared with €172.3 million in 2021), major aggregates for which are as follows:

€ thousands	31/12/22	31/12/21
Income statement		
Sales	299,391	278,628
Current operating result	34,794	29,640
Net profit	35,454	24,329
Share of profit/(loss) attributable to SOMFY	24,818	17,030

€ thousands	31/12/22	31/12/21
Balance sheet		
Non-current assets	40,125	40,162
Current assets	171,840	154,562
Non-current liabilities	6,552	4,069
Current liabilities	85,352	100,356
Shareholders' equity	120,061	90,300

€ thousands	31/12/22	31/12/21
Consolidated cash flow statement		
Net cash flow from operating activities	50,412	2,344
Net cash flow from investing activities	-10,372	-7,382
Net cash flow from financing and capital activities	9,015	-56

Note 13.1.2 Impairment testing and sensitivity analysis

At 31 December 2022, the Group reviewed the value of equity-accounted investments.
The level of current operating margin over the 2022 financial year remained similar to that seen in 2021. Despite a slowdown in sales over the last quarter of 2022 due to the pandemic, the market should remain buoyant in 2023 and sales should record growth.
For the purposes of the impairment test on the investment in Dooya, a discount rate of 12.0% and a growth rate to infinity of 2.3% were used, unchanged from 31 December 2021.
No impairment charge was recorded during the 2022 financial year.
A six-point increase in the discount rate combined with a seven-point decrease in the EBITDA to sales ratio in the normative flow used in the calculation of the terminal value could lead to a €1 million impairment loss on equity-accounted securities. The Group considers these changes in assumptions resulting in impairment losses unlikely.

NOTE 13.2 RELATED-PARTY DISCLOSURES

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

Transactions with associates

Associates are companies over which the Group has a significant influence or joint control and which are consolidated using the equity method. Transactions with related parties are made on arm's length terms.
Group purchases from Dooya totalled €2.8 million for the year to 31 December 2022 and €2.9 million for the year to 31 December 2021.
Group trade payables with Dooya stood at €0.2 million at 31 December 2022 and €0.7 million at 31 December 2021.
The Group's purchases from Shenzhen Inlight (Teleco Automation) in the year to 31 December 2022 totalled €1 million.
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		Deloitte		Total	
€ thousands	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Certification of financial statements								
Issuer	-	129	137	112	89	-	**226**	**241**
Subsidiaries	477	722	569	442	282	-	**1,327**	**1,163**
Sub-total	**477**	**851**	**706**	**554**	**370**	**-**	**1,553**	**1,405**
Other services*								
Issuer	-	21	39	26	-	-	**39**	**46**
Subsidiaries	165	157	79	23	135	-	**379**	**180**
Sub-total	**165**	**177**	**118**	**49**	**135**	**-**	**418**	**226**
TOTAL	**642**	**1,028**	**823**	**602**	**505**	**-**	**1,971**	**1,630**

* *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 31/12/22	% interest 31/12/22	% interest 31/12/21
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 (merged into SOMFY spolka z ograniczona odpowiedzialnoscia)	Warsaw (Poland)	-	-	100.00
SOMFY Ltd	Yeadon (UK)	100.00	100.00	100.00
SOMFY PTY. Limited	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 (merged into SOMFY Brasil LTDA)	Belo Horizonte (Brazil)	-	-	100.00
SOMFY Colombia SAS	Bogota (Colombia)	100.00	100.00	100.00

Company name	Head office	% control 31/12/22	% interest 31/12/22	% interest 31/12/21
SOMFY Argentina S.R.L.	San Fernando (Argentina)	100.00	100.00	100.00
GABR Participações LTDA (merged into SOMFY Brasil LTDA)	São Paulo (Brazil)	-	-	100.00
SOMFY GmbH (Germany)	Rottenburg am Neckar (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	Barcelona (Spain)	100.00	100.00	100.00
Automatismos Pujol SL	Sant Fruitos de Bages (Spain)	100.00	100.00	100.00
Automatismos Pujol Portugal Lda (merged into BFT Portugal SA)	Coimbra (Portugal)	-	-	100.00
SOMFY FELGUEIRAS, LDA (creation)	Felgueiras (Portugal)	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
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 (merged into SOMFY Co Limited)	Hong Kong	-	-	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

Company name	Head office	% control 31/12/22	% interest 31/12/22	% interest 31/12/21
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
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
Teleco Automation S.R.L. (acquisition)	Cap (Italy)	75.00	75.00	-
Newkos S.R.L. (acquisition)	Cap (Italy)	100.00	75.00	-
Nekos S.R.L. (acquisition)	Cap (Italy)	70.00	52.50	-
Teleco Automation France (acquisition)	Vaulx-en-Velin (France)	75.50	56.63	-
Teleco Automation Benelux SPRL (acquisition)	Nivelles (Belgium)	90.00	67.50	-
Teleco Automation GmbH (acquisition)	Oberding (Germany)	76.00	57.00	-
Teleco Automation Iberica SL (acquisition)	Villena (Spain)	90.00	67.50	-
Teleco Automation Oceania PTY Ltd (acquisition)	Southport (Australia)	77.00	57.75	-
PROMOFI BV	Hoofddorp (Netherlands)	100.00	100.00	100.00
FIGEST BV	Hoofddorp (Netherlands)	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)	100.00	100.00	98.51
Overkiz Asia Co. Limited	Hong Kong	100.00	100.00	98.51
Opendoors (merged into SOMFY Protect by Myfox)	Cluses (France)	-	-	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	Montpellier (France)	60.00	60.00	60.00
RS BOUTIQUE	Montpellier (France)	100.00	60.00	60.00
ABIPEC FORMATION	Montpellier (France)	100.00	60.00	60.00
VOLETS SERVICES MONTPELLIER	Montpellier (France)	51.00	30.60	30.60
VOLETS SERVICES NANTES	Le Bignon (France)	51.00	30.60	30.60
VOLETS SERVICES TOULOUSE (sold)	Saint-Geniès-Bellevue (France)	-	-	30.60
VOLETS SERVICES LUXEMBOURG	Luxembourg (Luxembourg)	51.00	30.60	30.60
VOLETS SERVICES IDF	Cormeilles-en-Parisis (France)	100.00	60.00	60.00
EUROSTORES	Frontignan (France)	50.00	30.00	30.00
Repar'rollladen GmbH (creation)	Rottenburg am Neckar (Germany)	100.00	60.00	-
SEM-T (merged into SOMFY ACTIVITÉS SA)	Cluses (France)	-	-	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	Barcelona (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

Company name	Head office	% control 31/12/22	% interest 31/12/22	% interest 31/12/21
BFT Adria d.o.o.	Drazice (Croatia)	100.00	100.00	100.00
BFT Polska sp zoo	Zielonka (Poland)	100.00	100.00	100.00
BFT Americas Inc.	Boynton Beach (USA)	100.00	100.00	100.00
BFT Portugal SA	Coimbra (Portugal)	100.00	100.00	100.00
BFT Automation (South) Ltd	Stockport (UK)	100.00	100.00	100.00
BFT Automation Australia PTY	Wetherill Park (Australia)	100.00	100.00	100.00
BFT CZ Sro (merged into SOMFY spol s.r.o.)	Prague (Czech Republic)	-	-	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 (liquidated)	Athens (Greece)	-	-	100.00
BFT Automation Ireland	Dublin (Ireland)	100.00	100.00	100.00
BFT Automation Systems PTL	Hyderabad (India)	100.00	100.00	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
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
Hui Gong Intelligence Technology Ltd	Shanghai (China)	70.00	70.00	70.00
New Unity Limited	Hong Kong	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
Inlighted Hong Kong Limited (acquisition)	Hong Kong	50.00	37.50	-
Shenzhen Inlight Opto-electronics Co Ltd (acquisition)	Shenzhen (China)	50.00	37.50	-

06
PARENT COMPANY FINANCIAL STATEMENTS

06
PARENT COMPANY FINANCIAL STATEMENTS

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

€ thousands	31/12/22	31/12/21
Net sales	4,641	4,591
Other revenue	1,383	267
Other charges:	-17,106	-14,345
Personnel expenses	*-3,311*	*-3,579*
Taxes and duties	*-360*	*-360*
Net operating expenses	*-13,435*	*-10,406*
Amortisation, depreciation and provision charges/reversals	27	-392
OPERATING PROFIT	**-11,055**	**-9,879**
Net financial income	**236,080**	**192,126**
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	**225,026**	**182,247**
Extraordinary result	**-1,580**	**4**
PROFIT BEFORE TAX	**223,446**	**182,251**
Income tax	2,089	2,223
NET PROFIT	**225,535**	**184,474**

BALANCE SHEET AT 31 DECEMBER 2022

BALANCE SHEET - ASSETS

€ thousands	31/12/22 Net	31/12/21 Net
Non-current assets		
Intangible assets	1	1
Property, plant and equipment	-	-
Financial assets	579,050	436,102
Total Non-current assets	**579,051**	**436,103**
Current assets		
Inventories and work-in progress	-	-
Trade receivables	1,550	962
Other receivables and accruals	53,217	50,127
Marketable securities and term deposits	456,992	282,406
Cash and cash equivalents	181,014	471,428
Total Current assets	**692,773**	**804,924**
TOTAL ASSETS	**1,271,824**	**1,241,026**

BALANCE SHEET - EQUITY AND LIABILITIES

€ thousands	31/12/22	31/12/21
Shareholders' equity		
Share capital	7,400	7,400
Merger and issue premium	1,866	1,866
Reserves	753,374	642,936
Net profit	225,535	184,474
Total Shareholders' equity	**988,175**	**836,676**
Provisions for liabilities and charges	**1,370**	**3,466**
Liabilities		
Borrowings and financial liabilities	6,441	6,131
Trade payables	2,282	1,704
Other payables and accruals	273,555	393,049
Total Liabilities	**282,278**	**400,884**
TOTAL EQUITY AND LIABILITIES	**1,271,824**	**1,241,026**

PROPOSED ALLOCATION OF 2022 PROFIT

€	
Source	
Retained earnings from prior years	5,514,115.75
Net profit for the year	225,534,911.26
	231,049,027.01

€	
Allocation	
Ordinary dividend	144,300,000.00
Optional reserves	86,749,027.01
	231,049,027.01

PROPOSED EXCEPTIONAL DIVIDEND

It will be proposed to the General Meeting to pay on an exceptional basis the sum of €17.00 per share, representing a total of €629,000,000.00. This amount will be taken from “Optional reserves”.

