1.1 Business sector

THE SMALL DOMESTIC EQUIPMENT MARKET

THE WORLDWIDE SMALL DOMESTIC EQUIPMENT MARKET

Over the years, Groupe SEB has forged **a leadership position and acquired a status as a global leader in Small Domestic Equipment.** This sector covers **cookware** and **small electrical appliances**, accounting respectively for approximately 35% and 65% of its consumer sales.

Based on the latest available statistics and Group estimates, the size of the market addressed is currently estimated at over €50 billion for small electrical appliances and €25 billion for cookware (including kitchen utensils).

THE SMALL ELECTRICAL APPLIANCES MARKET

The small electrical appliances market targeted by Groupe SEB includes several segments varying considerably in size, and ranked below in decreasing order of their importance in the Group's revenue:

~€50 billion
GLOBAL MARKET 2020

€4.2 billion
2020 SALES

65%
OF GROUP SALES

SMALL ELECTRICAL COOKING APPLIANCES

- **electrical cooking:** deep fryers, rice cookers, electrical pressure cookers, informal meal appliances, waffle makers, grills, toasters, multi-cookers, and more;
- **beverage preparation:** coffee makers (filter and pod), espresso machines, electrical kettles, home beer-taps, soy milk makers and so on;
- **food preparation:** from blenders, to cooking food processors, kitchen machines, mixers, beaters and more.

1

≈45%
OF GROUP SALES

HOME CARE, LINEN CARE AND PERSONAL CARE

- **linen care:** including irons and steam generators, garment steamers, etc.;
- **home care:** canister vacuum cleaners with or without dust bag, steam and upright vacuum cleaners, vacuum sweepers, versatile vacuums, robots, etc.;
- **home comfort:** fans, heaters, air purification appliances, and more;
- **personal care:** hair care appliances, hair removal devices, electric hair and beard clippers, bathroom scales, etc.

1
Linen care

≈20%
OF GROUP SALES

THE COOKWARE AND KITCHEN UTENSILS MARKET

The market is split fairly evenly between these two segments. For cookware (mainly frying pans, saucepans, stewing pots, pressure cookers, bakeware and oven dishes) Groupe SEB is the **undisputed global leader** and is continuing to expand its product offering by regularly introducing new materials. The kitchen utensil and accessories market includes, for example, kitchen knives, insulated flasks and mugs, food storage boxes and containers, spatulas, ladles, skimmers, etc. By combining sustained organic growth and a strategy of industry consolidation, particularly with the acquisition of EMSA and WMF, Groupe SEB now ranks among the top five global players in this segment. However, its share of this highly fragmented but extremely promising market remains limited.

€25 billion
GLOBAL MARKET 2020

1
Cookware

€2.2 billion
2020 SALES

35%
OF GROUP SALES

MARKET TRENDS AND OUTLOOK

The global Small Domestic Equipment market is divided into many distinct national and regional markets with their own local consumer cooking, eating and product utilization habits. It also lacks comprehensive coverage by research panels (primarily GFK) or other market research bodies. This, at times, makes it difficult to reconcile industry figures (inclusion of new categories or geographic segments, for example) in order to produce a global picture of the sector.

At worldwide level and from a long-term perspective, **the Small Domestic Equipment sector has demonstrated its resilience during periods of crisis and solid growth within a neutral or positive economic environment**. This performance reflects the combined impact of various factors:

- global consumption trends driven by the development of "homemade" kitchen products using basic ingredients and a growing interest in health and well-being;
- moderate but steady growth in most of the mature markets, with a high ownership rate, though unevenly spread across product families, responsiveness to innovation, a robust replacement market and a trading up trend reflecting demand for more functional or higher end products. At the same time, the entry-level segment, driven by demand for basic, low-priced products typically produced in China has remained steady;
- overall solid but more volatile growth in emerging markets, according to the general environment and events. These markets are experiencing strong demand and their buoyant growth is fueled by rising consumption stemming from a booming middle class, increasing urbanization and the development of modern retail channels, including e-commerce;
- the co-existence of "global" products addressing universal needs or easy to tailor by region with a product offering adapted to specific lifestyles and consumption habits (particularly in relation to food) in local markets;
- an average sale price of around €60 for a small electrical appliance in Western Europe, for example, largely affordable by the general public and requiring no credit or a limited use of credit. Sales are further boosted by in-store or online traffic, driven by promotional campaigns within a very competitive market environment;
- strong seasonality, shared by all market players, largely linked to the high percentage of products sold during holiday periods or for special events (Christmas, Chinese New Year, Ramadan, Singles' Day in China, *Prime Day*, Mother's Day, Candlemas, etc.);
- strong contributions for many years from products and solutions developed in partnership with major consumer goods players backed by major advertising resources, like with single-serve coffee making, for example.

In addition to these specific factors, changes in distribution are playing a crucial role in the emergence of new consumer purchasing behaviors: in virtually all parts of the world, the very rapid development of retail channels such as e-commerce or sales direct to the consumer, has profoundly transformed the market, boosting online sales, often to the detriment of retailers with a traditional physical presence. As a result, growth in this market is currently being broadly driven by e-commerce: major online specialists (*pure players* like Amazon, Tmall, JD.com, Cnova, etc.) as well as the websites of initially "physical" retailers ("bricks-and-mortar" retailers). This phenomenon accelerated considerably in 2020, as e-commerce expanded rapidly in connection with the Covid-19 crisis.

MULTIPLE FORMS OF COMPETITION

In a global context, the very nature of the Small Domestic Equipment market requires **a strategy that is both global and local** in order to effectively address the expectations of consumers around the globe. The expansion of international brands, which can in some cases be marketed under strong local/regional brands in their domestic market, falls in line with this two-pronged approach and combines the benefits of both economies of scale and solid brand positions in local markets.

On this basis, Groupe SEB is the only player boasting **such broad international reach**, supported by a portfolio containing a wealth of global brands and brands with local leadership positions. This gives it a strategic advantage versus a very disparate range of competitors consisting of:

- **large global groups, generalists or specialists in one or two small electrical appliance categories:** Philips and Electrolux have a diversified product offering, while Dyson and Vorwerk focus on a high-end positioning in a few product segments. These very international players are joined by Spectrum Brands and Conair, among others, which mainly roll out their product ranges in the US and in Europe, Bosch-Siemens and Braun (P&G) are principally active in Europe and J.S Global is primarily in the US (through the Shark and Ninja brands) and in China (via its Joyoung brand). De Longhi completes the list: this major player in coffee and food preparation is expanding its sectoral and international presence;
- **major cookware and kitchen utensil manufacturers** with a highly international presence, such as the German companies Fissler and Zwilling-Staub, Tramontina in North and South America, the US group Meyer, Tupperware, Rubbermaid (Newell Brands), Ikea, Oxo (Helen of Troy);
- **groups or companies operating primarily in their domestic markets or a small number of reference markets**: Magimix, Taurus, Imetec, Severin, in particular, in several European countries; Arcelik in Turkey; Bork and Polaris in Russia; Newell Brands, which is present in North America, Hamilton Beach Brands; Mallory, Mondial, Britania in South America; and Panasonic, Midea and Joyoung in Asia;
- **leading players in the high-end segment concentrating on a single product category**: in small electrical appliances with innovative technologies, such as iRobot (vacuum cleaners), or with high-end positioning, such as Jura (coffee machines); and in cookware, for example the French company Le Creuset, which specializes in cast iron cookware;
- **private labels or white label goods in large part** focused on aggressively priced entry-level products from Chinese sub-contractors which, however, have a market share that is weak overall in terms of small electrical appliances. Conversely, in cookware, the Group's main competitors internationally are often private labels;
- Asian players gaining traction in the domestic and international markets (Xiaomi) and new companies being launched on the internet first (Instant Pot, Cecotec);
- companies which have activities and brands in both B2B and consumer segments, as in the cases of KitchenAid (Whirlpool), Magimix (Robot-Coupe), Jura and Vorwerk, for example.

Generally speaking, in both small electrical appliances and cookware, competition is fierce and relayed by the distribution.

THE PROFESSIONAL COFFEE MARKET

THE PROFESSIONAL COFFEE MARKET

GLOBAL MARKET (ESTIMATED IN 2019) **9 Mds€**

€575 million* 2020 SALES

8% OF GROUPE SALES

1 Automatic espresso machines

** including sales from other professional activities (Hotel, Krampouz)*

The acquisition of WMF in 2016 represented a great opportunity for Groupe SEB to enter the highly attractive market of professional automatic coffee machines for hotels, restaurants, cafés, coffee shops, bakeries and convenience stores, sometimes in partnership with coffee roasters. At the same time, it represents a complementary strategic diversification from the consumer business focused on the Small Domestic Equipment market.

The professional coffee machines market was estimated, in 2019, to be nearly 9 billion euros (Group estimates).

The Covid-19 epidemic and the public health and economic crisis that followed, had dramatic consequences for the hospitality and catering sector, which was directly affected by the restrictive measures adopted in the vast majority of countries.

Lasting for almost half of 2020, these closures:

- significantly affected equipment sales, as our customers suspended, postponed or significantly reduced their capital expenditure on coffee machines; and, at the same time;
- significantly limited our service and maintenance business.

The global automatic espresso machines equipment market is therefore estimated to be in situational decline of around 25% in 2020.

The underlying long-term growth, based on the global development of out-of-home coffee consumption, as well as the consolidation of the market and its premiumization, however, remain sustainable trends.

Through its two brands, WMF and Schaerer, Groupe SEB is the world leader in the highly concentrated market of fully automatic espresso machines, in which Franke, Thermoplan and Melitta are also international benchmark players. Certain brands such as Jura hold strong positions in specific segments.

A core business that is generally steady is regularly boosted by significant equipment or machine replacement contracts with major fast food chains, convenience stores or service stations, which has an accelerator effect on growth but also creates volatility.

Through the acquisition of Wilbur Curtis in the United States in early 2019, the Group has also gained a foothold in the professional filter coffee segment, a mature market which is still a major coffee consumption benchmark in the US. Wilbur Curtis' recognized expertise, its very broad customer portfolio and its huge US presence have made it the number two in the professional US filter coffee segment, with around one-quarter of the market.

In general terms, the professional coffee machine market is diversifying in terms of offering, meeting a demand that is both wider (extension of coffee ranges offered) and more specific (increased customization). Demand is therefore now often for a dual filter/espresso machine. Against this background, all the machines rely on cutting-edge technology to guarantee fully automatic preparation and constant quality to produce a good cup of coffee, every time. They are also increasingly connected, to optimize customer relations, enable provisional maintenance operations, manage a fleet of machines and organize marketing events (happy hour, drink of the day, etc.).

1.2 A profitable growth strategy

A LONG-TIME COMMITMENT TO INNOVATION

The Group's history is one of continual innovations and breakthroughs incorporating unique concepts, new features and ingenious discoveries. These innovations have been reflected in tangible advances in the everyday life of consumers.

1950 The design of products making everyday life easier and eliminating tedious tasks continued to develop at a faster pace in the 1960s and 1970s with new steam irons, vacuum cleaners, food preparation equipment and the launch by Seb of odorless deep fryers.


First Seb pressure cooker

1960 The design of products making everyday life easier and eliminating tedious tasks continued to develop at a faster pace in the 1960s and 1970s with new steam irons, vacuum cleaners, food preparation equipment and the launch by Seb of odorless deep fryers.


First odorless electric fryer

1970 The period from 1970 to 1990 saw continuous technical progress and the introduction of color for kitchen electricals, the arrival of informal meal appliances and the launch of numerous electronically enhanced products: bathroom scales, programmable coffee makers, cookers with electric timers, etc.


Any-slice toaster Seb

1990 In the decade from 1990 to 2000, both Groupe SEB and Moulinex brought new simplicity to the world of small electrical appliances, including pressure cookers with easy closing mechanisms, removable handles for frying pans and saucepans, compact vacuum cleaners with triangular-shaped heads, etc.


Dymbo,
the first compact vacuum cleaner,
Rowenta

DIGITALIZATION & CONNECTIVITY

The development of connected products helps to improve the consumer experience. The availability of associated services as part of a comprehensive ecosystem takes various forms: access to updated recipes on mobile apps, tutorials, shopping list management, etc.

The user experience is being continually enhanced and refined in this area; the launch of the Cookeo Touch and i-Companion XL Touch models in March 2020, with WiFi connectivity, is raising the bar in terms of use and meal preparation, range of recipes, intuitiveness and multi-functionality.

