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

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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

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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

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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

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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

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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

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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

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

CONTINGENT LIABILITIES

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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

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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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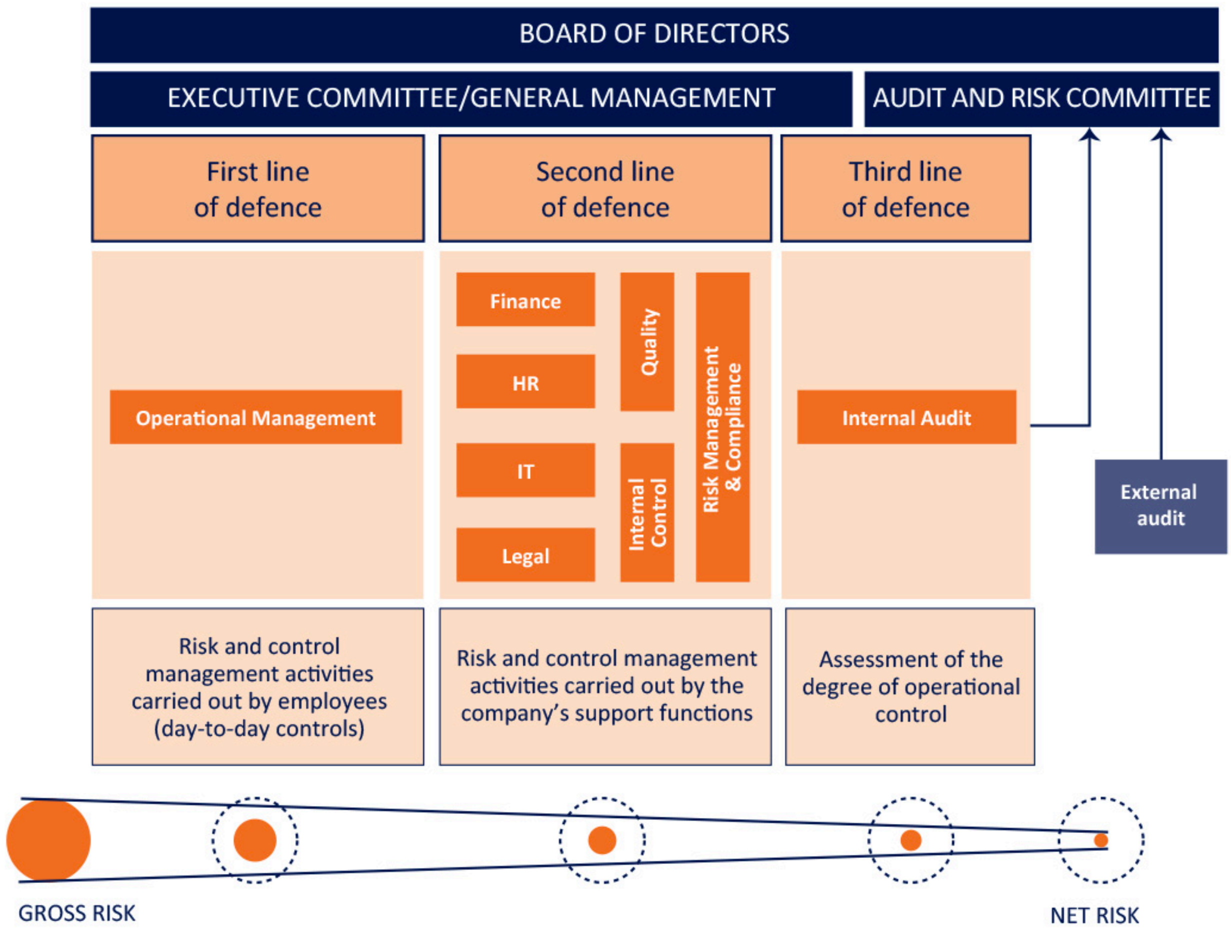
GOVERNANCE AND LEADING PLAYERS

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

—

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)

—

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

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

—

At 31 December 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)

—

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:

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.*

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)

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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)

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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)

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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.*