NOTES TO THE SOMFY SA FINANCIAL STATEMENTS

The financial statements have been prepared for the 12-month period from 1 January 2022 to 31 December 2022.

SIGNIFICANT EVENTS OF THE FINANCIAL YEAR

SIMPLIFIED PUBLIC TENDER OFFER FOR THE SHARES OF SOMFY

On 15 November 2022, SOMFY was informed of a draft Simplified Public Tender Offer for its shares, intended to strengthen the Despature family group’s control over the company. The family group already owned 73.9% of SOMFY SA’s share capital and 84.2% of its theoretical voting rights, and sought to delist the company. This Offer, which applied to a maximum of 7,551,738 shares, was fully aligned with the Group’s strategic and operational development and reaffirmed the principal shareholder’s intention to support the Group’s long-term business growth.

The Offer, jointly initiated by J.P.J.S. and JP 3 (“the Initiators”), was priced at €143 per share, representing a premium of 38.5% above the volume-weighted average share price over the previous 60 trading days and a premium of 20.6% above the last closing price before the Offer was announced, thus offering shareholders a significant premium relative to the recent market track record of SOMFY SA shares.

On 7 December 2022, the Board of Directors issued a reasoned opinion on the Offer and stated that said Offer and its implications were in line with the interests of the Group, its shareholders and employees, and recommended that the company’s shareholders tender their shares to the Offer.

This opinion was issued unanimously following the recommendations of the *ad hoc* committee, comprised of three independent members, and the findings of the report – including a fairness opinion on the financial terms of the Offer – submitted by the independent appraiser Finexsi, appointed upon the proposal of this committee.

The AMF declared the Offer compliant on 20 December 2022 and published the notice announcing the opening of the Offer on 21 December 2022, with the Offer period running from 22 December 2022 to 12 January 2023.

Following the transaction, since the free float accounted for less than 10% of the company’s share capital and voting rights, a squeeze-out was conducted and the remaining shares were acquired in February 2023. This squeeze-out constitutes a subsequent event.

SYNDICATED LOAN

Alongside the structuring of the financial package that enabled the J.P.J.S. and JP 3 holding companies to make the Simplified Public Tender Offer, on 16 December 2022 SOMFY SA took out a €300 million syndicated loan over five years in the form of a revolving credit facility from its main financial partners. This facility replaced the bilateral borrowing facilities still in place with certain banks.

An extension of the syndicate to include new partners and increase the amount of the revolving credit facility by €50 million is currently being set up and should be finalised in the first half-year of 2023. This extension constitutes a subsequent event.

RUSSIAN-UKRAINIAN CRISIS

The war between Russia and Ukraine has been ongoing since 24 February 2022. It has led to the displacement of huge numbers of the Ukrainian population to neighbouring countries and sanctions against Russia by the international community, caused a sharp rise in energy prices and exacerbated the semi-conductor crisis. SOMFY SA is closely monitoring developments in the Russian-Ukrainian conflict. It is difficult at this stage to assess its repercussions on the economy in general and on SOMFY SA’s business in particular. Within this uncertain environment, potential asset impairment of approximately €1.5 million has been measured by SOMFY SA, for which provision has been made at 31 December 2022.

ACQUISITION OF AN INTEREST IN FRENCH GROUP ELCIA

On 14 April 2022, SOMFY SA acquired a 6.33% stake in the share capital of Elcia, the French leader for configurators and software for the windows, doors, roller shutters and shading systems sector, for €5 million. This acquisition was financed from SOMFY SA’s existing cash resources.

CONTINGENT LIABILITIES

The proceedings brought against **SOMFY SA** by **Spirel** employees before the regional court of Albertville have been closed since 23 June 2021, the employees’ appeal to the highest Court of Appeal having been rejected. In a decision dated 3 May 2022, the Arbitrating Judge of the Labour Court of Albertville dismissed the claim brought by the employees challenging their redundancy and seeking compensation of an amount substantially identical to the amount sought in the proceedings before the regional court (€8.2 million). The proceedings before the Labour Court of Albertville had already been dismissed in 2016 and 2018. Certain employees appealed that decision and the proceedings are thus still ongoing.

SOMFY SA continues to qualify the risk as a contingent liability and no provision was recognised at 31 December 2022.

In a ruling of 17 December 2021, the Paris Commercial Court had dismissed all claims brought by **Alder Holdings SAS** (formerly United Technologies Holdings SAS) in its case against **SOMFY SA** concerning the disposal of CIAT shares in 2015. For reference, Alder Holdings was claiming a total of €18.4 million from the sellers of the CIAT shares (of which SOMFY SA’s portion would have been €8.5 million) under the liability guarantee, in connection with complaints fully contested by the sellers, and also remained liable for deferred payments. In early 2022, Alder Holdings appealed the ruling of 17 December 2021, thus blocking the €10 million held in escrow yet to be received by the sellers (of which €4.3 million for SOMFY SA).

Under mediation proceedings led by the Paris Court of Appeal, SOMFY SA and Alder Holdings entered into an agreement on 30 September 2022 to bring the dispute to a close. Under this

agreement, the sellers will pay compensation of €3.5 million to Alder Holdings (of which €1.3 million to be paid by SOMFY SA), to be deducted from the escrow account, the remaining balance of which will be released in full (of which €2.9 million for SOMFY SA).
Proceedings were fully completed as at 31 December 2022. The impacts recognised by SOMFY SA in 2022 consist of a €2.2 million inflow in respect of deferred payments, a €2.9 million inflow in respect of the balance of the purchase price and a non-current loss of €1.6 million including other costs.

POST-BALANCE SHEET EVENTS

SIMPLIFIED PUBLIC TENDER OFFER AND SQUEEZE-OUT

As noted under Significant events, the Simplified Public Tender Offer ended on 12 January 2023 and a total of 5,020,213 shares were tendered during the Offer period, with the result that the Despature family group held 87.47% of SOMFY SA's share capital and 92.06% of its voting rights following the Offer.
Since those shares not tendered to the Offer accounted for less than 10% of the share capital and voting rights, the Despature family group decided on 30 January 2023 to conduct a squeeze-out of SOMFY SA shares not tendered to the Offer at a price of €143 per share.
The squeeze-out and the delisting of SOMFY SA shares from the Euronext Paris market took effect on 9 February 2023.

EXTENSION OF SYNDICATE AND REVOLVING CREDIT FACILITY

As noted under Significant events, the extension of the syndicate is currently being set up and should be finalised in the first half-year of 2023 to include new partners and increase the amount of the revolving credit facility by €50 million.

ACCOUNTING RULES AND METHODS

The 2022 financial statements have been prepared in accordance with the general accounting rules prescribed by the French Chart of Accounts derived from ANC regulations.
The general bases of accounting have been applied in respect of the principle of prudence, in accordance with the following basic assumptions:
- going concern;
- consistency of accounting methods from one year to the next;
- separate accounting periods;
- and in compliance with the general rules for the preparation and presentation of annual financial statements.

The method used to value the items in the accounts is the historical cost method.

EQUITY INVESTMENTS

The gross value of equity investments comprises their acquisition cost less related expenses. Writedown is recognised when the book value falls below historical cost. Book value is determined based on several assessment items, such as year-end net assets, profitability level, future prospects and share price for listed companies.

OTHER SECURITIES

The initial value of other securities comprises their acquisition cost less associated expenses. When the estimated realisable value is lower than cost, an impairment provision is recorded for the difference.

MARKETABLE SECURITIES AND TERM DEPOSITS

The gross value of marketable securities comprises their purchase price less related expenses or their transfer value, calculated using the first in, first out method. Marketable securities are valued at their average quoted stock exchange price over the month of December 2022 and are impaired when this is lower than cost.
At 31 December 2022, marketable securities totalled €94.2 million, comprising:
- treasury shares of €96.7 million;
- a provision of €2.6 million for the writedown of treasury shares.

Financial investments presumed to be eligible as cash equivalents in keeping with the joint position issued by the Autorité des Normes Comptables (French Accounting Standards Authority) and the Autorité des Marchés Financiers (French Financial Markets Authority) represent a net amount of €29.3 million.

TREASURY SHARES

The company has implemented several successive share buyback programmes. The most recent buyback programme was launched in 2022; it was authorised by the Combined General Meeting of 1 June 2022, 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, including related economic interest groups and companies, as well as all other shares allocated under a company or group savings scheme (or similar), in relation to employee profit-sharing and/or any other form of allocation to employees and/or corporate officers of the Group, including related economic interest groups and companies;
- to cover marketable securities giving right to the allocation of company shares, in accordance with applicable regulations;
- to proceed with the possible cancellation of shares acquired, in accordance with the authorisation granted or to be granted by the Extraordinary General Meeting.