Through these product/application pairings, the Group now brings together a community of over 6 million members. Groupe SEB Media adds to this with its own community of more than 10 million Facebook fans, 450,000 members and 5,000 bloggers. Its role focuses on several key areas: digital content publishing technologies, a portfolio of 90,000 recipes in five languages, plus a number of services such as the creation of original culinary content on major digital platforms. This determined focus on social media is also the approach adopted by StoreBound, a US company in which the Group took a majority stake in July 2020.

THE TECHNOLOGICAL SPRINGBOARD


WMF
Kitchen-MINIS
Blender


Access Steam
Portable
garment steamer


Ingenio
Stackable cookware


Krups Evidence
Expresso Fully
automatic machine


Rowenta
Air Force Flex 760


WMF
Kitchen-MINIS
Toaster

AS A CONSUMER-DRIVEN BUSINESS, THE GROUP IS NOW RESPONDING TO NEW MARKET EXPECTATIONS

New products and services are emerging that reflect major social trends such as homemade, convenience, nutrition and health, well-being, etc.

A NEW STRATEGIC FOCUS FOR THE GROUP

Partnerships developed with leading food industry and costmetics operators, give the Group access to product categories such as pod coffee machines and home beer-tapping machines, and professional hair straighteners.

Steampod, a professional hair straightener developed in partnership with L'Oréal

OF THE 2000s...

Companion Touch Connected and tactile cooking food processor

ActiFry Oil-free fryer

Vacuum Nutrition Plus Blender SUPOR

Cookeo Touch Connected pressure cooker

Tefal Resource Frying pan made of recycled aluminum

Supor rice cooker with a spherical pot

2010

COMMITTED TO HIGH-QUALITY FOOD

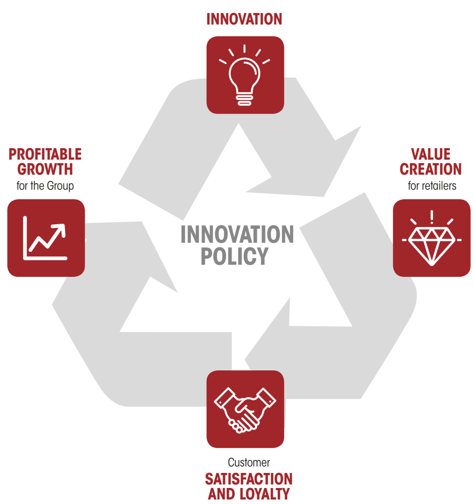
The Group's innovation strategy fully incorporates issues surrounding sustainability and major societal trends, such as efforts to combat food waste, daily practices with a reduced environmental impact, energy efficiency and repairability and recyclability.

A global player in the culinary sector, the Group is committed to firmly encouraging a high-quality diet that is healthy, tasty and responsible all at the same time. This responsibility comes under the "Cooking for Good" pillar of the Group's sustainable development strategy, which recommends home-made food over processed products.

This "healthy eating" commitment takes the form both of initiatives to raise consumer awareness of nutrition, which our brands conduct in various countries, and numerous research projects in which the Group is participating, primarily in Europe with the InnoLife European consortium, the EIT Health program, the Cook2Health project, etc.

2020

A VIRTUOUS STRATEGY

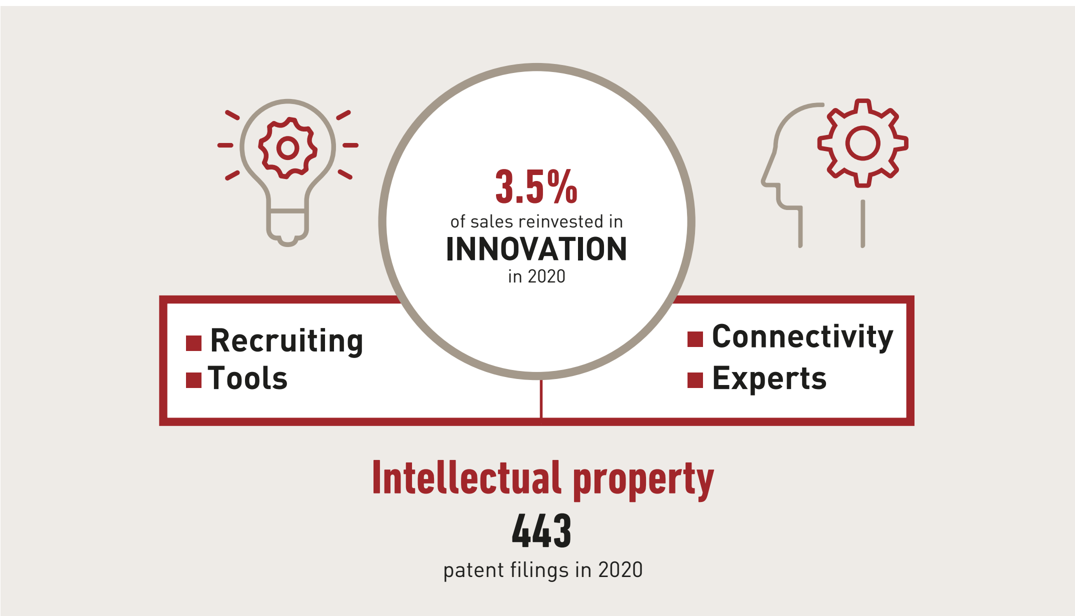


In keeping with its mission to facilitate and improve the daily life of consumers around the world, and to contribute to better living, Groupe SEB's innovation strategy is consistent with a pragmatic approach to creating the product offering. Launching new products is the result of listening closely to what consumers want, conducting an in-depth analysis of their needs (both expressed and latent), inventing breakthrough concepts or unprecedented functionality, using new technologies and creating one-of-a-kind designs.

In addition to products, the Group is committed to enhancing the consumer experience by developing services and solutions - such as recipes, customization, applications, including nutritional coaching, product recycling and repairability, etc. - in response to major social and consumer trends.

For Groupe SEB, innovation is part of a virtuous circle: as a creator of value for customers/retailers and a source of progress, satisfaction and commitment for consumers, it generates profitable growth, which is key for reinvesting in innovation to restart the cycle.

.... SUPPORTED BY INVESTMENT



A STRUCTURED INTERNAL ORGANIZATION...

The Group articulates its approach around 2 major Hubs:

A Global Innovation Hub at the Group's head office for its small electrical appliance business accelerates the development and launch of its new products. A global innovation center in Rumilly for Cookware.

Two SEBLabs, testing ground dedicated to creativity and bringing new products to life, are home to interdisciplinary project teams, bringing together members from marketing, research and design with in-house and external experts. Their objective is to generate and more quickly select the ideas with the most potential.

Intellectual property, tasked with protecting the Group's intellectual assets by way of patents, active protection against infringement and competitive intelligence

... OPEN TO OUTSIDE COLLABORATION

Partnerships in a broad range of fields, such as materials, information and communications technologies, electrical engineering, food science:

- Universities/Schools/Engineering Firms.
- Research Institutes/Testing Laboratories.
- European institutions: through the EIT program.
- Innovation Community. The objective is to collaborate with specialized companies (in food processing, consumer goods, digital transition) to anticipate new food-related trends.

Innovate with SEB, a website for inventors, scientists, researchers and designers who want to innovate with the Group to pitch their inventions.

SEB&You is a **4,500-strong community** launched in **2015** to encourage consumers to contribute to the Group's innovation process and to test new product ideas; 4,000 products tested.

Communities: the Group incorporates feedback from users of its products into its innovation process by listening closely to the members of our various communities: apps (6 million members), Facebook (10 million members), and through our consumer service.

SEB ALLIANCE: FINANCING AND PARTNERING WITH INNOVATIVE START-UPS

In May 2011, the Group created an investment company, SEB Alliance, to improve its technology monitoring system by investing in innovative, technology-focused companies in areas such as connected home and digital applications, robotics, well-being and population aging, and reducing the environmental footprint.

In this context, SEB Alliance favors acquiring minority stakes. SEB Alliance has invested directly in around 20 companies since it was created, in areas that are consistent with Groupe SEB's strategic areas for innovation, and could result in consumer applications, such as:

- digital/Big Data with Alkemics, which specializes in product information exchange between brands and retailers; another brain, which specializes in bio-inspired artificial intelligence;
- beauty/health with Feeligreen, which has developed active and passive patch technologies for cosmetic and therapeutic applications and IEVA, connected beauty player, which designs and offers personalized products and services;
- the internet of Things or connected robotic products with RobArt (smart navigation solutions)and Lumi (home automation products) ;
- air purification with Ethera, which has developed solutions to measure and purify indoor air;
- water filtration with with Castalie, who designs and offers micro-filtered water fountains for businesses and restaurants;
- foodtech with Click & Grow, specialized in solutions for indoor vegetable gardens, Glovo, specializing in home delivery (meals and food products) and ChefClub leader in the production and broadcasting of culinary content.

These companies provide technological "bricks" that the Group can use to accelerate in certain areas of innovation. For example, the collaboration with Ethera has resulted in the creation of a new range of air purifiers (Intense Pure Air by Rowenta).

Impact investing :

Recently, SEB Alliance has also become involved in "impact" companies, which place the positive, social, societal or environmental notion at the heart of their economic model. This is particularly the case of Angel (electric bicycle, soft mobility) or Castalie (water fountains), whose manifesto is the fight against "the madness of single-use plastic".

At the same time, SEB Alliance is working to identify new business models, the activation of which could allow the Group to strengthen itself in certain areas that it does not directly target.

GROUPE SEB INVESTS IN CHEFCLUB

In December 2020, Groupe SEB has finalized the acquisition of a minority stake via its investment company, SEB Alliance, and then announced in January 2021 to have entered into a partnership with Chefclub. The start-up, created in 2016 by the Lang brothers, aims to make cooking accessible to everyone. It quickly became a leading brand in the production and broadcasting of culinary content, totaling over 100 million followers and over 1 billion monthly views.

A "Chefclub by Tefal" brand license will soon be launched in France and internationally (Germany, Brazil, Italy, Korea, Canada, Spain, Great Britain, Mexico), and will be marketed throughout off and on line distribution as well as direct sales (DTC) on the Tefal and Chefclub brand sites.

By joining forces with Groupe SEB, the world leader in small domestic equipment, Chefclub gains access to recognized industrial know-how, the power of the Tefal brand and a wider distribution that will allow its community to find the products in the Group's distribution channels.

To further expand the scope of its watch and its ecosystem in the United States, in China and in very specific sectors, SEB Alliance has also forged strategic partnerships with innovation investment funds (Cathay Innovation, Innovacom, Xange, Kreaxi, SOSV, BtoV, Daphni, Sofimac) that the company may support as a co-investor.

SINCE 2011

21 minority direct investments

>200 startup dossiers received

8 partners funds*

* SEB Alliance is a strategic financial investor in these funds

3 main target sectors

Digital and connected home
Wellbeing and population ageing
Reducing the environmental footprint

Watch Shared technology

R&D collaboration
International scope
of which Europe,
the US and China

R&D and Business Collaboration

Prototypes and studies
Co-development
Commercial partnerships

A PORTFOLIO OF DIFFERENTIATED AND COMPLEMENTARY BRANDS

The Group has a portfolio of 31 brands, the largest in its industry, which it operates worldwide. Its unique portfolio sets the Group apart from its rivals and is a powerful vehicle for accelerating market penetration and sustainable organic growth. This multi-brand strategy, which has been strengthened by acquisitions over the years, gives it both broad and deep coverage of its markets.

Each brand has a clearly defined identity that is expressed through its product selection, functionalities and the look of its products, or its communication platform.

The Group's brands are also fully committed to raising consumer awareness of sustainable and responsible development: healthy eating, combating food waste, air quality, repairability, recyclability and inclusiveness of our products.

Our brands fall into three major sub-groups:

- **Consumer** brands that are very well known. Some of these are global brands (Tefal, Rowenta, Moulinex and Krups), while others, the majority of our brands, are regional (Arno in Brazil, Supor in China, Imusa in Colombia, SEB and Calor in France, etc.) and their strength lies in their suitability for local consumption habits. These brands' coverage may vary greatly depending on the product family; from specialist brands (such as Moulinex and Krups in small electrical appliances and cookware, and Rowenta in non-cookware electrics for example) to more general brands (Tefal and Supor).
- ***Premium*** brands (WMF, Lagostina, All-Clad and Silit), distributed through channels in a more selective way. These are managed in a specific way, guaranteeing strong, uniform expression of their identity and values (communication, design, pricing policy, etc.).
- **BtoB** brands (WMF, Schaerer, Wilbur Curtis, Hepp, Krampouz) sell coffee machines, hotel equipment and professional products B2B only and mainly to hotels, large restaurant chains and convenience stores.

The Group's digitization strategy is fully integrated with the positioning and communication of these brands in their markets.

Groupe SEB supports its brands and products through significant investment in marketing and advertising:

€472 million in 2020, representing ≈7% of sales, of which 60% in digital.

In addition to the management of its brand portfolio, the Group pursues a strategy of partnerships to develop new concepts and step up its sales through the co-branding of two high-profile brands. Accounting for between 5% and 10% of revenue, these partnerships are major drivers of innovation and growth for the Group. Joint development agreements have also been signed with major names in the food industry, such as Nestlé for Nespresso and Dolce Gusto, and Heineken for BeerTender and The SUB, and in the cosmetics industry, such as L'Oréal for Steampod. Some partnerships also improve our corporate image, associating our products with other brands or organizations (WWF, etc.), under licensing agreements with brands such as the Elite modeling agency (Rowenta), or with endorsement contracts, like cookware lines developed in collaboration with renowned chefs such as Jamie Oliver or Pierre Gagnaire (Tefal). The Group intends to extend this partnership policy, particularly in the digital and community domains.

A GLOBAL AND DIVERSIFIED PRESENCE

Small Domestic Equipment (Consumer) is Groupe SEB's core business. Over the last 40 years, the Group has successfully developed strong positions across all continents with a commercial presence in nearly 150 countries. This unique global footprint is the result of an expansion strategy that combines internal growth with acquisitions.

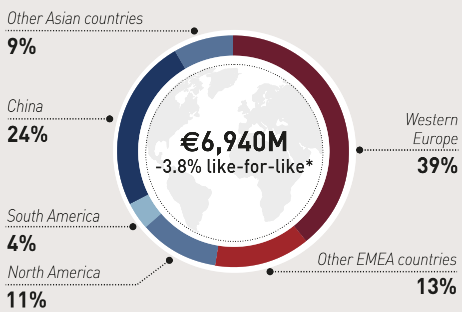
The scope of its constantly expanding product offering and its ability to adapt to the specific needs of different markets while relying on the power of its brand portfolio, has helped the Group build strong local positions. It has leadership positions in Western Europe, Central Europe, Russia, Turkey, China, Japan, Colombia, Mexico, etc. Nearly three-quarters of the Group's sales are generated in countries where it has a leadership position.

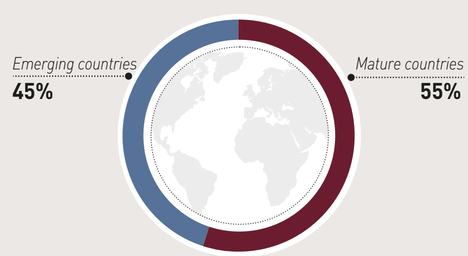
This "multi-local" presence thus enables the Group to diversify its exposure to different economies and to seize opportunities for growth in the countries in which it has a presence, depending on the varying levels to which households are equipped with small electrical appliances and cookware. This provides the Group with long-term drivers for growth that range from renewal, duplication of equipment and upgrading in mature markets, to the high potential of emerging markets, particularly with the rise of the middle class, increased purchasing power and rapid urbanization that brings with it changing behaviors in daily life.

Over the years, Groupe SEB has significantly increased its critical mass in its historic markets while incubating business in countries enjoying rapid growth (Ukraine, Slovakia, Kazakhstan, Egypt, Colombia, Thailand, Malaysia, and so on).

Representing 8% of the Group's total sales in 2020, BtoB business is based on the expertise and strength of WMF and Schaerer in German-speaking countries. While it is gradually expanding internationally, at present it is still predominantly located in "mature markets".

A GLOBAL BUSINESS WITH A BALANCE BETWEEN MATURE AND EMERGING MARKETS





* Like-for-like: at constant exchange rates and scope.

A MULTI-CHANNEL DISTRIBUTION STRATEGY

The Group's Consumer business relies on a large, diversified network of distributors, giving it a solid commercial base. Combined with a multi-brand and multi-product strategy, this network enables the Group to build constructive long-term relationships with customers on the basis of a varied range of offerings.

Although it can differ from country to country as a result of the specific features of the local retail markets, the Group's exposure is relatively balanced between:

- mass food retailers, with which the Group has established and maintains long-standing partner relationships;
- specialist retailers (specialized in electrical equipment, household appliances, etc.), key clients for the Group whose expertise has been a mutual driver for growth over the years;
- traditional stores/convenience stores or groups of independents, which still play an important role in many emerging markets;
- E-commerce (pure players, either directly or via marketplaces, and the online sales platforms of bricks-and-mortar customers, Click & Mortar, etc.). Initially led by China, the rapid rise of e-commerce in recent years is now being fueled by all markets.

In addition, the Group also has a network of stores, operated either directly, under franchise, or via exclusive distribution, comprising a total of nearly 1,300 stores at the end of 2020, in various formats. Their positioning may be multi-brand (Home & Cook and Tefal Shops) or mono-brand (Supor Lifestores and, more recently, WMF). This network, which is the Group's biggest customer, represents nearly 7% of consumer sales, but its contribution may exceed 20% in some countries (e.g. Turkey and Japan). This network enables the Group to interact directly with consumers, to better understand their expectations and, therefore, to make our offer as relevant as possible. With a view to continuously developing its direct approach to consumers, the Group opened 50 new stores outside China in 2020.

This approach is complemented by the Group's commitment to a direct online sales strategy (online DTC), which combines brands' own websites with marketplaces. After WMF and France, this has more recently been extended to other European countries, particularly in Eastern Europe. More than 100 online sales outlets were active at the end of 2020, approximately 30 of which went live over the past year. After a gradual ramp-up phase, we are expecting this channel to accelerate sharply in the next few years.

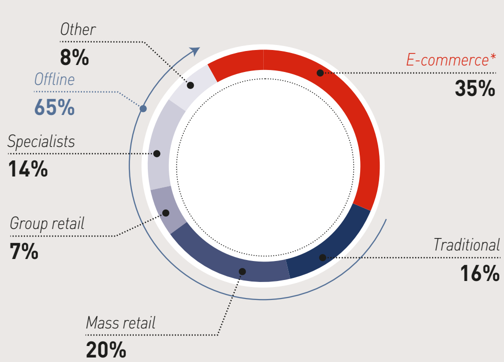
In recent years, the retail environment has undergone profound changes related to the explosion of e-commerce (pure players and click & mortar traders). This disrupts the sector's strategic segmentation, due to the immediacy of e-commerce and its offering founded on the optimum combination of choice, price and service. It also capitalizes on consumer data, making it possible to conduct extremely effective targeted marketing that generates sales.

In this context, e-commerce has been the main driver for growth in the small electrical appliances market in recent years, although its importance still varies significantly from country to country (China 62%, Germany 35%, Russia 40%, etc.).

In 2020, the restrictive measures implemented worldwide to halt the spread of Covid-19 (successive lockdowns and the requirement to stay at home, curfews, store closures, etc.) resulted in a significant acceleration in the growth of online sales. As far as the Group is concerned, this was reflected in an increase in the proportion of consumer sales attributed to e-commerce of nearly 8 points, to 35% (compared to 27% in 2019).

Furthermore, and more generally, 2020 confirmed the blurring of the boundaries between physical retail and e-commerce; the trend is now towards omnichannel distribution.

CONSUMER SALES BY DISTRIBUTION CHANEL



* Pure players et Click & Mortar

(Group's estimates at 31/12/2020)

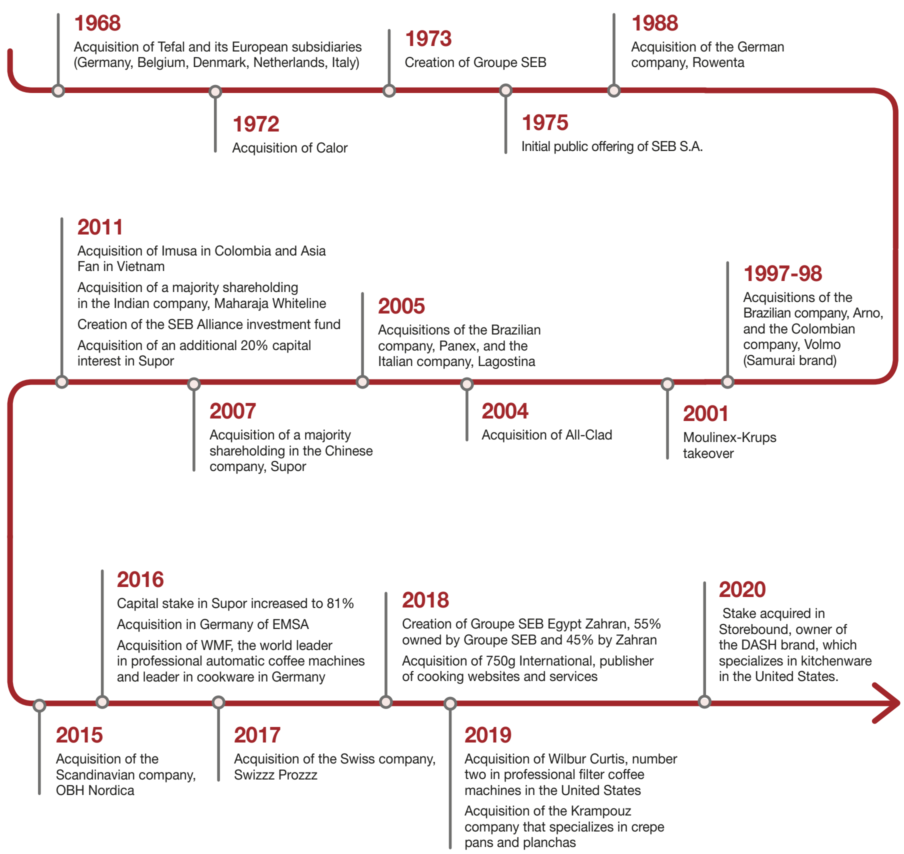
In this changing environment, Groupe SEB is committed to enhancing its access to consumers by:

- ramping up our digital marketing policy (brand websites, digital campaigns, data marketing, live streaming, etc.) to increase the number of points of contact we have with consumers, millennials in particular; for example, digital accounted for 60% of the Group's direct media investments in 2020 (compared to 25% in 2015);
- increasing consumer engagement around our products and brands by developing ecosystems such as apps, being active in online communities and social networks, etc.;
- delivering the best in-store execution - through category management, effective merchandising, the creation of dedicated shop-in-shops and promotional events - as well as for e-commerce;
- accelerating our direct sales to consumers, through our network of stores and online.

AN ACTIVE ACQUISITION POLICY

Acquisitions complement the Group's organic growth strategy and provide a catalyst for expansion. As an operator in the Small Domestic Equipment market, which is still highly fragmented, in recent years Groupe SEB has positioned itself as a consolidator in this sector. The acquisitions it has made have enabled it to achieve leadership status in many countries and product categories, helping the Group to forge its global leadership positions. In addition to a number of large-scale, strategic transactions, such as the acquisitions of Supor or WMF (see below), the Group has conducted numerous targeted acquisitions with the aim of strengthening its market position.

Groupe SEB's acquisition strategy is based on the principle of complementarity, whether in terms of geographical location, category, brand or business model. This was the prevailing principle in the takeovers of Arno in Brazil (market penetration), Lagostina and All-Clad (Italian and US premium cookware brands), Imusa in Colombia (cookware, in addition to the Samurai brand of small electrical appliances) and EMSA, a German brand specializing in kitchen utensils and accessories. In Professional Coffee, complementarity was also behind the 2019 takeover of Wilbur Curtis, the second largest filter coffee machine manufacturer in the US, which strengthened the Group's presence in the coffee machine sector, established with Schaerer.



In addition to accurately identifying the target company and having the necessary financial capacity to conduct the transaction, external growth requires an ability to integrate new acquisitions effectively and to generate synergies. Over the years, as our acquisitions have increased in number, Groupe SEB has built up considerable experience in integrating acquired companies, which is often a complex exercise, given the many issues at stake. Integration committees are set up, with members who represent the management and operational teams of both entities. These committees draw up the master plan for the merger and set the objectives, monitor the progress of projects and measure the synergies created.

TWO STRATEGIC ACQUISITIONS THAT HAVE TRANSFORMED THE GROUP

2007: Acquisition of Supor

At the end of 2007, the Group took control of Chinese company Supor.