Such share purchases could be effected by all means, including by means of acquiring blocks of shares and at any times considered appropriate by the Board of Directors.
The company reserved the right to use options or derivative instruments, in accordance with applicable regulations.
These shares are classified in account 502 “Treasury shares”. Income or losses on treasury share transactions are thus recognised as financial income/expenses.
Treasury shares to be granted to employees and allocated to stock option or free share plans are valued on a plan by plan basis at the lower of acquisition cost or exercise price of the call option.
Shares not yet allocated to plans or which have lapsed are valued at the lower of the average purchase price of all these shares or the average quoted stock exchange price over the month of December 2022.

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 2022.
Disposals are valued based on the first in, first out method.

SOMFY SA STOCK OPTION AND FREE SHARE ALLOCATION PLANS

At 31 December 2022, no more stock option plans existed.
During 2020, the Management Board of SOMFY SA agreed on the following allocations of SOMFY SA performance shares:

- at its meeting of 31 August 2020, allocation of SOMFY performance shares to 52 beneficiaries. The vesting of these performance shares was subject to the condition that they must remain employed by the Group. Final vesting took place on 15 September 2022. The shares vested were available from 16 September 2022 and were not 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 was subject to the condition that they must remain employed by the Group. Final vesting took place on 28 November 2022. The shares vested were available from 29 November 2022 and were not subject to a retention obligation.

During 2021, the Board of Directors of SOMFY SA agreed on the following allocations of SOMFY SA performance shares:

- at its meeting of 28 June 2021, allocation of SOMFY performance shares to 69 beneficiaries. The vesting of these performance shares is subject to the condition that they must remain employed by the Group. Final vesting will take place on 30 June 2023. The shares vested will be available from 1 July 2023 and will not be subject to a retention obligation;
- at its meeting of 28 June 2021, allocation of SOMFY performance shares to 122 beneficiaries. The vesting of these performance shares is subject to the condition that they must remain employed by the Group. Final vesting will take place on 30 June 2024. The shares vested will be available from 1 July 2024 and will not be subject to a retention obligation;
- at its meeting of 7 December 2021, allocation of SOMFY performance shares to 4 beneficiaries. The vesting of these performance shares is subject to the condition that they must remain employed by the Group. Final vesting will take place on 30 June 2023. The shares vested will be unavailable until midnight, 11 December 2023, since they will be subject to a retention obligation;
- at its meeting of 7 December 2021, allocation of SOMFY performance shares to 4 beneficiaries. The vesting of these performance shares is subject to the condition that they must remain employed by the Group. Final vesting will take place on 30 June 2024. The shares vested will be available from 1 July 2024 and will not be subject to a retention obligation.

During 2022, the Board of Directors of SOMFY SA agreed on the following allocation of SOMFY SA performance shares:

- at its meeting of 1 June 2022, allocation of SOMFY performance shares to 111 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 2025. The shares vested will be available from 1 July 2025 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.

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 2022, “Asset” and “Liability” translation adjustments of €934 thousand and €99 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.
In relation with the setting up of the syndicated loan (see Significant events of the financial year), credit lines made available by the banks are subject to SOMFY SA commitment to comply with a financial covenant based on its ability to repay (net financial debt/EBITDA). This financial covenant will be tested for the first time on 31 December 2023.

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 2022, all financial instruments entered into by the company qualified as hedging instruments.

PROVISIONS FOR RETIREMENT BENEFITS

A provision for retirement benefits is recognised in the parent company financial statements of SOMFY SA in accordance with the terms set out in ANC recommendation 2013-02, which allow for the application of rules laid down in IAS 19, “Employee benefits”. The company is bound by the national collective bargaining agreement for the metallurgical industry.
Similarly, in accordance with the possibilities offered by the ANC, the company decided to apply the decision of the IFRS Interpretations Committee (IFRS-IC) clarifying periods of service to which an entity should attribute defined benefits when:

- employees are entitled to a lump sum benefit on reaching a given retirement age and are still employed by the entity in question at that date;
- the amount of the retirement benefit awarded to an employee depends on that employee's length of service with the entity and is capped at a number of years' consecutive service.

IFRS-IC concluded that an entity should attribute the entitlement to retirement benefits to each year during which an employee serves with effect from the date on which the obligation first arises and not over the entire period of employment.

These provisions apply in full to the national collective bargaining agreement for the metallurgical industry.

In light of the above and of actuarial assumptions appropriate to SOMFY SA, the provision for retirement benefits stood at €366 thousand at 31 December 2022.

CONSOLIDATING ENTITY

As of 31 December 2022, SOMFY SA is a 52.85%-subsidiary of the company J.P.J.S. which is the consolidating parent company. Following the squeeze-out on 9 February 2023 (see Post-balance sheet events), J.P.J.S. now holds 69.99% of the share capital of SOMFY SA.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2022

NOTE 1 OPERATING ITEMS

SOMFY SA sales for the year to 31 December 2022 were €4.6 million, an increase compared with the previous year. The operating loss was €11.1 million, compared with a loss of €9.9 million in 2021.

NOTE 1.1 SALES BREAKDOWN

€ thousands	
France	2,744
European Union	1,257
Non-EU	641
TOTAL	**4,641**

NOTE 1.2 DIRECTORS' REMUNERATION

€ thousands	
Remuneration allotted	
– to members of management bodies	1,602
– to members of supervisory and administrative bodies	1,682
Pension commitments subscribed	366

NOTE 1.3 WORKFORCE AT 31 DECEMBER 2022

	Male	Female	Total
Managers & executives	7	3	**10**

In respect of 2022, the average headcount of managers & executives was 10, against 11 in 2021.

NOTE 2 FINANCIAL ITEMS

The net financial income of the SOMFY SA holding company was €236.1 million, compared with €192.1 million in 2021, an increase of €44.0 million. Dividends received amounted to €241.3 million and increased by €52.0 million.

NOTE 3 EXTRAORDINARY ITEMS

Net extraordinary loss was €1,580 thousand compared with a profit of €4 thousand in 2021.

NOTE 4 INCOME TAX

An income tax gain of €2.1 million was recognised, including a €2.7 million tax consolidation profit.

NOTE 4.1 BREAKDOWN OF INCOME TAX AT 31 DECEMBER 2022

	Tax		
€ thousands	**Base**	**Rate**	**Amount at**
1. Current result			
Net profit for the year	225,026	25.83%	-58,124
Tax adjustments:			
– Long-term capital gains and losses	-	-	-
– Income from equity investments	-237,997	25.83%	61,475
– Other	7,394	25.83%	-1,910
Subtotal Current Result	**-5,577**	**25.83%**	**1,441**
2. Extraordinary result			
Net profit for the year	-1,580	25.83%	408
Tax adjustments:			
– Long-term capital gains and losses	-	-	-
– Deductions	-55	25.83%	14
– Reinstatements	28	25.83%	-7
Subtotal Extraordinary Result	**-1,608**	**25.83%**	**415**
Subtotal Total theoretical tax	**-7,185**	**25.83%**	**1,856**
3. Other tax items			
Tax paid by group tax consolidation companies	-	-	11,706
Tax charge/income for the tax consolidation group (excluding total theoretical tax)	-	-	-10,849
Contribution on distributed earnings	-	-	-527
Tax charge/relief from previous periods	-	-	-97
Subtotal Other tax items	**-**	**-**	**233**
TOTAL INCOME TAX	**-**	**-**	**2,089**

	Before tax	**Tax**	**After tax**
Current result	225,026	1,441	226,466
Extraordinary result	-1,580	415	-1,165
Other tax items	-	233	233
ACCOUNTING RESULT	**223,446**	**2,089**	**225,535**

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 2022, 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
Overkiz		Épagny Metz-Tessy
SOMFY Protect by Myfox		Labège

NOTE 5 NET PROFIT

Net profit totalled €225.5 million.

NOTE 6 NON-CURRENT ASSETS

NOTE 6.1 GROSS NON-CURRENT ASSETS

€ thousands	Gross value 31/12/21	Increase	Decrease	Merger movements	Other movements	Gross value 31/12/22
Intangible assets	**215**	**-**	**-**	**-**	**-**	**215**
Property, plant and equipment	**2**	**-**	**-**	**-**	**-**	**2**
Financial assets	**461,767**	**150,679**	**-6,501**	**-**	**-**	**605,945**
Equity investments*	444,346	118,001	-	-	3,784	566,130
Receivables from equity investments**	12,783	26,683	-6,500	-	-3,784	29,182
Other financial assets	4,639	5,995	-1	-	-	10,634

* *Increases consist of increases in the share capital of SOMFY Italia (€101,000 thousand) and SOMFY Protect by Myfox (€12,000 thousand), the creation of SOMFY FELGUEIRAS (€5,000 thousand) and the capitalisation of receivables from SOMFY Brasil (€3,784 thousand).*

** *Movements in receivables from equity investments is linked to the refunding or granting of financial advances made to certain subsidiaries (including a loan to SOMFY Italia for €24.7 million).*

It should be noted that the value of the equity investment in the jointly controlled entity Dooya, indirectly held by SOMFY SA, stood at €126,956 thousand at 31 December 2022.

NOTE 6.2 AMORTISATION AND DEPRECIATION

€ thousands	Amount at 31/12/21	Charges	Reversals	Merger movements	Other movements	Amount at 31/12/22
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 31/12/21	Charges	Reversals used	Reversals unused	Merger movements	Other movements	Amount at 31/12/22
Equity investments*	21,627	5,412	-	-749	-	-	26,291
Receivables from equity investments**	4,038	-	-	-3,434	-	-	604
Other financial assets	-	-	-	-	-	-	-
	25,666	**5,412**	**-**	**-4,182**	**-**	**-**	**26,896**

* *Net charges for the financial year primarily relate to shares in SOMFY Brasil.*
** *These reversals mainly relate to loans to SOMFY Brasil capitalised during the financial year.*

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	29,182	3,083	26,099
Other financial assets	10,634	-	10,634
Current receivables			
Trade receivables	1,550	1,550	-
Miscellaneous receivables	50,524	50,524	-
Prepaid expenses and translation adjustment	2,694	2,694	-
	94,583	**57,850**	**36,733**

Miscellaneous receivables mainly comprise €39,748 thousand of intragroup current accounts, primarily originating from the implementation of cash pooling at Group level.