This operation was complex due to the specific issues it involved: geographical and cultural remoteness, language barrier, more complex integration, coordination of communication between two listed companies, etc.

Subsequently, the Group increased its controlling interest in several stages (+20% in December 2011, +1.6% in January 2015, and +7.91% in June 2016) bringing our current holding up to 81.20%.

Since the acquisition in 2007, Supor's development momentum has been extremely robust, reflecting both a booming Chinese Small Domestic Equipment market and Supor's conquest strategy. This was based on the strength of the brand as well as on a resolute policy of innovation, continuous expansion of the product offering, expansion on Chinese territory and a omni-channel presence. It allowed Supor's leadership in cookware to be strengthened and significant market share gains in small kitchen appliances, where Supor became number 2 behind Midea.

2016: takeover of WMF

In 2016, the Group acquired WMF, a flagship of German industry with two major business lines: professional coffee machines and catering equipment, as well as Small Domestic Equipment (cookware and small electrical appliances). Through this strategic acquisition, Groupe SEB:

- acquired a solid worldwide leadership in the very attractive professional automatic espresso machines market characterized by strong growth, high profitability and significant recurring revenue, reflecting important contributions from after-sales operations;
- considerably strengthened our position in the cookware segment by becoming the leader in Germany, with, in particular, a high-end stainless steel product offering;
- accessed a network of nearly 200 retail outlets in Germany, providing a powerful vehicle for promoting our image and sales.

OPENING-UP TO NEW BUSINESS MODELS

In July 2020, Groupe SEB completed the acquisition of a majority stake in StoreBound, owner of the DASH kitchenware brand.

Founded in 2010, StoreBound is a New York company specialized in developing kitchenware designed for better everyday living. Its omni-channel distribution model combines bricks-and-mortar retail, e-commerce and social media. StoreBound has developed unparalleled know-how in digital marketing based both on its expertise in community management (product development, marketing) and on the priority given to the consumer experience.

With great visibility on social networks, both in direct and by relying on major partnerships with brands, chefs or influencers with hundreds of thousands of followers, the Dash brand has built solid positions on the American market and is popular among millennials.

StoreBound's business model is therefore very complementary to that of the Group. The company achieved sales in 2020 over $120 million and is on the list of the fastest-growing businesses in the United States.

Between accelerated international deployment of the Dash model thanks to the global presence of the Group and access to StoreBound's expertise in digital marketing, the synergies identified are numerous and will be quickly implemented.

SALE OF NON-STRATEGIC BUSINESSES

In the first half of 2020, the Group sold two of its non-strategic businesses:

- EMSA GmbH, a Groupe SEB subsidiary based in Emsdetten, Germany and specialized in the design, manufacture and distribution of kitchen utensils and accessories, concluded an agreement with Poétic S.A.S., the French market leader for garden planters, for the sale of its Garden business;
- Boehringer, which specializes in the marketing of hotel equipment and was acquired alongside WMF in 2016, was sold to the Certina group.

These transactions reflect the Group's strategy of reviewing our business portfolio when necessary and focusing on our core business, thereby enhancing performance.

THE NEED FOR COMPETITIVENESS

Groupe SEB relies on a powerful and versatile manufacturing base, comprising 40 sites worldwide. It is committed to continuously improving their productivity, optimizing the entire supply chain - from its suppliers to its customers, including purchasing- as well as simplifying its structures and processes, so as to remain competitive in the long-term.

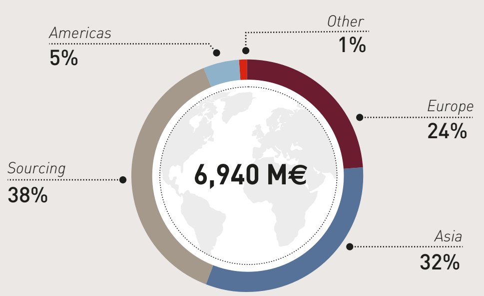
A POWERFUL AND VERSATILE MANUFACTURING BASE

Throughout the world, the Group's manufacturing base is set to respond to market characteristics:

- European manufacturing targets mainly mature markets. French and European plants are dedicated to products for which the Group is a market leader. To this end, the Group takes advantage of technological barriers in relation to product concepts or *processes*;
- manufacturing in emerging markets focuses on the needs of these markets and, for mature markets, on products for which the Group wishes to retain control of its specific technologies (concerning products and *process*);
- *outsourcing* production for basic products or those for which the Group lacks a strong leadership position or as part of partnership arrangements.

At the end of 2020, our 40 production facilities were producing around two thirds of the products sold by the Group worldwide, with the remainder coming from outsourcing (external production), particularly from China.

DISTRIBUTION OF SALES PRODUCTION 2020



Groupe SEB's industrial strategy targets customer satisfaction above all else, by continuously improving both the quality of the products it manufactures and its customer service, while ensuring production is cost-effective with the minimum amount of capital committed.

The Group's industrial competitiveness will be optimized over the long term by embedding SEB standards into industrial processes, constantly improving its supply chain and by means of its edge in product design, especially through its centers of expertise and technological hubs:

- the centers of product expertise bring together the specific expertise in research and development, industrialization and production for a given product category;
- the technological centers reinforce the centers of product expertise through their knowledge of key technologies in relation to materials, plastics, and electronics.

At relevant sites, project platforms foster collaboration between marketing teams and centers of industrial expertise in the development of the product offering. This makes it possible to promote the concept of the "technical basis" to standardize sub-assemblies and components, in order to be more responsive to customer demand.

To ensure and optimize the performance of its global manufacturing base, the Group prudently manages its production capacity, targets its capital expenditure and continues to adapt its production facilities on a regular basis. It takes account of economic market realities by adjusting volumes or rescaling sites, transferring operations from one entity to another, refitting sites, maintaining strict control of manufacturing costs, refocusing production, and outsourcing as required.

This optimization process goes hand-in-hand with keeping the entire value chain under continuous review, to streamline and accelerate flows, ultimately improving the service rate. The Group regularly reviews the geographical location of certain suppliers, particularly suppliers of components and sub-assemblies, with the aim of increasing their proximity to its plants to facilitate delayed differentiation and improve responsiveness.

2020: operational management of industrial sites adapted to the crisis

The Covid-19 pandemic had a considerable impact on the Group's manufacturing base in 2020, particularly at the start of the year.

Following the Chinese New Year holiday, all of the Group's plants in China were closed for an average of three weeks. Production resumed gradually from mid-February onwards, except in Wuhan, the location of the first major outbreak of the epidemic, where production did not resume until mid-March.

As the pandemic spread throughout the world and as state governments imposed restrictions in response, the Group was forced to temporarily close most of its plants, particularly in France, Germany, the United States, Brazil and Colombia. As a result, in spring 2020, at the peak of the first wave of the epidemic, 25 of the Group's plants were closed, and many others were operating at reduced capacity.

Thereafter, plants were only able to resume production gradually and with strict health and safety conditions in place (mandatory wearing of masks, availability of alcohol-based disinfectant gel, one-way systems in suitable plants, changes to production lines, increased spacing between workstations), in line with the Group's priority concern for the health and safety of its employees.

Of course, all these special measures had an impact on the costs and efficiency of the Group's industrial base, as did the severe disruption to supply chains, which was a direct consequence of the high volatility of demand throughout the year. However, the inability to absorb fixed overheads in the early months of the year was largely offset by efforts to improve productivity and the gains made in this regard.

CONTINUAL OPTIMIZATION OF INDUSTRIAL PRODUCTIVITY

Staking its claim as a major industrial company, which gives it a crucial advantage from the value chain perspective, the Group is constantly striving to ensure its industrial sites are competitive. To achieve this, it manages its manufacturing facilities with both flexibility and discipline, with its sights set on constantly improving product quality, customer service, personal safety and environmental protection.

With this in mind, the Group is rolling out some key projects at all of its industrial sites.

The PCO (Product Cost Optimization) project aims to reduce the cost price of existing products, optimize the future product offering, and increase perceived value. The approach consists in applying a method for analyzing products and taking into account consumer concerns by involving experts (R&D, marketing, design, manufacturing, etc.) as part of multidisciplinary group workshops, to challenge existing solutions and invent new ones.

In parallel, the global industrial and operational excellence program, OPS (Operation Performance SEB), has been extended across the entire value chain with the continued roll out of "fundamentals" (5S, TPM, etc.) to achieve further improvements in the productivity of the Group's sites. This practical program of continuous performance improvement:

- links health and performance in all Group improvement projects;
- involves all hierarchical levels (managers, technicians, operators) of all departments;
- aims to share best practices, so as to build a real Group manufacturing culture;
- results in a common language with the aim of promoting a Group spirit;
- is reflected in a single, scalable framework resulting from a fully collaborative approach.

Since its launch, the OPS program has enabled the Group to ensure a high level of quality in both its processes and its products. The commitment of the new sites acquired by the Group to incorporating these principles is a highly effective way of introducing a shared global approach of excellence and continuous performance improvement.

Focusing on the involvement and empowerment of teams across all areas of the value chain, the program relies on a matrix: health and safety, quality, cost, time, involvement and environment. Within each business, maturity grids have been developed for each process, with 5 ratings. The grids are currently in use at all sites, with the dual aim of standardizing the way in which performance is measured and improved and achieving the level of maturity required for all businesses to enter the industry of the future.

This will help us to reach a new milestone in terms of our industrial and logistical performance in order to improve how we respond to our customers' needs. Digitizing the processes from our suppliers to our customers will accelerate the transmission of information, improve responsiveness for greater agility and efficiency. Using a monitoring system to digitize our OPS production system will make performance even more visible by gathering information in real time, enabling us to better empower our operators, who will have the right information, at the right time, to react quickly. Finally, the systematic analysis of data will allow us to launch preventive and predictive actions to increase the utilization rates of equipment, as well as the quality of our products.

For Groupe SEB, the Industry of the Future program relies on technological projects or building blocks:

- Connection with our suppliers for greater agility and information sharing.
- Visualization of production for dynamic management of the performance.
- Artificial intelligence: Data collection and analysis, decision-making support (maintenance and quality: descriptive, diagnostic, preventive, predictive).
- Product-*process* human-machine interface, automation, collaborative robots, industrial IoT.
- Monitoring and optimization of our energy consumption.

- The process of planning from our customers to our suppliers, with predictive tools to improve forecasts.
- New logistical capabilities thanks to digitization in order to improve the customer experience during delivery.

These projects were entrusted to pilots chosen for their expertise and having the means to explore and implement concrete solutions. The pragmatic approach uses test and learn mode by experimenting with new approaches through POC (Proof of Concept). Once the solution is validated, it can easily be standardized and deployed at a low cost.

One of the key projects, involving both the industrial and information systems teams, is the establishment of a futuristic factory model using supervisory and data processing systems to improveperformance, the availability of the means of production, the anticipation of breakdowns, but also quality, traceability and the optimization of energy consumption. At the same time, the Group is developing new, more economical and flexible automation models, using collaborative robots (cobots) and auto-guided vehicles (AGV) to reduce the difficulty of tasks. Lastly, augmented reality systems will help operators achieve their goals and improve performance.

All these improvement plans are systematically supported by the Group's approach to health and safety, as continually improving the safety of personnel in the workplace, particularly by steadily reducing the number of workplace accidents, is a key priority for the Group (*reduced by 50% between 2018 and 2020).* For further details, see Chapter 3 on Corporate Social Responsibility on pages 123 to 204.

Another key component of the Group's competitiveness is Planning and Logistics, which is managed on a global level with the aim of improving the service to our customers and ensuring their satisfaction while optimizing our finished product stocks. To achieve this, the Group has deployed a transversal and collaborative S&OP (*Sales* and *Operating Planning*) process, from sales forecasting in market companies to capacity planning, production and delivery to the customer. In parallel, a supply chain optimization project was launched, as well as a *Supply Chain Academy* to develop our dedicated teams' skills.

In 2020, in addition to managing the specific challenges associated with the Covid-19 crisis (see box p. 35), the Group continued its program of continual improvement of the productivity and competitiveness of its industrial sites, by:

- in linen care, completing the transfer of plastics processing activity from the Saint-Jean de Bournay site to the Pont Évêque assembly site (France). The key aim of the transfer is to optimize the production environment on the basis of shortened flows, improved flexibility and versatile teams;
- finalizing the readjustment plan for WMF's Consumer business in Germany: transferring production of stainless steel cookware from Geislingen to other Groupe SEB plants in Europe (Omegna in Italy and Selongey in France) and consolidating logistics operations into a single warehouse in Dornstadt;
- maintaining an ongoing program of streamlining, with factory productivity plans (increased automation, processes, etc.) like those in Colombia (Rio Negro), or the United States (All-Clad, in Canonsburg);
- increasing capacity to better serve the markets (Egypt, China, Vietnam, and so on).

Industrial investments amounted to €183 million in 2020 (compared to €266 million in 2019). This temporary reduction in industrial investment is a direct consequence of the Covid-19 health crisis which has slowed down many projects.

A RIGOROUS AND RESPONSIBLE PURCHASING POLICY

Purchasing combines both production procurement, which covers requirements for materials (metals, plastics, paper/cardboard packaging, etc.) and components (parts, sub-assemblies, etc.) for manufacturing, non-production purchasing (transport and logistics, services, information systems, travel, etc.) and purchases of sourced finished products. Generally speaking, and for a number of years, purchases have increasingly been managed at Group level, through a panel of approved suppliers and the use of shared global product family platforms making it possible to consolidate volumes and standardize materials and components. This approach makes it possible to optimize negotiations (on price, quality, on-time delivery, etc.) and to develop pooled procurement offering greater flexibility between manufacturing sites and increased synergies within the Group. Suppliers are selected in accordance with a strict process, which assesses their competitiveness and their ability to fulfil the Group's requirements in terms of quality, delivery timescales and compliance with the Group's ethical standards with respect to corporate social responsibility. More generally, since 2012, purchasing has been governed by the Group-wide Responsible Purchasing Charter.

The Group's direct spend policy is based on the best possible balance of cost, quality and availability, by seeking out and selecting the most competitive suppliers at the same time as introducing suppliers to the Group's approach to innovation and its required quality standards. Amongst other things, this policy makes it possible to establish and maintain a real partnership with the best-performing suppliers and to closely involve them in the improvement process and the Group's objectives in terms of competitiveness. In 2020, the panel suppliers for manufacturing supplies comprised 494 suppliers (456 in 2019) with global purchasing coverage of 74% (70% in 2018).

Non-production purchases continue to follow the same process aimed at better qualifying approved suppliers and building an across-the-board Group purchasing methodology with a panel of approved suppliers representing 42% of non-production purchases (identical to 2018). The purchasing office team undertakes to cover a very broad range of expenditures and an increasingly large international scope for sourcing. Calls for tender are launched on a regular basis and cross-functional teams thoroughly rework our specifications to optimize purchasing in new fields.

The organizational arrangements for outsourced finished products help to maintain (or even strengthen) quality processes and a responsible approach by providing suppliers with technical and methodological assistance from Group teams. At the same time, it demonstrates the Group's desire for upstream integration of suppliers in the product development processes in order to foster greater fluidity in creating the product offering. The Group has thus ranked its finished-goods suppliers according to three categories, based on its strategic goals, performance criteria (e.g., timeliness, quality, costs) and social and environmental responsibility (environmental impact, respect for Human Rights, etc.), namely: (i) preferred suppliers; (ii) recommended suppliers; and (iii) non-recommended suppliers. In 2020, the Group had around 500 suppliers, of which 69 who represented 80% of purchases.

1.3 Organization and internal control

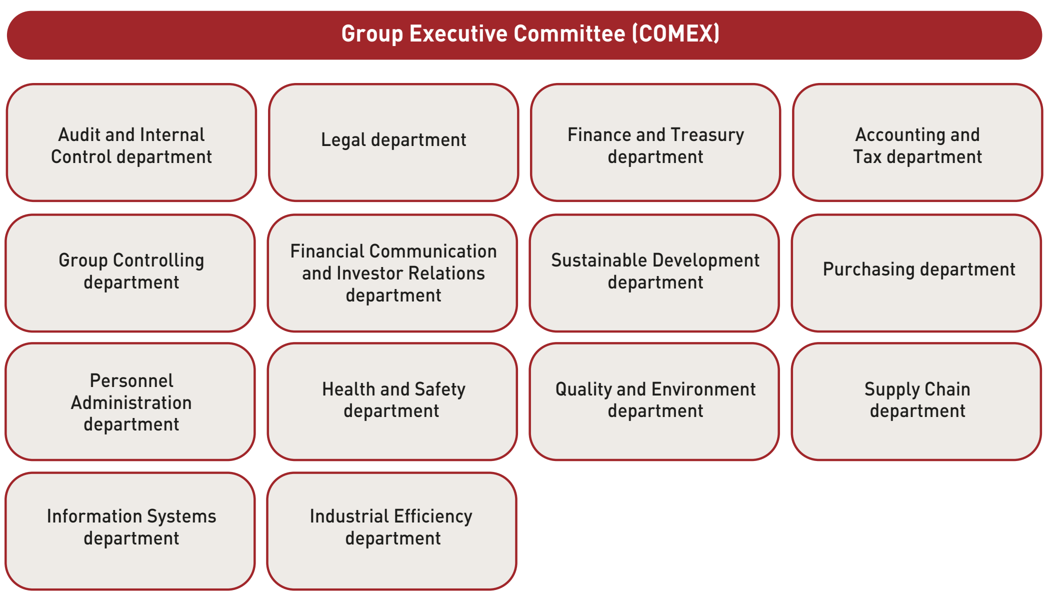
The scope of application of internal control and risk management procedures encompasses all of the Group's companies and employees, from governance bodies to individual employees. The operational and functional management structures are responsible for implementing these procedures.

Groupe SEB is an international entity, organized primarily into geographical zones by continent, each with their own ranges of products to sell. In addition, operations are managed by activity, covering a group of product lines and trademarks. Lastly, functional management supports operations transversally across all of the Group's businesses. The primary aim of this functional management is to ensure that activities are consistent and effective and to oversee the control functions (e.g. by means of financial standards, IT tools, quality rules, etc.).

The Group's conduct and operational processes are based on two key documents: the Group's Code of Ethics and the Internal Control Manual, which sets out what is expected of employees.

ORGANIZATION OF INTERNAL CONTROL AND KEY PLAYERS

The key control activities are identified within the functional departments described below, which report directly to a member of the Group Executive Committee.



Audit and Internal Control department

The Audit and Internal Control department is tasked with evaluating compliance with the Group's internal rules and procedures and detecting non-compliance with local legislation. This department is also required to evaluate the efficient conduct of operations and to ensure that business risks are identified and mitigated.

To achieve this, the Audit and Internal Control department is focused on three parallel activities:

- **defining and rolling out internal control procedures** ("Internal Control Manual"). This document covers all of the Group's control processes. It is circulated to all the Group's entities once a year, after Internal Control has carried out its annual update to reflect changes in operations, regulations and management systems;
- **implementation of a multi-year audit plan**, based on prioritizing the entities to be covered according to several parameters: assessment of the level of risk (size of the subsidiary, geography, information system, environmental factors, etc.); frequency of audit coverage; and lastly, the rating of the most recent audit. The plan is approved by the Audit and Compliance Committee each year;
- **coordination and oversight of risk mapping.** The Group's risk map is updated every year using the process described on p. 47 "Risk identification and control process".

The Group's Audit and Internal Control team consisted of twelve auditors, three internal controllers and one Head of Audit and Internal Control as at 31 December 2020.

Legal department

The role of the Legal department is to ensure compliance with any legal and regulatory requirements that affect the Group in the various countries in which it operates, to protect its assets (particularly its intellectual assets) and its businesses as a whole. It also protects the Group's interests by means of effectively managing risks and litigation. The Legal department is led by the General Counsel, who is a member of the Group Executive Committee and Secretary of the Board of Directors of SEB S.A.

Its main tasks are based on the following activities:

- **providing Legal support for operations,** regarding all types of regulations, drawing up and updating contract strategy (purchase of goods and services, terms of sale, sales promotions, after-sales service, etc.), negotiation support, oversight of legal firms consulted, pre-litigation and litigation management, coordination of all the Group's lawyers, defense strategy for intellectual creations, protection of industrial property titles (trademarks and trade dress in particular), and legal watch;
- **protecting intellectual property assets,** including legal support for the increasingly digital side of the business (connected products, data marketing, etc.), managing international intellectual property before and during litigation and managing anti-counterfeit operations;
- **ensuring Compliance:** instituting a compliance policy (anti-corruption measures, GDPR, etc.) in line with all Group-wide corporate, operational and continental functions;
- **corporate governance:** overseeing around 150 subsidiaries, including two listed companies, SEB S.A. and Supor, ensuring insider trading is prevented, managing shareholder services, negotiating finance contracts and supporting the Group's real estate projects;
- **coordinating the Group's insurance program,** described in detail on p. 62 "Insurance", allowing for an appropriate insurance program for the Group's activities and risks;
- **participating in the acquisition strategy:** preparatory agreements, merger control, contract negotiation, and post-acquisition restructuring.

Financial Communication and Investor Relations department

The Financial Communication and Investor Relations department works closely with the other departments within the Finance Function, with the operational, support and continental management structures, and with the Sustainable Development and Corporate Communications departments in order to carry out two key tasks related to the status of SEB S.A. as a listed company:

- **developing and disseminating the Group's financial communications**. This communication takes place according to a specific timetable and in compliance with the regulatory framework (AMF *, ESMA *, etc.), ensuring in particular the dissemination of clear, accurate, precise and true financial information, as well as conformity to the principles of equal treatment of investors and consistency of information. The documents and materials produced, published and circulated (Universal Registration Document, the AGM convening notice, press releases, the finance section of the Group website www.groupeseb.com, analyst and investor presentations, letters to shareholders, etc.) undergo a structured, traceable, production process and are prepared in close collaboration with the Group's various functions. They are reviewed by concerned business Managers and finally approved by the Executive Committee. The Financial Communication department, in conjunction with the Legal department, coordinates the MAR (Market Abuse regulation) Committee described on p. 44;
- **identifying the shareholder base and investor relations** throughout the year, through physical or telephone conferences, roadshows, analyst/investor days or individual meetings. These exchanges are intended to give the market information about the Group's strategy, performance and outlook, and to maintain and fuel interest in the stock. In 2020, nearly all events took place remotely, due to the health crisis. These events led to nearly 1,000 contacts.

Finance and Treasury department

The Group's Finance and Treasury department is tasked with ensuring the liquidity of Group operations, the security, transparency and efficiency of treasury and finance operations, and hedging against all financial risks. Its areas of work are as follows:

- **managing financial resources to ensure the Group's liquidity;**
- managing and securing cash flows (cash management);
- **quantifying and hedging against financial risks** (particularly currency, interest rates and raw materials risks);
- monitoring relations with banks;
- **financing projects**, particularly acquisitions;
- **overseeing strategies for hedging customer risk**.

Group Controlling department

The Group Controlling department coordinates budget planning and control, using a handbook of management procedures and rules applicable to all entities, including Group budgeting, re-projections *and* management reporting methods.

Its key oversight responsibilities are as follows:

- **budgeting process**. Guidelines and recommendations are circulated to the various entities for budgeting purposes. The Group Controlling department consolidates and oversees the various budgetary adjustments before a budget is approved by the Executive Committee and the Board of Directors;
- **re-projections:** throughout the year, as the Group's business evolves, the Group Controlling department alerts the Executive Committee in the event of a deviation from the budget, quantifies the impact of corrective measures and coordinates re-projections at key times during the year. These are then consolidated and approved at the Executive Committee level;
- **reporting and analysis of operational performance:** every month, to enable effective Group oversight, the Group Controlling department consolidates all information from a single, centralized management tool to establish dashboards for the Executive Committee and Group management. The dashboards include appropriate analyses of significant deviations and trends.

Accounting and Tax department

The Accounting and Tax department is responsible **for ensuring that the Group's accounting principles** and standards are compliant with commonly accepted international accounting standards. It defines the Group's accounting standards and oversees their distribution and application, particularly through training courses. It is responsible for preparing the Group's Consolidated Financial Statements and closes the Group's Financial Statements, in collaboration with the entities, in a timely manner.

The Group Accounting and Tax department oversees and **coordinates the Shared Service Centers for Accounting and Management Services. These entities**, in France, Poland, Germany, the United States, and China, help improve the Group's internal control system through the sharing of best practices, standardization of procedures and the division of tasks.

The Group Accounting and Tax department also ensures compliance with tax **regulations and obligations in all countries** where the Group operates. It also ensure the:

- **monitoring tax inspections carried out by tax authorities in all of the Group's entities;**
- **ensuring consistency in the tax procedures used by the entities;**
- liaising with tax consultants to verify that the Group's main activities are compliant with current legislation.