NOTE 8 DEFERRED INCOME AND OTHER RECEIVABLES

€ thousands	
Dividends	-
Accrued interest on cash accounts	410
Trade receivables, invoices to be issued	-
Government, tax and duties	24,726
Other	16

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	-	-
Receivables from equity investments	278	278
Miscellaneous receivables	18	18
Financial debts	639	639
	934	**934**

NOTE 10 SHAREHOLDERS' EQUITY

NOTE 10.1 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

€ thousands	Balance at 31/12/21 before allocation of net profit	Allocation of net profit 31/12/21	2022 movements	Balance at 31/12/22 before allocation of net profit	Proposed allocation of 2022 net profit	Proposed exceptional dividend	Balance at 31/12/22 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	631,428	109,764	-	741,191	86,749	-629,000	198,940
Retained earnings	4,839	-4,839	5,514	5,514	-5,514	-	-
Net profit	184,474	-184,474	225,535	225,535	-225,535	-	-
Regulated provisions	-	-	-	-	-	-	-
	836,676	**-79,550**	**231,049**	**988,175**	**-144,300**	**-629,000**	**214,875**

The €5.5 million change in 2022 "Retained earnings" corresponds to dividends not paid to treasury shares.

NOTE 10.2 COMPOSITION OF SHARE CAPITAL

€	Number of shares	Par value
– **Shares**		
At the start of the year	37,000,000	0.2
At the end of the year	37,000,000	0.2
– **Convertible bonds and similar securities**	-	-

NOTE 10.3 TREASURY SHARES

€ thousands		31/12/21	Increase	Decrease	Transfer	31/12/22
Stock options and free shares	€ thousands	48,037	-	-	-403	47,634
	number	*1,332,690*	-	-	*-16,737*	*1,315,953*
Liquidity contract	€ thousands	951	7,587	-7,489	-	1,049
	number	*5,585*	*56,609*	*-52,359*	-	*9,835*
Shares retained for potential acquisitions and cancellation	€ thousands	48,056	-	-	-	48,057
	number	*1,221,770*	-	-	-	*1,221,770*
Treasury shares	€ thousands	-	-	-	-	-
	number	-	-	-	-	-
TOTAL TREASURY SHARES	**€ thousands**	**97,045**	**7,587**	**-7,489**	**-403**	**96,740**
	number	***2,560,045***	***56,609***	***-52,359***	***-16,737***	***2,547,558***

NOTE 10.4 FREE SHARE PLANS

Plan date	Plan name	Number of beneficiaries	Number of shares allocated	Price per share (€)	Allocation date	Vesting date	Revision of share number related to presence and performance conditions	Number of shares definitely allocated in 2022	Number of shares potentially vested at 31/12/22
31/08/20	AGAP 2022 Plan	52	17,340	100.83	15/09/22	16/09/22	-1,102	**16,238**	**-**
25/11/20	AGAP 2022 Plan n°2	3	516	126.24	28/11/22	29/11/22	-17	**499**	**-**
28/06/21	AGAP 2023 Plan	69	19,236	140.15	30/06/23	01/07/23	-641	**-**	**18,595**
28/06/21	AGAP 2024 Plan	122	24,444	137.39	30/06/24	01/07/24	-815	**-**	**23,629**
07/12/21	AGAP 2023 Plan n°2	4	1,284	165.80	30/06/23	11/12/23	-43	**-**	**1,241**
07/12/21	AGAP 2024 Plan n°2	4	1,284	162.93	30/06/24	01/07/24	-43	**-**	**1,241**
01/06/22	AGAP 2025 Plan	111	32,172	129.21	30/06/25	01/07/25	-5,362	**-**	**26,810**

Pursuant to the Simplified Public Tender Offer described under “Significant events of the financial year”, free share plans in the process of vesting remain valid and will continue to run until expiry. Shares allocated under these plans will vest in accordance with the continued employment and performance conditions applicable to each plan.
Following the closure of the Offer period, liquidity agreements have been put in place with J.P.J.S. and JP 3 in 2023 to enable plan beneficiaries to sell their shares, once vested, at prices governed by a calculation formula.
Pursuant to IFRS 2, the liquidity agreements put in place in 2023 would result in a change to the original plans in the form of a cash alternative, the value of which is liable to change at each balance sheet date in line with variations in the formula parameters.

NOTE 11 BALANCE SHEET PROVISIONS

€ thousands	Amount at 31/12/21	Charges	Reversals used	Reversals unused	Merger movements	Other movements	Amount at 31/12/22
Regulated provisions	-	-	-	-	-	-	-
Provisions for liabilities and charges (incl. exchange losses)	3,466	-	-2,015	-82	-	-	1,370
	3,466	**-**	**-2,015**	**-82**	**-**	**-**	**1,370**

NOTE 12 ANALYSIS OF MATURITY OF PAYABLES

€ thousands	Total amount	Less than 1 year	More than 1 year and less than 5 years	More than 5 years
Liabilities				
Borrowings and debts from credit institutions	6,441	348	6,093	-
Miscellaneous loans and borrowings	-	-	-	-
Operating liabilities				
Trade payables and related items	2,282	2,282	-	-
Tax and social security payable	2,270	2,270	-	-
Other liabilities	271,187	271,187	-	-
Deferred income and translation adjustment	99	99	-	-
	282,278	**276,185**	**6,093**	**-**

Other liabilities mainly comprise €259,174 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	805
Employees, statutory bodies, government, duties and taxes	1,168
Miscellaneous	-
Attendance fees	-

NOTE 14 OFF-BALANCE SHEET COMMITMENTS

NOTE 14.1 FINANCIAL COMMITMENTS

€ thousands	31/12/22	31/12/21
– Guarantees and deposits received	5,000	5,000
– Unused credit facilities	300,000	178,000
TOTAL COMMITMENTS RECEIVED	**305,000**	**183,000**

€ thousands	31/12/22	31/12/21
– Guarantees, deposits given, put options	5,850	-
– Interest on outstanding loans	-	-
– Liability guarantee on CIAT disposal	-	17,796
– Other	-	-
TOTAL COMMITMENTS GIVEN	**5,850**	**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 RISKS

The Group's exposure to foreign exchange risk is primarily related to its operational activities (intragroup sales of manufactured products distributed by commercial subsidiaries outside the Euro zone, these sales being denominated in local currencies and purchases denominated in local currencies). Subsidiaries' hedges in these areas are made through the parent company SOMFY SA. Commercial transactions are covered for a period of less than 12 months. The main hedging instruments usually used by the company are forward purchases and sales.

Foreign exchange hedges by currency

31/12/22 € thousands	Contract nominal value		Net total	Total fair value	Of which fair value recognised under items of other comprehensive income
	Sales	Purchases			
USD	16,501	-	**16,501**	-474	-474
CNY	14,025	-	**14,025**	-482	-482
CHF	-	-3,351	**-3,351**	6	6
CAD	-	-6,215	**-6,215**	424	424
ILS	-	-3,036	**-3,036**	269	269
PLN	-	-13,652	**-13,652**	-208	-208
AUD	-	-5,735	**-5,735**	299	299
GBP	-	-13,902	**-13,902**	217	217
Other currencies	4,068	-9,921	**-5,853**	168	168
	34,594	**-55,812**	**-21,218**	**221**	**221**

31/12/21 € thousands	Contract nominal value		Net total	Total fair value	Of which fair value recognised under items of other comprehensive income
	Sales	Purchases			
USD	-	-15,186	**-15,186**	377	377
CNY	-	-10,911	**-10,911**	461	461
CHF	6,170	-4,234	**1,936**	-100	-100
CAD	3,265	-	**3,265**	-88	-88
ILS	3,498	-	**3,498**	-218	-218
NOK	3,524	-	**3,524**	29	29
AUD	5,764	-	**5,764**	14	14
GBP	9,580	-	**9,580**	-162	-162
Other currencies	11,428	-2,729	**8,700**	-80	-80
	43,230	**-33,060**	**10,170**	**232**	**232**

Foreign exchange hedges by type

31/12/22 € thousands	Contract nominal value		Net total	Fair value
	Sales	Purchases		
Fair Value Hedges	13,684	-19,421	**-5,737**	221
Cash Flow Hedges	20,910	-36,391	**-15,481**	
Net Investment Hedges	-	-	**-**	-
Trading	-	-	**-**	-
	34,594	**-55,812**	**-21,218**	**221**

31/12/21 € thousands	Contract nominal value		Net total	Fair value
	Sales	Purchases		
Fair Value Hedges	21,960	-15,297	**6,663**	232
Cash Flow Hedges	21,270	-17,763	**3,507**	
Net Investment Hedges	-	-	**-**	-
Trading	-	-	**-**	-
	43,230	**-33,060**	**10,170**	**232**

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 2022, the effective portion of hedges was valued at a negative €0.2 million and the ineffective portion was nil.