Sustainable Development department

The Sustainable Development department drives **and coordinates the sustainable development policy**. It documents and rolls out short- and medium-term action plans, in line with the Group's priority criteria, in each division and on every continent, thus promoting appropriate conduct.

In addition, the Sustainable Development department is responsible **for the content of the Group's Code of Ethics** and ensures that it is properly circulated and understood in all the entities. As the principles of the Code of Ethics are included in the Internal Control Manual, the ethical compliance of our subsidiaries is regularly checked on site by the internal audit teams.

Conformity to the values mentioned in the Code of Ethics does not stop with the company: the Sustainable Development department also monitors the **application of these principles by suppliers**, by means of a Responsible Purchasing Charter, which is circulated to and signed by all its partners, and regular outsourced audits. This last measure is fully in keeping with our action plans for compliance with the "SAPIN II" and "Duty of Vigilance" laws.

Each of the Group's plants is organized to prevent any pollution (of air, water, or soil) or environmental accidents and to reduce its carbon and environmental impact (particularly in terms of energy, water, and waste). To achieve this, **each plant complies with local environmental regulations** as well as standards shared by all Group sites. The regulations, and changes in them, are monitored locally by Health, Safety and Environment coordinators.

Measures to assess risks, prevent pollution and reduce environmental impact are implemented locally and coordinated at Group head office: a dedicated staff member is responsible for setting environmental goals and defining shared standards. The Sustainable Development department **also ensures the implementation of performance indicators**, which are then monitored and consolidated.

Environmental risk is overseen by a dedicated Group team which regularly monitors changes in regulations and transcribes these regulations into the Group's standards. The processes are then rolled out to the plants.

As part of its **compliance** policy, the Sustainable Development department appoints an external service provider to audit the Group's industrial sites in countries presenting ethical, social and environmental risks.

Personnel Administration department

The Group had nearly 33,000 employees at 31 December 2020, divided between more than 100 operational entities worldwide. The Personnel Administration department is responsible for ensuring the consistency of personnel management processes. It is organized around the following main areas:

- **defining personnel management rules applicable** to all of the Group's businesses, in line with local regulations: management of working time and leave, business expenses, tools available to personnel (computers, telephones, cars, etc.), and the payroll process (checks, approval and security);
- **rolling out and overseeing a single personnel** management tool at Group level, in accordance with local personal data protection regulations. This includes the administrative process related to employee entry, performance monitoring, and exit;
- **managing the Shared Service Center dedicated to payroll for all French entities**, ensuring the division of tasks and a strict level of control. The Personnel Administration department also reviews the standard processes for setting up outsourced payroll management;
- **keeping people safe:** the Personnel Administration department is responsible for drawing up safety rules, particularly in countries identified as risky (Ministry of Foreign Affairs) and coordinates the monitoring of traveling employees with an external partner to ensure their safety.

Purchasing department

The Group has two purchasing departments, one which manages the purchasing of components and raw materials required to manufacture products, as well as indirect purchases, and the other that manages the purchasing of finished products. The scale of the financial flows involved means that the Purchasing department is central to the Group's internal control process:

- **managing centralized purchasing**, one department based at head office in France and the other close to our suppliers in Asia for finished products. Both departments use the same organizational principles: operational buyers located close to where the need is (plants, R&D centers, markets) and category buyers, who determine the Group's purchasing strategy. This centralized oversight begins with the implementation of standard processes and strict rules on how to manage purchases (calls for tenders, purchase requests, approvals, etc.);
- **overseeing suppliers,** mainly by category managers, through performance indicators and reviews and audits of suppliers, relating not only to operational aspects (quality, supply chain, etc.) but also responsibility and ethical, social and environmental compliance, in partnership with the Sustainable Development department;
- **monitoring purchasing performanc**e: establishing purchasing strategies, objectives and analysis to optimize efficiency and strengthen control. A dashboard makes it possible to accurately monitor key indicators and adjust the action to be taken.

Information Systems department

Groupe SEB's information systems are designed to guarantee the security, integrity, availability and traceability of information.

Several priority areas within the Information Systems department help to improve the Group's control environment, including:

- **operational tools (ERP, business software, office automation, communication, etc.):** the Information Systems department oversees operations for the Group's tools and participates in an Information Systems Steering Committee, described on p. 44;
- **network architecture: the Information** Systems department ensures the consistency, availability, and integrity of the Group's networks;
- **security of information systems and** personal data protection: a Group Head of IT Security or Chief Information Security Officer (CISO) was recruited in July 2020 to reinforce the existing security system.

  His role is to define the IT security strategy in order to address the cybersecurity challenges the organization faces. He ensures that the mapping of cyber risk is up to date and that adequate protection measures and systems are in place to address the various risks identified. In charge of IT systems security, he defines and implements the Group's security policy, oversees the Group's key security indicators, monitors the implementation of security rules in projects, and takes the necessary information, awareness and risk prevention measures. This activity is supported by an Information Systems Security Committee (described on p. 44). With regard to personal data protection requirements, the CISO works with the Head of Personal Data Protection and the Legal and Personnel Administration departments: this cross-functional organization is described on p. 43 ("Cybersecurity and Information Systems failure risk");
- **digital applications:** The Information Systems department ensures the implementation of software components and infrastructure to ensure the quality, security and availability of the service provided to consumers: downloadable applications on mobile phones and tablets to facilitate the use of connected products and give access to digital content, photos, recipes, etc.

Supply Chain department

The distribution of the Group's businesses across all continents requires constant optimization of the production process, flows, procurement and logistics.

The role of the *Supply Chain* department is to ensure customers are satisfied and products are available, while optimizing costs and inventories. To achieve this, the department must have a comprehensive overview of the issues, from our suppliers to our customers and use sales forecasts to control scheduling, to provide a high level of customer service. Specifically, this involves:

- **reviewing our optimal logistical footprint between** our industrial facilities and our customers, as well as the global deployment of our OPS program, which enables us to guarantee high quality at optimum cost, in the drive for continuous improvement of our performance;
- **defining and rolling out stock management procedures** that apply to all the Group's warehouses, outsourced or not, including a receipt and dispatch management process, an inventory management process and security requirements at storage sites;
- **oversight of product flows:** defining and optimizing product flows (with a view to improving the flexibility of industrial sites) in line with international regulations and in compliance with customs regulations.

With a view to continually improving customer service, the Group is in the process of changing the structure of its supply chain, which will be organized along three key principles:

- centralized calculation of demand, based on market data and the use of statistical forecasting tools, as well as centralized management of logistics centers to optimize our distribution network;
- maintaining the structures required to serve our customers on continents and within markets. These structures will define our logistics offerings by customer type and implement them, from taking orders to delivery;
- centralizing the «Planning» *function in* our Business Units which, based on demand calculated by the central function, will schedule production and supplies to service the markets. The BUs are also responsible for product offerings, plants and marketing plans.

Industrial Efficiency department

Ensuring the competitiveness of our industrial operations has always been a central concern for the Group. Groupe SEB has implemented a system for the continuous improvement of industrial performance, known as OPS, which has for many years been used in all the Group's plants. In recent years we have also been working on adopting the latest digital techniques to improve our plants using cutting-edge technology.

This department is responsible for the following processes:

- **OPS, a performance management process that includes procedures**, tools and methods for the smooth running of our plants, based on the principle of seeking excellence and continuous improvement.
- **a "factory of the future" program** that sets out the new digital tools and methods to be deployed to improve our plants by means of industrial IT.
- ***Continual*** evaluation of the need to progress our industrial footprint and our industrial strategy.

Quality & Environment department

Improving the quality of its products and processes has always been a central concern for Groupe SEB. Groupe SEB uses a Quality and Environment Management System, a key pillar of any business, implemented through a shared tool available on the Group Intranet.

This system includes all the procedures, tools and methods relating to the Group's key processes:

- **management procedures with the definition of Group policy,** strategic planning, continuous quality improvement, and safeguarding of the environment;
- **operational processes,** including strategic marketing, R&D, sales and marketing, customer order processing and production;
- **operational support functions,** covering human resources, information systems, purchasing, finance, after-sales service, and customer assistance;
- **monthly reporting** allows the Quality department to accurately track key indicators and adjust its actions.

Health and Safety department

Employee health and safety within the Group is our number one priority and everyone's responsibility, whether they work in industry, on logistics platforms, commercial subsidiaries, or at headquarters.

The Health and Safety policy is coordinated by the Group Health and Safety department, which is responsible for managing it. It is structured around five focus areas that are communicated to the sites continuously:

- **ensuring that health and safety is always seen as our number one priority**;
- **focusing on one ambitious objective**, monitored with indicators on site and at Group level;
- **taking every serious accident or incident into consideration** and making it a learning opportunity;
- **sharing the same level of skills and requirements** based on shared standards;
- **acting promptly on any recorded non-compliance** to address it rapidly.

A Group-wide Strategic Health/Safety Committee is described on p. 44.

Alongside these departments overseeing the Group's control activities, Committees have been set up spanning various control topics. These Committees meet two to four times a year and involve managers from the aforementioned departments. Each are responsible for identifying, in their respective areas, any situations requiring action at the central level (regulatory changes, evolution of the market context, etc.). In this case, each Committee will report to the Group Executive Committee.

GROUP SEB EXECUTIVE COMMITTEE (COMEX)

Thierry de La Tour d'Artaise	**Chairman and Chief Executive Officer**
Stanislas de Gramont	**Chief Operating Officer**
Nathalie Lomon	**Senior Executive Vice-president, Finance**
Delphine Segura Vaylet*	**Senior Executive Vice-president, Human Resources**
Harry Touret	**Senior Executive Vice-president, Human Ressources**
Alain Leroy	**Executive Vice-president, Industrial Operations**
Patrick Llobregat	**Executive Vice-president, Cookware**
Olivier Naccache	**Executive Vice-president, Small Electrical Appliances**
Oliver Kastalio	**Chief Executive Officer WMF**
Vincent Rouiller**	**Executive Vice-president, Research**
Cathy Pianon**	**Executive Vice-president, Public Affairs & Communication**
Philippe Sumeire**	**Executive Vice-president, Legal, General Secretary of the Board of Directors.**
Cyril Buxtorf	**Executive Vice-president, EMEA**
Martin Zouhar	**Executive Vice-president, Americas**
Vincent Tai	**Executive Vice-president, Asia - Executive Vice-president, EMEA**

Compliance Committee

- Audit and Internal Control department
- Legal department
- Human Resources department
- Sustainable Development department
- Finance and Treasury department

MAR (Market Abuse Regulation) Committee

- Chairman and Chief Executive Officer
- Chief Operating Officer
- Senior Executive Vice-president, Finance
- Legal department
- Financial Communication and Investor Relations department

Information Systems Steering Committee

- Information Systems department
- Continental departments
- Products & Innovation department
- General Finance department
- General Human Resources department

Information Systems Security Committee

- Information Systems department
- Audit and Internal Control department
- Human Resources department

Sustainable Development Steering Committee

- Sustainable Development department
- Audit and Internal Control department
- Human Resources department
- Quality & Environment department
- Research department
- Brands department
- Marketing department
- Sales department
- Strategy department
- Legal department
- Customer Satisfaction department
- Industrial department
- Purchasing department

Health and Safety Committee

- Chairman and Chief Executive Officer
- Chief Operating Officer
- Senior Executive Vice-president, Human Ressources
- Group Communication department
- Directors of Industrial Activities
- Group Health/Safety department

* *Appointment to COMEX on 01/01/2021.*
** *Appointment to COMEX on 01/02/2021.*

In particular, the Compliance Committee implements measures relating to recent regulatory developments. A cross-functional action plan involving several Group departments has been drawn up to address the requirements of the SAPIN II law and the Duty of Vigilance law relating to parent companies and principals.

This action plan focuses on the following key points, most of which are already in place:

- Code of Conduct;
- internal whistle-blowing system;
- risk mapping, corruption and suppliers;
- customer and supplier assessment procedures;
- internal and external accounting control procedures;
- training system;
- disciplinary system;
- internal system to control the implementation of the above measures.

Lastly, to ensure efficient overall management, Groupe SEB relies on the decentralization of operational responsibilities and clearly defined rules of operation and delegation. It also benefits from a well-established corporate culture, rooted in shared fundamental human values that foster an ethical working environment: Entrepreneurial drive, Passion for innovation, Professionalism, Group spirit, and Respect for people.

Groupe SEB has been a signatory of the Global Compact since 2003 and supports the values set out in this document, promoting them throughout the company. The Group Human Resources department states in its guiding principles: “The Group is a community of men and women who share the same objectives and values”.

The Code of Ethics, published in September 2012, serves as the frame of reference for Groupe SEB’s values and standards. It defines individual and collective rules of conduct to guide the actions and inspire the decisions of each employee. It is supplemented by a whistle-blowing system that allows any employee to report a serious violation of the Code of Ethics.

More details on the whistle-blowing system are provided in Chapter 3.3, page 135.

1.4 Risk factors

MAIN RISK FACTORS

PRESENTATION OF THE MAIN RISKS

RISKS INVOLVING EXTRA-FINANCIAL ISSUES (DESCRIBED IN CHAPTER 3, ("CORPORATE SOCIAL RESPONSIBILITY")

Strategic risks

Degree 3

- Market competition and concentration for Small Domestic Equipment market
- Changes in the distribution industry
- Innovation and intellectual property
- Image and reputation

Operational risks

Degree 2

- Business volatility and competitiveness
- Talent attraction and retention
- Macroeconomics, geopolitics and regulations
- Compliance
- Cybersecurity and Information Systems failures

Industrial and environmental risks

Degree 1

- Product quality and consumer safety

Degree 2

- Business continuity
- Employee health and safety and environment

INTRODUCTION

The nature of Groupe SEB's business and its large international presence opens up significant development opportunities, but also exposes it to various types of internal and external risks. These risks may adversely affect the Group's activities, results, financial position or assets, or have consequences for its various stakeholders – consumers, employees, shareholders, customers, suppliers, partners, the local ecosystem (public authorities and civil societies), etc.

The Group implements a range of measures to identify risks and measure their potential impacts and probability of occurrence. These risks are then managed according to risk control plans that are regularly reviewed and involve the players concerned in the Group's various departments. As with any control system, however, it cannot provide an absolute guarantee of total control or elimination of all risks.

RISK IDENTIFICATION AND CONTROL PROCESS

In accordance with regulation (EU) 2017/1129 and its delegated regulation (EU) 2019/980, which took effect on 21 July 2019, this section outlines, in a limited number of categories, the most significant risks in terms of materiality and specificities in relation to the Group's activities.

Within each category, the most significant risk factors are presented first.

The risk identification and control process is an ongoing process incorporated within the Group's operations. In order to provide comprehensive information, the various stages of collecting and processing information were defined as follows: operational approach, consolidation by key theme, review by the Executive Committee.

COLLECTION OF OPERATIONAL RISKS

Operational risks—risks related to operations, legal affairs, the industrial side of the business and the environment—are identified and reviewed annually by means of interviews with key divisional managers.

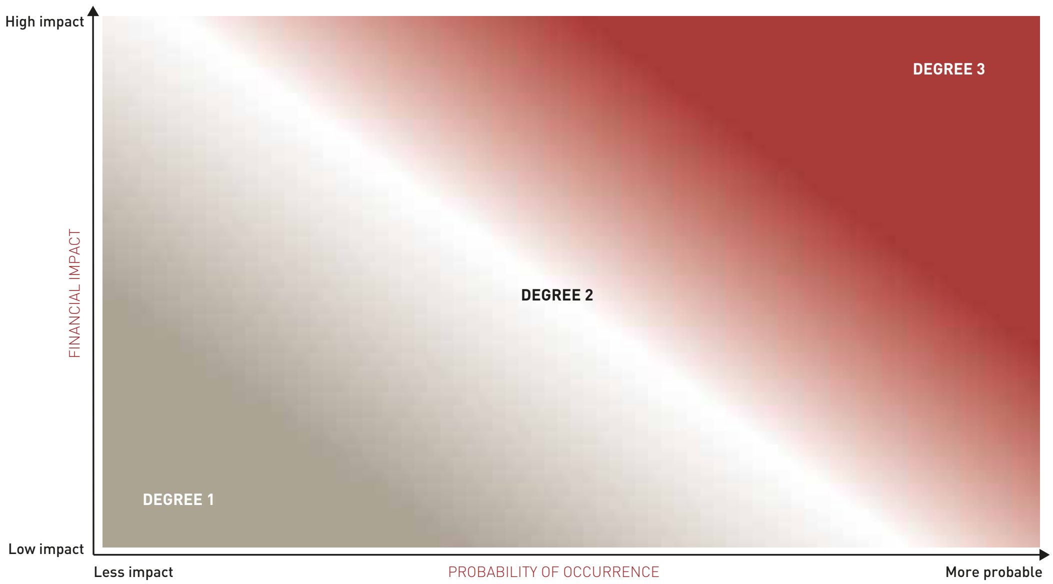
Risk forms are then created and consolidated by the Audit and Internal Control department to identify the main issues by theme.

On the basis of this consolidation, each function director meets individually with the Audit and Internal Control department so as to assess thoroughly the main risks and associated risk management plans.

CONSOLIDATION AT GROUP LEVEL

An annual working meeting is held with the Executive Committee members on the basis of the above elements. This meeting covers all the information from the operational collection. Each risk is reviewed in detail, to evaluate how it has evolved and its relevance in terms of both potential impact for the Group and probability of occurrence.

For each residual risk, after taking mitigation measures into account, a degree of exposure is defined, with level 1 corresponding to the risks to which the Group is least exposed, and level 3 to the risks to which the Group is most exposed.



Lastly, the review of the Group's risk mapping activity is included as a specific agenda item at an annual meeting of the Audit and Compliance Committee (review of methodology, risks, their assessment by Group management and the associated action plans).

SPECIFIC RISK: COVID-19

Description of risk

The risks associated with the coronavirus epidemic were significant, although it is difficult to quantify precisely the impact they had on the Group's activities in 2020.

This crisis was reflected by two trends; some habits, such as home-made cooking, increased, which in turn highlighted the relevance of our products, and the expansion of e-commerce accelerated. This meant that our consumer business was able to end the year with sales that were almost as high as those of last year.

Professional activity, on the other hand, suffered from the closure of cafés, restaurants, hotels and large catering chains. This situation resulted in our customers suspending, postponing or reducing their capital expenditure on equipment—particularly coffee machines—significantly limited our maintenance business.

The safety of the Group's employees has been, and remains, our absolute priority, requiring us to put in place the following measures:

- protective measures in the workplace (masks, social distancing, hygiene measures);
- isolation measures, by closing sites (up to 25 industrial sites closed); and
- organizational measures for telecommuting.

Despite the rollout of vaccination programs worldwide, the public health situation remains highly uncertain.

The Group has needed to, and may yet need to, temporarily close one or more of its sites (production sites, warehouses, commercial subsidiaries and administrative offices, retail stores etc.) due to the restrictions put in place by national governments.

In addition, the supply chain for Group finished products, raw materials and components may be affected insofar as Group suppliers and subcontractors have seen or may see restrictions to the manufacture and distribution of their products and logistics were or may be disrupted.

Lastly, travel bans and confinement measures in some countries, resulting in a drop of footfall in physical stores and even the closure of many stores, could have a direct and significant impact on the resale of our products to end users. This decline may only be partially offset by an increase in online sales.

This could result in late payments or the risk of insolvency of certain customers.

All of these elements could lead to a decrease in sales and in Operating Result from Activity (ORfA) in several Group geographies, as was the case in 2020, and could result in increased business volatility, depending on the health measures in place.

Management of risk

The Group has put in place a procedure to continually review the impact of this crisis under the authority of a dedicated Committee comprising members of General Management and operational managers.

A Business Continuity Plan has been elaborated, which provides in particular for:

- Systematic implementation of measures taken by national governments;
- Specific crisis management and protection measures for Group employees in the various sites (plants, warehouses, commercial subsidiaries and administrative offices, retail stores etc.) including in particular:
  - provision of protective equipment (hydroalcoholic gel, masks) for employees, regular cleaning and disinfection of common areas, layout of workstations to respect the necessary distance and ensure strict compliance with barrier gestures recommended at all Group sites;
  - possibility of using telework for all employees whose activity allows, on all Group sites;
  - in general, intense communication, information and awareness campaigns for all employees.
- Continuity of customer service through continuation of our logistics platforms, while safeguarding employee health;
- Communication with partners, customers, suppliers and stakeholders regarding the continuity of key services;
- Banning travel for all Group employees;
- Reduction in operational expenses, strict control on administrative costs;
- Strengthened monitoring of customer receivables. It will also be recalled that:
  - the Group operates in numerous distribution networks, depending on the country and its activities, and that its customer portfolio is balanced,
  - the Group has a broad and international program of credit insurance policies.
- Securing of liquidity, thanks to balanced funding in terms of instruments and maturities. The Group's short-term debt is fully covered by undrawn syndicated credit lines for an amount of more than €1 billion. Loans and lines of credit are not subject to any prepayment clause based on covenants. Information on the maturities and characteristics of the borrowings and credit lines can be found in Note 24 to the consolidated financial statements on page 271 of this document.

1.4.1 STRATEGIC RISKS

RISK RELATED TO COMPETITION AND CONCENTRATION IN THE SMALL DOMESTIC EQUIPMENT MARKET

Description of risk

The Small Domestic Equipment market is buoyant, but it is still fragmented on a global level, particularly in certain segments or geographic areas.

As explained in Chapter 1, p. 22, there are a large number of competitors, and particularly:

- large global groups, generalists or specialists, with global brands in one or more product categories;
- groups operating primarily in their domestic markets or a in small number of reference markets;
- leading players concentrating on a single product category;
- companies selling their products under retailer brands or without a brand name.

Also, with some Asian companies gaining traction in domestic and international markets and with new 100% online BtoC business models popping up, some brands are quickly gaining market share in targeted categories, at the expense of our products.

This large number of players, combined with pressures on retail, results in intense competition, which creates an environment driven by sales promotions. In this context, differentiation and competitiveness are crucial.

Furthermore, in addition to its organic growth targets, for decades the Group has implemented an external growth strategy to accelerate its expansion and consolidate its market positions. This strategy has resulted in major strategic acquisitions (Moulinex in 2001, Supor in 2007, WMF in 2016) and more targeted acquisitions (All-Clad, Imusa, Krampouz, StoreBound, etc.). Therefore, missing an acquisition opportunity could be detrimental to the Group. Likewise, if our competitors ramp up their acquisitions policies, they could bolster their positions in the markets concerned – Small Electrical Appliances, Cookware or the BtoB market (coffee in particular). Such a gain in momentum could impact the Group's competitiveness as the Group would receive reduced economies of scale and bargaining power with distributors.

Finally, each of these acquisitions has specific features in terms of corporate culture, structure, operational processes and distribution channels. Failing to identify these or not taking them into account could have an adverse effect on the integration process and the value creation expected from these operations.

Management of risk

- With regard to competition risk and the need to be competitive, the Group serves its customers to the best of its ability by relying on the widest range available on the market, fueled by an ongoing approach to innovation that makes it stand out from the crowd, on its unique portfolio of brands, on a presence in all distribution networks and on an effective and versatile manufacturing base. In particular, the Group has an industrial base in Asia through its subsidiary Supor, which, in addition to the Chinese domestic market, supplies the Group's international markets.
- Market fragmentation can also be a strategic opportunity. With a long-standing commitment to consolidating the market, and in its position as market leader, the Group actively and continuously watches the markets to identify companies that could become good acquisition targets. This watch prioritizes the most strategic sectors/geographic areas.
- In fact, the Group's acquisitions policy is based on complementarity and supports its organic growth strategy. It focuses on strategic and structuring acquisitions or more targeted acquisitions that provide synergies in terms of products, geographic area, business sector or business model. The Group's cash position also makes it a player in market consolidation.
- Where new acquisitions are concerned, over the years the Group has built up real experience and strong skills in integration. An ad hoc structure has been set up, which combines post-acquisition due diligence processes and the creation of an integration committee. Its role is to oversee, support and coordinate each integration process between all the stakeholders involved (the acquired company, the relevant Business Units within Groupe SEB and the markets affected by the acquisition). The integration of employees of the new entity, the rollout of Group processes (e.g. financial reporting), the harmonization of IT tools, and the performance of audits, in particular, are carried out by the various departments in question (Strategy, Human Resources, Management Control, Information Systems, Audit and Internal Control, etc.).