31/12/22	Tonnes	Hedging of items off-balance sheet *€ thousands*	Fair value *€ thousands*	Types
Copper	1,105	8,487	74	Swap
Zinc	906	2,710	-227	Swap
	2,011	**11,197**	**-153**	

31/12/21	Tonnes	Hedging of items off-balance sheet *€ thousands*	Fair value *€ thousands*	Types
Copper	250	1,979	154	Swap
Zinc	695	1,839	315	Swap
	945	**3,818**	**470**	

NOTE 16 STATUTORY AUDITORS' FEES

—

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	64	100.00%	284	-	-
SOMFY ACTIVITÉS SA	35,123	161,845	100.00%	67,285	584,412	99
CMC	8	493	100.00%	275	-	-
Somfybat	6,830	13,168	100.00%	1,706	-	-
SOMFY Ltd	146	646	100.00%	1,901	22,817	-
SOMFY PTY. Limited	306	3,542	100.00%	1,568	23,810	-
N.V SOMFY S.A	348	856	100.00%	2,847	39,746	-
SOMFY Brasil LTDA	5,056	-4,803	99.99%	592	6,715	-
SOMFY GmbH (Germany)	1,500	7,121	100.00%	14,216	186,654	1,500
SOMFY Kereskedelmi Kft	787	862	100.00%	855	6,312	-
SOMFY spol s.r.o.	177	-358	100.00%	2,110	37,502	-
SOMFY spolka z ograniczona odpowiedzialnoscia	164	709	100.00%	3,594	64,121	-
SOMFY S.R.L.	307	252	100.00%	483	4,337	-
Chusik Hoesa SOMFY	314	2,151	100.00%	218	7,281	-
SOMFY Italia SRL	103,000	20,118	99.90%	741	39,830	-
SOMFY España SA	10,010	94,462	100.00%	17,127	35,358	15,000
SOMFY Systems Inc	8,786	21,415	100.00%	12,506	128,071	-
SOMFY SA (Suisse)	30	2,715	100.00%	3,601	35,425	-
SOMFY Sweden Aktiebolag	71	1,239	100.00%	1,415	9,657	-
SOMFY PTE Ltd	533	211	100.00%	1,131	6,254	-
SOMFY Co Limited	10,423	4,699	100.00%	2,001	1,843	2,863
Zhejiang Lian Da Science and Technology Co., Ltd.	6,960	1,854	95.00%	7,217	73,085	-
SOMFY Middle East Co. Ltd	62	3,569	100.00%	4,142	32,336	-
SOMFY Mexico, S.A. DE C.V.	63	2,081	99.21%	736	5,834	-
SOMFY Kabushiki Kaisha	205	2,121	100.00%	497	12,538	-
PROMOFI BV	91	402	100.00%	45,053	-	45,000
Simu	5,000	16,576	100.00%	6,661	122,735	1,000
SOMFY ULC	904	221	100.00%	1,219	20,007	-
Arve Finance	3,010	-1,636	50.17%	-192	-	-
SOMFY SIA	521	-167	100.00%	822	7,398	-
SOMFY South Africa PTY Limited	410	387	100.00%	872	3,564	-
SOMFY Colombia SAS	28	-125	100.00%	9	990	-
Domis SA	1,115	1,873	100.00%	-239	11,838	-
SOMFY Limited Liability Company	1,104	1,596	100.00%	212	5,347	-
Sisa Home Automation Ltd	249	4,941	100.00%	1,823	15,419	-
SOMFY EV Otomasyon Sistemleri Ticaret Ltd Sti	801	1,738	99.86%	1,190	14,101	-
Asian Capital International Limited	117,052	22,900	100.00%	-31	-	-
SOMFY Maroc	60	338	100.00%	626	7,761	-
SOMFY Hellas SA	750	683	100.00%	1,101	12,888	-
SOMFY India Pvt Ltd	1,706	-302	100.00%	647	5,985	-
SOMFY Bulgaria AD	102	474	99.90%	569	2,594	-
SOMFY (Thailand) Co., Ltd	306	899	99.98%	714	4,882	-
Limited Liability Company SOMFY	370	90	100.00%	2	152	-
SOMFY Services	99	-52	50.00%	-	-	-

€ 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 Egypt	140	-74	99.91%	-	-	-
SOPEM spolka z ograniczona odpowiedzialnoscia	90,533	-8,131	100.00%	-28,726	177,909	-
SOMFY Argentina S.R.L.	1,388	-1,208	99.77%	499	5,077	-
SOMFY Norway AS	67	438	100.00%	945	11,622	-
SOMFY Protect by Myfox	583	4,837	100.00%	-4,474	19,177	-
SOMFY Saudi Arabia	6,350	525	75.00%	327	12,318	-
RS FRANCHISE	800	13,640	60.00%	2,723	5,916	2,288
SOMFY FELGUEIRAS, LDA	5,000	-	100.00%	-55	-	-

€ thousands	
Loans and advances granted to the companies above, not yet repaid	25,495
Total guarantees granted to the companies above	-
Dividends received from the above companies during the year	241,287

NOTE 18 EQUITY INVESTMENTS AT 31 DECEMBER 2022

€ 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	-
102,900,000	SOMFY Italia SRL shares	103,271	103,271	-
50	SOMFY SA (Suisse) shares	152	152	-
660	SOMFY Kabushiki Kaisha shares	194	194	-
35,000	SOMFY España SA shares	93,161	93,161	-
13,995	N.V SOMFY S.A shares	334	334	-
35,999	SOMFY Middle East Co. Ltd shares	72	72	-
100,000	SOMFY Ltd shares	144	144	-
500,000	SOMFY PTY. Limited shares	350	350	-
80,000	Chusik Hoesa SOMFY shares	460	460	-
1,100,000	SOMFY PTE Ltd shares	514	514	-
500	CMC shares	8	8	-
104,100,000	SOMFY Co Limited shares	10,811	10,811	-
1	SOMFY spol s.r.o. share	1,012	1,012	-
690	SOMFY spolka z ograniczona odpowiedzialnoscia shares	1,458	1,458	-
1	SOMFY Kereskedelmi Kft share	1,865	1,865	-
1,255	SOMFY Mexico, S.A. DE C.V. shares	362	362	-
2,998,834	SOMFY Brasil LTDA shares	18,732	-	-
250,000	Simu shares	23,937	23,937	-

€ thousands		Gross value	Net value	Quoted value
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	7,307	-
124,274	SOMFY S.R.L. shares	311	311	-
100,000	SOMFY ULC shares	333	333	-
1,510,000	Arve Finance shares	1,510	593	-
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	-	-
14,000,000	Sisa Home Automation Ltd shares	270	270	-
16,776	SOMFY EV Otomasyon Sistemleri Ticaret Ltd Sti shares	875	875	-
1,251,092,652	Asian Capital International Limited shares	110,793	110,793	-
999	SOMFY Bulgaria AD shares	102	102	-
9,998	SOMFY (Thailand) Co., Ltd shares	304	304	-
1	Limited Liability Company SOMFY share	381	-	-
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	-
7,684,372	SOMFY Argentina S.R.L. shares	563	563	-
500	SOMFY Norway AS shares	57	57	-
777,724	SOMFY Protect by Myfox shares	41,454	36,954	-
400,005	SOMFY Saudi Arabia shares	4,730	4,730	-
600	RS FRANCHISE shares	34,732	34,732	-
379,449	Somfybat shares	10,280	10,280	-
4,999,999	SOMFY FELGUEIRAS, LDA shares	5,000	5,000	-
		566,129	**539,838**	**-**

€ thousands	Gross value	Net value	Quoted value
Portfolio investments	-	-	-
Marketable securities			
Treasury shares	96,741	94,186	364,301
Marketable securities	29,436	29,349	29,349
	126,176	**123,535**	**393,650**

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 2022.

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 2022 and of the results of its operations for the year then ended in accordance with French accounting principles and methods.

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 2022 to the date of our report.

JUSTIFICATION OF ASSESSMENTS

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 following assessments which, in our professional judgement, were of most significance in our audit of the parent company financial statements for the financial year just ended.

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.

The value of the equity investments in the jointly controlled entity Dooya, indirectly held by your company, stood at €127.0 million with total assets of €1,271.8 million at 31 December 2022. As specified in note "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.

The work of audit teams 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;
- performing sensitivity analyses on impairment tests, comparing the carrying value of the equity investments in the jointly controlled entity Dooya with their net book value and, where applicable, verifying the impairment amount recorded; and
- assessing the appropriateness of the information provided in the 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 Board of Directors' management report and in the other documents sent to the shareholders concerning the financial situation and the parent company financial statements.

We certify that the information relating to payment terms mentioned in Article D. 441-6 of the Commercial Code is true and fair, and consistent with the parent company financial statements.

REPORT ON CORPORATE GOVERNANCE

We hereby certify that the information required by Article L. 225-37-4 of the Commercial Code is included in the Board of Directors' report on corporate governance.

OTHER INFORMATION

As required by law, we ensured that the information concerning equity investments and controlling interests was provided to you in the management report.

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 parent company financial statements have been prepared by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE PARENT COMPANY FINANCIAL STATEMENTS

—

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.

Lyon, 29 March 2023
The Statutory Auditors

KPMG Audit A Department of KPMG SA	DELOITTE & ASSOCIÉS
Sara Righenzi de Villers Partner	Patrice Choquet Partner

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

To the Shareholders of SOMFY SA,

As Statutory Auditors to your company, we hereby present our report on regulated agreements.

It is our responsibility to inform you, based on the information that has been given to us, of the key features and terms and conditions, as well as the grounds for the company's interest, of the agreements of which we have been made aware or that we may have discovered as part of our assignment, without having to comment on their usefulness and validity or to search for other such agreements. Pursuant to the provisions of Article R. 225-31 of the Commercial Code, it is your role to assess the interest in concluding these agreements, with a view to approving them.

Furthermore, it is our responsibility, if applicable, to inform you of disclosures required by Article R. 225-31 of the Commercial Code relative to the implementation during the year just ended of agreements already approved by the General Meeting.

We have performed the due diligence we deemed necessary with regard to the professional standards of the Compagnie Nationale des Commissaires aux Comptes in relation to this assignment. Such due diligence consisted in verifying that the information we were given was consistent with the information disclosed in their source documents.

AGREEMENTS SUBMITTED FOR APPROVAL TO THE GENERAL MEETING

—

We hereby inform you that we have not been advised of any agreements authorised and concluded during the financial year that required approval from the General Meeting pursuant to Article L. 225-38 of the Commercial Code.

AGREEMENTS ALREADY APPROVED BY THE GENERAL MEETING

—

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, 29 March 2023
The Statutory Auditors

KPMG Audit
A Department of KPMG SA

Sara Righenzi de Villers
Partner

DELOITTE & ASSOCIÉS

Patrice Choquet
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 2022.

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 2022 and of the results of its operations for the year then ended in accordance with International Financial reporting Standards as adopted by the European Union.

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 2022 to the date of our report.

JUSTIFICATION OF ASSESSMENTS

—

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 following assessments which, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year just ended.

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.

At 31 December 2022, the jointly controlled shareholding in the Dooya company was valued at €192.4 million, as specified in note 13.1 "Investments in associates and joint ventures" to the consolidated financial statements. At the balance sheet date, in accordance with the same procedures as in previous financial years, 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.

The impairment test involves comparing the recoverable amount of this shareholding 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.

The work of audit teams notably 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;
- performing sensitivity analyses on impairment tests, comparing the recoverable amount of the shareholding in the Dooya company with the net book value;
- assessing the appropriateness of the information provided in the financial statements.

SPECIFIC VERIFICATIONS

—

In accordance with the professional standards applicable in France, we have also performed the specific verifications required by law and regulations on the information relating to the Group given in the Board of Directors' management report.

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

We certify that the consolidated non-financial statement provided for by Article L. 225-102-1 of the Commercial Code is included in the Group's 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.

RESPONSIBILITY OF MANAGEMENT AND INDIVIDUALS IN CHARGE OF CORPORATE GOVERNANCE IN RELATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

—

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

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

The consolidated financial statements have been prepared by the Board of Directors.

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

—

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.

Lyon, 29 March 2023
The Statutory Auditors

KPMG Audit A Department of KPMG SA	DELOITTE & ASSOCIÉS
Sara Righenzi de Villers Partner	Patrice Choquet Partner

REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE VERIFICATION OF THE CONSOLIDATED NON-FINANCIAL STATEMENT

This is a free English translation of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Annual General Meeting,

In our capacity as Statutory Auditor of your company (hereinafter "entity") appointed as Independent Third Party, and accredited by the French Accreditation Committee (COFRAC) under number 3-1884[1], we have undertaken a limited assurance engagement on the historical information (observed or extrapolated) in the consolidated non-financial statement, prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), for the year ended 31 December 2022 (hereinafter, the "Information" and the "Statement" respectively), presented in the Group's management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de Commerce*).

CONCLUSION

Based on the procedures we have performed, as described under the "Nature and scope of procedures" and the evidence we have obtained, nothing has come to our attention that cause us to believe that the consolidated non-financial statement is not prepared in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

PREPARATION OF THE NON-FINANCIAL STATEMENT

The absence of a commonly used generally accepted reporting framework or a significant body of established practices on which to draw to evaluate and measure the Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information needs to be read and understood with the Guidelines, summarized in the Statement (or available on the website or on request from the entity's headquarters).

INHERENT LIMITATIONS TO THE PREPARATION OF INFORMATION

As stated in the Statement, the Information may be subject to uncertainty inherent to the state of scientific and economic knowledge and the quality of external data used. Some information is sensitive to the choice of methodology and the assumptions or estimates used for its preparation and presented in the Statement.

RESPONSIBILITY OF THE ENTITY

Management of the entity is responsible for:

- selecting or establishing suitable criteria for preparing the Information;
- preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators;
- preparing the Statement by applying the Entity's "Guidelines" as referred above; and
- designing, implementing and maintaining internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

The Statement was prepared by the Board of Directors.

RESPONSIBILITY OF THE STATUTORY AUDITOR, APPOINTED AS INDEPENDENT THIRD PARTY

Based on our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- the fairness of the historical information (observed or extrapolated) provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, *i.e.*, the outcomes of policies, including key performance indicators, and measures relating to the main risks.

As we are engaged to form an independent conclusion on the Information as prepared by Management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.

It is not our responsibility to report on the entity's compliance with other applicable legal and regulatory provisions, nor the compliance of products and services with the applicable regulations.

APPLICABLE REGULATORY PROVISIONS AND PROFESSIONAL GUIDANCE

We performed the work described below in accordance with Articles A. 225-1 *et seq.* of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to such engagement, in particular the professional guidance issued by the Compagnie Nationale des Commissaires aux Comptes, *"Intervention du Commissaire aux Comptes - Intervention de l'OTI - Déclaration de performance extra-financière"*, acting as the verification program, and with the International Standard on Assurance Engagements 3000 (revised)[2].

OUR INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of Article L. 822-11 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (*Code de Déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement.

(1) Accreditation Cofrac Inspection, number 3-1884, scope available at www.cofrac.fr
(2) ISAE 3000 (Revised) - Assurance Engagements Other Than Audits or Reviews of Historical Financial Information

MEANS AND RESOURCES

Our work engaged the skills of six people between December 2022 and March 2023 and took a total of three weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted some ten interviews with the people responsible for preparing the Statement.

NATURE AND SCOPE OF PROCEDURES

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Information is likely to arise.

The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Information:

- 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, taking into account, where appropriate, best practices within the sector;
- we verified that the Statement includes each category of social and environmental information set out in Article L. 225-102-1 III of the French Commercial Code;
- 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 main 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 main risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the main risks and the policies presented,
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix. Concerning certain risks(1), our work was carried out on the consolidating entity, for the other risks, our work was carried out on the consolidating entity and on a selection of entities(2);
- we verified that the Statement covers the scope of consolidation, *i.e.* all the consolidated entities in accordance with Article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- we obtained an understanding of internal control and risk management procedures the entity has implemented and assessed the data collection process aimed at ensuring 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 definitions and procedures and reconcile the data with supporting documents. This work was carried out on a selection of contributing entities(2) and covers between 33% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

The procedures performed in a limited assurance review are less in extent than for a reasonable assurance opinion in accordance with the professional guidance of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*); a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, 29 March 2023
KPMG SA

Sara Righenzi de Villers
Partner

Fanny Houlliot
Expert ESG
KPMG France ESG Center of Excellence

(1) Maximising avoided emissions; Becoming a citizen for the environment; Promoting fairness and inclusion in the teams; Strengthening employee commitment; Developing a customer-centric model; Putting business ethics into practice; Growing with the Group's ecosystems.

(2) SOMFY ACTIVITÉS SA (France), Lian Da (China).

APPENDIX

Qualitative information (actions and results) considered most important	
People	Language development platform and other measures for sustainable employability
	Actions to promote equity and inclusion in the employment of people with disabilities
	Trainings on the detection of psychosocial risks and other initiatives in the framework of the smart working policy
	Mechanism in favor of employee engagement to the company Foundation
Planet	Actions to raise awareness on green mobility
	Evaluation of the carbon footprint of SOMFY’s solutions
	Commitments to local initiatives in favor of sustainable development
Prosperity	Commitment to the UN Global Compact
	Responsible procurement policies
	Forums and surveys on customer expectations
	“Powered by SOMFY” partnerships

Key performance indicators and other quantitative results considered most important	
People	Total workforce
	Percentage of employees promoted or who have moved to a different position
	Percentage of employees who received training during the year
	Percentage of female managers
	Frequency rate of work-related accidents leading to absence
	Severity rate of work-related accidents
	Somfyscope survey engagement rate
Planet	Volume of hazardous and non-hazardous waste per motor produced
	Rate of waste recycled
	Energy consumption per m^2 and related CO_2 emissions
	Rate of electricity from renewable sources
	Annual average electricity consumption per sold motor
	Rate of Somfy products sold certified “Act For Green”
Prosperity	Percentage of connected employees who have taken at least one training course on ethics and compliance in the last two years
	Rate of new hires who have taken the GDPR online training
	Percentage of local purchases
	Number of suppliers covered by a supplier risk assessment

STATUTORY AUDITORS' REPORT ON THE AUTHORISATION TO ALLOCATE SHARES, EXISTING OR TO BE ISSUED, FREE OF CHARGE (COMBINED GENERAL MEETING OF 17 APRIL 2022 – RESOLUTION N°7)

To the Shareholders of SOMFY SA,

As Statutory Auditors of your company and in execution of the assignment provided for by Article L. 225-197-1 of the Commercial Code, we hereby present our report on the proposed allocation of free shares, existing or to be issued, for the benefit of employees of your company or companies or economic interest groups directly or indirectly related to it within the meaning of Article L. 225-197-2 of the Commercial Code and/or corporate officers of your company meeting the requirements set out in Article L. 225-197-1 of the Commercial Code, upon which you are called to vote.

The total number of shares liable to be allocated free of charge under this authorisation cannot exceed 1.5% of the share capital of the company on the date of this General Meeting, without being able to exceed the maximum percentage of the share capital provided for by regulations on the date on which the allocation decision is made, it being specified that this limit will count towards the total number of shares that could confer the right to share purchase options able to be granted by the Board of Directors in respect of the authorisation granted by the eighth resolution of this General Meeting and any other subsequent similar authorisation granted by the General Meeting. Where applicable, added to this limit will be the nominal amount of the increase in share capital required to safeguard the rights of the beneficiaries of free allocations of shares in the event of transactions in your company's share capital during the vesting period.

On the basis of its report, your Board of Directors proposes that it be authorised to allocate existing shares or shares to be issued free of charge for a period of 38 months.

The Board of Directors must prepare a report on this proposed transaction, which it intends to implement. Our role is to issue observations, where applicable, on the information thereby disclosed to you regarding the planned transaction.

We have performed the due diligence we deemed necessary with regard to the professional standards of the Compagnie Nationale des Commissaires aux Comptes in relation to this assignment. This due diligence specifically involved verifying that the terms and conditions being considered and included in the Board of Directors' report comply with the provisions set out by the law.

We have no observations to make on the information provided in the report of the Board of Directors on the planned transaction for the allocation of free shares.

Lyon, 29 March 2023
The Statutory Auditors

KPMG Audit
A Division of KPMG SA

Sara Righenzi de Villers
Partner

DELOITTE & ASSOCIÉS

Patrice Choquet
Partner

STATUTORY AUDITORS' REPORT ON THE AUTHORISATION TO ALLOCATE SHARE PURCHASE OPTIONS (COMBINED GENERAL MEETING OF 17 APRIL 2023 – RESOLUTION N°8)

To the Shareholders of SOMFY SA,

As Statutory Auditors of your company and in execution of the assignment provided for by Articles L. 225-177 and R. 225-144 of the Commercial Code, we hereby present our report on the authorisation for the allocation of share purchase options for the benefit of employees, or certain employees or certain categories of staff, of your company or companies or economic interest groups affiliated with it under the conditions of Article L. 225-180 of the Commercial Code and/or corporate officers that fulfil the conditions set by Article L. 225-185 of the Commercial Code, upon which you are called to vote.

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 Board of Directors under the authorisation granted by the seventh resolution of this General Meeting and under any other similar subsequent authorisation granted by the General Meeting. Where applicable, the nominal amount of the increase in share capital required to safeguard the rights of beneficiaries of options in the event of transactions in your 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 – will be added to this amount.

On the basis of its report, your Board of Directors proposes that it be authorised, for a period of 38 months, to allocate share purchase options.

It is the responsibility of the Board of Directors 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 Board of Directors 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 share.

Lyon, 29 March 2023
The Statutory Auditors

KPMG Audit
A Division of KPMG SA

Sara Righenzi de Villers
Partner

DELOITTE & ASSOCIÉS

Patrice Choquet
Partner

DRAFT RESOLUTIONS TO THE COMBINED GENERAL MEETING OF 17 APRIL 2023

ORDINARY SESSION

FIRST RESOLUTION – Approval of the parent company financial statements for the year ended 31 December 2022 and approval of non-tax-deductible expenses and charges

The General Meeting, having considered the reports of the Board of Directors and the Statutory Auditors on the financial statements for the year ended 31 December 2022, approves the financial statements, as submitted, which show a net profit of €225,534,911.26.
The General Meeting specifically approves a total of €19,614.00 in expenses and charges referred to in paragraph 4 of Article 39 of the General Tax Code, as well as the corresponding amount of tax.

SECOND RESOLUTION – Approval of the consolidated financial statements for the year ended 31 December 2022

The General Meeting, having considered the reports of the Board of Directors and the Statutory Auditors for the financial year ended 31 December 2022, approves the consolidated financial statements, as submitted, which show a net profit (Group share) of €237,003,000.00.

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 2022 proposed by the Board of Directors:

Source

– Net profit for the financial year	€225,534,911.26
– Retained earnings	€5,514,115.75

Allocation

– Legal reserve	€0
– Dividends	€144,300,000.00
– Optional reserve	€86,749,027.01

The General Meeting notes that the gross dividend is set at €3.90 per share conferring entitlement to dividends. In the case of stripped shares, this sum will revert to the usufructuary.
When it is paid to individuals who are tax resident in France, the dividend is subject to a single fixed-levy deduction at source on the gross dividend at the flat rate of 12.8% (Article 200 A of the General Tax Code), or at the express, irrevocable and comprehensive wishes of the taxpayer, to income tax calculated according to a sliding scale after notably an allowance of 40% (Articles 200 A, 13, and 158 of the General Tax Code). The dividend is also subject to social security contributions at the rate of 17.2%.
The dividend will be paid on 26 June 2023.
It is specified that if the company holds a number of treasury shares at the payment date, the amounts corresponding to unpaid dividends in respect of these shares will be transferred to retained earnings.

Pursuant to the provisions of Article 243 *bis* of the General Tax Code, the General Meeting notes that it was reminded that the following dividends were paid in respect of the last three financial years:

Financial year	Revenues eligible for tax rebate		Revenue not eligible for tax rebate
	Dividends	Other distributed earnings	
2019	€42,976,388.75* being €1.25** per share	-	-
2020	€63,610,538.80* being €1.85 per share	-	-
2021	€74,035,884.25* being €2.15 per share	-	-

* *Does not include unpaid dividends attributable to treasury shares and transferred to retained earnings.*
** *The 2019 dividend amount was revised downwards at the General Meeting of 24 June 2020.*

FOURTH RESOLUTION – Exceptional dividend of an amount taken from the optional reserves

Upon proposal by the Board of Directors, the General Meeting decides to pay on an exceptional basis the sum of €17.00 per share, representing a total of €629,000,000.00. This amount will be taken from "Optional reserves". In the case of stripped shares, this amount will revert to the bare owner.
It is specified that if the company holds a number of treasury shares at the payment date, the amounts corresponding to unpaid dividends in respect of these shares would remain allocated to Optional reserves.
When it is paid to individuals who are tax resident in France, the payment 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 payment is also subject to social security contributions at the rate of 17.2%.
This exceptional dividend will be paid on 25 April 2023.

FIFTH RESOLUTION – Special report of the Statutory Auditors on regulated agreements – Noting the absence of new agreements

The General Meeting, having considered the special report of the Statutory Auditors mentioning the absence of new agreements of the type referred to in Articles L. 225-38 and subsequent of the Commercial Code, simply acknowledges this fact.

SIXTH RESOLUTION – Re-appointment of Anthony Stahl as Director

The General Meeting decides to re-appoint Anthony Stahl as Director for a period of four years, to expire at the end of the General Meeting called in 2027 to approve the financial statements for the year then ended.

EXTRAORDINARY SESSION

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SEVENTH RESOLUTION – Authorisation to be granted to the Board of Directors to allocate existing shares free of charge to employees and/or to certain corporate officers of the company or related entities and economic interest groups

The General Meeting, having considered the report of the Board of Directors and the special report of the Statutory Auditors, authorises the Board of Directors to proceed, in accordance with Articles L. 225-197-1, and L. 225-197-2 of the Commercial Code, with the allocation, on one or more occasions, of existing ordinary shares of the company for the benefit of:

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

The total number of shares allocated free of charge under this authorisation may not exceed 1.5% of the share capital of the company on the date of this General Meeting, it being specified that it may not exceed the maximum percentage of the share capital provided for by regulations on the date on which the allocation decision is made, and that this limit would count towards the total number of shares that may confer the right to share purchase options able to be granted by the Board of Directors in respect of the authorisation granted by this General Meeting in its eighth resolution and any other subsequent similar authorisation granted by the General Meeting.

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

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

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

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

The Board of Directors is granted all necessary powers to:

- set the conditions and, when required, the criteria for the definitive allocation of the shares;
- determine the identity of the beneficiaries as well as the number of shares to be allocated to each of them;
- where necessary:
  - acquire the shares required in accordance with Article L. 225-208 of the Commercial Code and allot them to the allocation plan,
  - determine the impacts on the rights of beneficiaries of transactions modifying the share capital or likely to impact the value of the shares allocated and completed during the vesting period and, as a result, amend or adjust, if necessary, the number of shares allocated to preserve the rights of beneficiaries,
  - decide whether or not to set a retention obligation at the end of the vesting period and, where necessary, to determine its duration and to take all appropriate measures to ensure compliance with it by the beneficiaries,
  - and generally do anything within the framework of current regulations that may be required by the implementation of this authorisation.

This authorisation is granted for a period of thirty-eight months starting from the date of this General Meeting.

It will, from this date and where applicable, cause any unused portion of any prior authorisation to the same purpose to lapse.

EIGHTH RESOLUTION – Authorisation to be granted to the Board of Directors to allocate share purchase options to employees (and/or to certain corporate officers)

The General Meeting, having considered the report of the Board of Directors and the special report of the Statutory Auditors:

1) authorises the Board of Directors, under the provisions of Articles L. 225-177 to L. 225-185 of the Commercial Code, to grant, on one or more occasions and for the benefit of the beneficiaries indicated below, options conferring entitlement to purchase existing shares in the company originating from buybacks carried out under the conditions set out by law;
2) sets the term of this authorisation at thirty-eight 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, where applicable, companies or economic interest groups affiliated with it under the conditions of Article L. 225-180 of the Commercial Code,
   - on the other hand, corporate officers that fulfil the conditions set by Article L. 225-185 of the Commercial Code;
4) the total number of options that may be granted by the Board of Directors 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 would count towards the total number of shares that may be granted free of charge by the Board of Directors under the authorisation granted by this General Meeting in its seventh resolution 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 on 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 paid for the shares by the beneficiaries will be set on the date on which the options are allocated by the Board of Directors pursuant to the provisions of Article L. 225-177 paragraph 4 of the Commercial Code and may not be below 80% of the average purchase price of the shares held by the company under Article L. 225-208 of the Commercial Code;

6) delegates all necessary powers to the Board of Directors to set other terms, conditions and procedures for the allocation of options and their exercise, and in particular to:
   - set the conditions under which the options will be allocated and approve the list or categories of beneficiaries as provided for above; set, where applicable, the conditions regarding length of service and performance that these beneficiaries must fulfil; decide on the conditions under which the price and number of shares must be adjusted, in particular in the scenarios referred to in Articles R. 225-137 to R. 225-142 of the Commercial Code,
   - set the exercise period(s) for the options thus granted, it being specified that the term of these options cannot exceed a period of six years from their date of allocation,
   - if necessary, provide the capacity to temporarily suspend the exercise of the options for a maximum period of three months in the event of financial transactions involving the exercise of rights attached to the shares;

7) takes note that this authorisation, where applicable, will cause any unused portion of any prior authorisation to lapse from today's date.

NINTH RESOLUTION – Amendment to Article 27 of the Articles of Association to cancel double voting rights

The General Meeting, having considered the report of the Board of Directors:

- decides, subject to the condition precedent of the approval of the Special General Meeting of holders of shares with double voting rights pursuant to the provisions of Article L. 225-99 of the Commercial Code, to cancel the double voting rights that are attached to SOMFY shares in accordance with Article L. 225-123 of the Commercial Code and Article 27 of the Articles of Association and, consequently, each share in the company will entitle its holder to one vote at the end of this General Meeting;
- decides, subject to the condition precedent of the approval of the Special General Meeting of holders of shares with double voting rights, as a result, to replace paragraphs 3, 4, 5, 6 and 7 Article 27 of the Articles of Association by the following paragraph, with the rest of the Article remaining unchanged:

Previous wording	New wording
The voting right attached to shares is proportional to the capital that they represent. For the same par value, each capital or dividend share gives entitlement to one vote. A voting right that is double that conferred on other shares, proportionate to the fraction of the capital they represent, 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 whose ownership has been transferred shall lose their entitlement to a double voting right, except in instances provided for by law. The merger of the company has no effect on the double voting right which may be exercised within the absorbing company, if provided for by said company's Articles of Association.	The voting right attached to shares is proportional to the capital that they represent. For the same par value, each capital or dividend share gives entitlement to one vote.

TENTH RESOLUTION – Amendment to Article 11 of the Articles of Association to add an approval clause

The General Meeting, having considered the report of the Board of Directors and the report of the Commissioner for Special Benefits, decides to introduce an approval clause for Article 11 of the Articles of Association, to amend this Article to take into account the delisting of shares in the company from the Euronext Paris market and as a result to amend Article 11 of the Articles of Association as follows:

Previous wording	New wording
ARTICLE 11 **Sale and transfer of shares** Shares may be traded freely unless otherwise stipulated by legal or regulatory provisions. Ownership of shares results from their registration in an account opened in the name of their holder and held, either by the issuing company or a representative of their choice if the securities are registered, or by an authorised financial intermediary if they are bearer shares. Share transfers, whether they are registered or bearer shares, may be carried out by account-to-account transfers. Shares that are required to be registered by virtue of a regulatory or statutory disposition must, in order to be traded on a regulated market or on a multilateral trading facility, have been transferred to an administration account with an authorised intermediary beforehand. Moreover, those not necessarily required to be in registered form can only be traded on a regulated market or a multilateral trading facility in the form of bearer shares. Each account holder must open, security-by-security, a general record of transactions in which all the entries concerning the holder accounts registered with them are listed chronologically. As regards more specifically the issuing company, all transactions concerning movements in and out of registered securities accounts and triggering a change in the ownership of these securities are listed in chronological order in a numbered and initialled general record of transactions referred to as “Register of Transactions”. Account entries must be made at the latest within the six days following either the stock market trading by the financial intermediary or the receipt of instructions from the holder by the issuing company. Shares that have not been paid up in full may not be transferred.	**ARTICLE 11** **Sale and transfer of shares** 11.1 Share transfers Transfers of shares and marketable securities giving access to the share capital may be carried out by account-to-account transfers. Share transfers will only be made based on transfer instructions signed by the holder or their authorised representative. Shares that have not been paid up in full may not be transferred. 11.2 Unrestricted transfers Transfers between shareholders and transfers in the event of donation, inheritance, divorce settlement or disposal, either to a spouse, or an ascendant or descendant, take place without restriction. 11.3 Transfers subject to approval All transfers of shares or marketable securities giving access to the capital and not covered in 11.2 above – that said transfers take place either free of charge or in return for consideration, by way of sale, donation, inheritance, contribution, merger, distribution, transfer of all assets or through a public tendering process and that they relate to full ownership or any other right, notably relating to bare ownership or usufruct – must be agreed in advance. The shareholder originating the transfer, or their rights holders, must inform the Chief Executive Officer and the Chairman of the Board of Directors of the planned transfer by registered letter, either with acknowledgement of receipt or delivered in person, or by extrajudicial deed, specifying the first and last name, address and nationality (or identification) of the beneficiary/ies of the transfer (and, where this is a legal entity, the individuals who ultimately control it within the meaning of Article L. 233-3 of the Commercial Code), the number and type of securities whose transfer is planned, as well as the price offered or the estimated value of the securities offered. Authorisation is granted by the majority shareholder, the company J.P.J.S., represented by its general managing partner, the company FIDEP. As an exception, approval of transfers of temporary usufruct shares, to a not-for-profit French or foreign legal entity, and covering the philanthropy, social, health, education, science and cultural sectors (association, foundation, endowment fund, etc.) is issued by the Chairman of the Management Committee of FIDEP alone. Moreover, said individual retains the unilateral option of requesting the opinion of the Management Committee of FIDEP in this event. The body issuing approval must give its opinion within a period of two (2) months of receipt of the notice of the approval request. The shareholder originating the transfer, or their rights holders, must then be notified of the decision, by registered letter with acknowledgement of receipt, or by extrajudicial deed within a period of one (1) month effective from the decision by the body issuing the approval. Failure to respond within the three (3) months following the request amounts to a notification of approval. The decision does not need to be substantiated and, in the event of refusal to grant approval, cannot be contested. In the event of refusal to grant approval, the company shall, within a period of three (3) months effective from notification of refusal to grant approval, arrange for all the shares or marketable securities giving access to the share capital covered by the transaction to be acquired, either by one or more shareholders or a third party, or, with the consent of the assignor, by the company, for the purpose of reducing the share capital. Where there is no agreement between the parties, the price of the shares or marketable securities giving access to the share capital is determined under the conditions set out in Article 1843-4 of the Civil Code. The assignor can withdraw from the planned transfer at any time. The expert will be appointed by mutual agreement between the parties or, in the absence thereof, by order of the presiding judge of the Paris Commercial Court, ruling in accordance with the expedited substantive proceedings with no option to appeal. All expert fees shall be shared equally between all the parties concerned. If, upon the expiry of the period of three (3) months set out above, the purchase has not been completed, approval is deemed to have been given. However, this deadline can be extended by court ruling at the request of the company.

ELEVENTH RESOLUTION – Amendments to Articles 10 and 25 of the Articles of Association resulting from the delisting of company shares from Euronext Paris

The General Meeting, having considered the report of the Board of Directors, decides to amend the Articles of Association subsequent to the delisting of the company's shares from the Euronext Paris market as follows:

- by removing the reference to bearer shares and to the procedure for identifying shareholders set out in Article 10 of the Articles of Association and, as a result, amend Article 10 of the Articles of Association as follows:

Previous wording	New wording
ARTICLE 10 **Form of the shares** Fully paid-up shares are registered or held in bearer form, according to the shareholder's choice. They are registered in an account under the conditions and formalities provided for by law. The account is held by the company or by a representative appointed by it if the securities are requested in registered form. It is held by an authorised financial intermediary if the securities are requested in the form of bearer shares. Upon the request of the shareholder, a share ownership certificate will be forwarded to them by the account holder. The company can make use of both the provisions of Articles L. 228-2 and subsequent of the Commercial Code relating to the identification of holders of securities granting immediate or future voting rights in its Meetings, and of the number of securities held by each of them.	**ARTICLE 10** **Form of the shares** Fully paid-up shares are held in registered form. They are registered in an account under the conditions and formalities provided for by law. The account is held by the company or by a representative appointed by it. Upon the request of the shareholder, a share ownership certificate will be forwarded to them by the account holder.

- by removing the reference to bearer shares from Article 25 of the Articles of Association, while maintaining the record date the second working day preceding the Meeting and amending paragraph 3 of the Article as a consequence, with the rest of the Article remaining unchanged:

Previous wording	New wording
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.	Evidence of the right to participate in General Meetings is given by the registration of the securities in the name of the shareholder, at midnight, Paris time, on the second working day preceding the Meeting, in the accounts of registered shares held by the company or in a shared electronic recording device.

TWELFTH RESOLUTION – Amendment of Article 15 of the Articles of Association concerning the minutes of the deliberations of the Board of Directors

The General Meeting, having considered the report of the Board of Directors, decides to retain a wording allowing, where necessary, use of digital means to hold registers of minutes of the deliberations of the Board of Directors and consequently to amend the last paragraph of Article 15 of the Articles of Association, the rest of the Article remaining unchanged:

Previous wording	New wording
Deliberations are recorded by minutes prepared either in a special register held at the registered office and numbered and initialled, or on loose numbered sheets serially numbered, initialled and bearing the seal of the authority who initialled them. A record of attendance is also held.	Deliberations of the Board of Directors are recorded by minutes prepared in a special register in accordance with applicable legal and regulatory provisions.

ORDINARY SESSION

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THIRTEENTH RESOLUTION – Powers to complete formalities

The General Meeting confers full powers to the bearer of the original, a copy or extract of the present minutes to complete all filings and publication formalities required by law.

STATEMENT FROM THE INDIVIDUAL RESPONSIBLE FOR THE ANNUAL 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, 13 April 2023

Pierre Ribeiro
Chief Executive Officer

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SOMFY SA
50, AVENUE DU NOUVEAU-MONDE - BP 152
74307 CLUSES CEDEX - FRANCE
TEL.: +33 (0) 4 50 96 70 00
www.somfy-group.com