RISK ASSOCIATED WITH CHANGES IN THE DISTRIBUTION INDUSTRY

Description of risk

The distribution industry has experienced some major changes over the past few years. These changes have had a lasting impact on the Group's business: sector consolidation (through acquisitions or by setting up central buying organizations). The rapid emergence and success of e-commerce specialists have radically transformed the business environment as well. Similarly, new digital companies offering direct BtoC service have appeared, shattering traditional distribution models.

Some of the Group's long-standing customers, especially traditional retailers in mature markets, have not been successful in transforming their business to digital. As a result, they have had to embark on major reorganizations to counter declines in store traffic – shifts within the portfolio of products sold, major discounts to attract customers, lean inventory management, limited re-stocking, reducing their store network, etc.

In 2020, as a result of the restrictive measures implemented worldwide to halt the spread of Covid-19 (including temporary store closures), the growth of online sales accelerated sharply, further weakening some brands that had not developed their digital business – or had not developed it sufficiently.

Furthermore, and more generally, 2020 confirmed the blurring of the boundaries between physical retail and e-commerce; the trend is now towards omnichannel distribution.

In some cases, these changes included restructuring, including cost reduction measures and even store closures, which may have resulted in bankruptcies.

As a result, this profound transformation within the distribution industry may spill over onto the Group and adversely impact sales and/or market share, or even unpaid debts.

Management of risk

- The Group strives to grow in a balanced and sustainable way, using all existing distribution networks in order to optimize its market exposure and diversify its risks. In fact, in 2020, the Group's largest customer accounted for just over 5 percent of consolidated revenue, but in some countries the weighting of a given distributor can be significantly more. In essence, we're talking about long-term partners with whom the Group is keen to maintain a solid, trustworthy business relationship.
- Changes in the distribution industry can also be a strategic opportunity for the Group and fine-tuning how we do business is a core concept of our corporate plan. The sales teams are structured to provide an adequate response to this.
- The Group's e-commerce sales account for around 35% of consumer sales, rising steadily for several years. The same has been true for pure players and Click&Mortar stores. In direct to consumer, the Group has already generated around 7% of its consumer sales through its network of directly operated stores (Home&Cook, WMF, Supor Life Stores, etc.). It is also developing an online direct to consumer model via brand websites (around 100 online sales outlets at the end of 2020).
- The unique circumstances of 2020 prompted the Group to ramp up significantly the liquidity monitoring of some of its retailer customers, so as to anticipate potential defaults (customer profile, in-house credit analysis, centralized indicators and reports, etc.).

RISK RELATED TO INNOVATION AND INTELLECTUAL PROPERTY

Description of risk

The Group has to regularly renew our product portfolio through innovations. Innovations are designed to satisfy consumers' new needs and may emerge through existing product or service improvements or via breakthrough innovations.

Over the past few years, product life cycles have shortened, and agile players have emerged with short-lived product offerings (even mono-products) delivered through an innovative marketing and distribution approach. This phenomenon is in tune with new consumer trends and rapid technological developments, especially "digital" products, connected products and related services.

Adapting to these new trends and understanding new ways to consume products and services is a key issue for the Group as we have to learn them and respond to them with an innovative product offering to defend and even increase sales and market share.

The Group's brands and innovations are world-renowned. This leads to various types of intellectual property right infringements (patents, trademarks, designs), which can hurt the Group's sales and create image risks.

All of the Group's innovations must therefore be protected through patent, design and model filings along with other intellectual property assets including a portfolio of registered brands.

Conversely, the Group's active innovation approach is liable to be in conflict with a patent or a design already filed by a competitor. This would result in a litigation, reputational or financial risk in the event of a recall of the product concerned.

Management of risk

- Innovation has been a major part of the Group's strategy since the very beginning. That's why we invest considerable human and financial resources to support it (€240 million or 3.5% of sales in 2020).
- A product offering that stands out above the crowd and fast factory to shelf time are major advantages that can add momentum to the business and win market share. With this in mind, the Group is constantly striving to make the product development process more agile so innovations can be launched on the market faster. Over these past few years, the Group has emphasized digital innovations with the development of connected products to improve consumers' daily lives and offering related services as part of a comprehensive ecosystem.
- In addition, actively monitoring consumer trends and competitor innovations provides input on both changes in product offerings and on potential acquisition targets for the Group.
- The Group allocates the budgets required to protect and develop our key intangible assets such as trademarks and innovation, and to combat counterfeiting. A strategy of targeted registration of trademarks, designs and patents has been implemented, taking into account the sales outlook and high-risk countries;
- The Group monitors risk of intellectual property right infringement online and in the field:
  - anti-counterfeiting measures are being systematically applied in the field, primarily in high-risk countries such as China and the Middle East as well as in high-stake trading countries; These measures include monitoring trade fairs where investigations are perforemd which lead to customs seizures, legal action and destruction of molds and inventories,
  - on the internet (marketplaces, websites), measures are being taken thanks to a global monitoring system that generates regular reports and makes it possible to take rapid action to have online copies removed and combat trademark infringement and cybersquatting.
- The Group also monitors risk of third parties having their intellectual property infringed upon due to actions integrated into the product innovation and development process. As a result, many product launch projects are subject to a freedom to operate analysis of the trademarks, designs and patents before validation and launch. Nevertheless, the probability remains that a prior industrial property right has not been identified, and in this case, the Group may have to modify the technical or aesthetic construction of a product to eliminate any risk of litigation, negotiate an amicable settlement of the potential dispute or defend itself if the prior industrial property right is not a priori invalid or if the alleged infringement is not proven.

IMAGE AND REPUTATIONAL RISK

Description of risk

Groupe SEB relies on a unique portfolio of around 30 brands that hold leadership positions around the world in their respective domestic market. The reputation of these brands is based on product quality and their distribution method, as well as on the marketing and advertising policies they implement.

Products or communication that is inappropriate to the image of the brands, improper conduct by the Group's brand ambassadors, employees, distributors or suppliers, as well as the circulation of damaging information in the media could affect the brand's reputation, have an adverse effect on sales or negatively impact the brands' valuation on the balance sheet (over €1 billion at 31 December 2020).

In times where information circulates more and more rapidly (through internet sites, instant messaging, social networks, etc.), any negative overtones may have an impact on the Group's image, at a country, a region, or even global level, with repercussions on sales and profit.

Risk can emerge based on founded or unfounded information and/or rumors and can cover a wide array of subjects – product quality or safety, material safety (especially food), manufacturing processes, environmental impact, business practices, ethical values or compliance with regulations (tax, labor).

Management of risk

Groupe SEB supports and builds up the reputation of our brands by collaborating with reputable professionals in their fields (communication agencies, ambassadors, inluencers etc.), to respect and promote the personality of each brand.

At the same time, the Group actively protects our brands' reputation using a three-level protection mechanism:

- the first level of protection against image risk is preventative and consists in not creating a situation that could lead to negative communication about the Group. This is achieved by conforming to the Group's values and the Code of Ethics, and complying with internal processes (particularly quality, financial reporting, internal control, safety, etc.). All Group employees are regularly reminded of these key principles: when they are hired, and during long-term training and communications. They are alerted to compliance with ethical rules at all levels and some employees receive training in digital technology and social networks and how to use them;
- the second protection consists in setting up a response system for monitoring information: in addition to conventional means for monitoring traditional media, the Group uses an e-reputation tracking tool on social networks, alongside an internal (feedback to management, decision-making) and external (crisis management and procedure unit) communication process;
- lastly, the Group applies measures to secure information-sharing processes to limit the risks of fraudulent communication and identity theft.

1.4.2 OPERATIONAL RISKS

COMPLIANCE

Description of risk

Increasingly complex regulations, the Group's expansion into new geographical areas, changes in technology, and growing competitive pressure are all factors that increase the risks of fraud arising, whether originating internally or externally, or of non-compliance with domestic or international regulations, or with the Group's in-house rules. Compliance and corruption risks are factored into the mapping of Group risks.

Despite our sophisticated and regular internal control and audit process (internal and external), the Group is not immune from violations, whether material or modest, intentional or otherwise.

These violations may carry a risk of administrative or legal proceedings alongside financial and/or reputational risk.

Management of risk

- Compliance with international and local regulations is a Group priority set out in our Code of Ethics.
- The Group conducts continuous regulatory monitoring and is gradually developing training courses adapted to regulatory developments, as part of a Global Compliance training program. This program includes a "Code of Ethics" training course as a starting point, as well as more specific training ("Antitrust", "Anti-corruption" or indeed "Personal data protection").
- With respect to the protection of personal data (GDPR regulations), the Group has established a specific, dedicated entity comprising members from several functional departments: legal, human resources, information systems, marketing, etc. In addition, security procedures in the event of security breaches to our IT applications that affect personal data have been drawn up and rolled out to ensure a rapid and effective response to this risk.

In terms of tax regulations, the Group cooperates with and has an open relationship with the tax authorities and endeavors to comply with and implement tax regulations in all the countries in which it operates.

Regulatory changes are monitored by the Accounting and Tax department and local finance departments.

The Group's Code of Ethics sets out the principles governing its tax policy:

- "We pay all taxes due in the countries in which we operate."
- "We endeavor to ensure that the accounting and tax filings we make to the authorities are exhaustive and reflect the real picture in each subsidiary."

The Group also applies OECD transfer pricing recommendations and is regularly audited by the relevant tax authorities.

- With respect to the fight against external fraud, a process of systematically reporting information on attempted fraud to the Audit and Internal Control department allows the Group to analyze these situations, inform all entities of the risks and respond quickly by implementing new checks (particularly updating our firewalls). A major initiative to raise awareness among financial employees and the systematic implementation of dual checks, for example, have enabled the Group to fight against attempts of identity theft of customers, suppliers and Group senior managers through technological means.
- The policy for managing the risk of corruption is presented in the Non-Financial Performance Statement in Chapter 3 "Corporate Social Responsibility".

RISK LINKED TO THE VOLATILITY OF OUR BUSINESS AND TO COMPETITIVENESS

Description of risk

A significant proportion of our product sales are made during holiday periods or for special events (Prime Day, Black Friday, Christmas, Chinese New Year, Ramadan, Singles' Day in China, Mother's Day, Shrove Tuesday, etc.), with the biggest money-making events taking place in November and December. Because of this, we achieve a substantial proportion of revenue at the end of the year. As a result, traditionally, both sales and earnings are heavily weighted toward the 4th quarter. Additionally, since some holidays fall on different days (Chinese New Year, Ramadan, etc.), sometimes an event could happen twice in one fiscal year and then not at all during another. Some of our products are also highly seasonal and depend on weather conditions, such as fans.

The Group's several-year-long commitment to loyalty programs for consumers with distributors is another factor in sales volatility. These high-visibility operations generate major sales but, on the other hand, can dry up the market and generate elevated revenue that may not be recurrent from one year to the next.

Groupe SEB also pursues a product partnerships policy to develop new concepts and boost sales. However, in this market, our partners can change their policies, which can generate revenue risk.

Lastly, in Professional Coffee, beyond our current business, signing and executing major contracts with certain customers (large restaurant chains, convenience stores, gas station chains, etc.) for equipment or to replace machines can lead to sales volatility.

The number of products sold, and therefore the Group's revenue and operating result, can fluctuate considerably over a quarter, a half-year or over a year.

In addition, the Group must be able to streamline the productivity of its facilities in order to remain competitive, which involves:

- flexibility on the part of its plants and logistics centers in response to this fluctuating demand;
- shifting between in-house and outsourced production, managing industrial investments and manufacturing costs, simplifying processes and flows, optimizing the supply chain and related inventories (components, work in progress, finished products), etc.;
- speeding up throughput over the entire value chain to better respond to customers' expectations;
- streamlining product diversity and complexity (by delayed differentiation, in particular);
- taking into consideration changes in external factors, such as the price of raw materials and exchange rates.

On average, over the past two years, aluminum has represented 11% of direct purchases for manufacturing, steels / metal parts 19%, plastic materials / parts 18% and components electrical / electronic 25%.

Management of risk

- Business during high resale periods are planned in conjunction with our major distribution partners to reduce unknown risks. Sales and promotional campaigns remain aggressive during the low season to spread out revenue a little more evenly throughout the year. The Group's geographic diversification also reduces the risk of volatility caused by seasonal products sold due to weather conditions.
- With regard to loyalty programs, the Group has set up a meticulous management process – no loyalty program can be started without management's approval and after analyzing operational what-ifs (offerings, visibility, brand, supply chain) and profitability. This process is accompanied by monitoring throughout the campaign with the different stakeholders, to secure volumes and procurement.

  Lastly, with regard to partnerships, the main measure of risk management is based on sustainability of the relationship (the major partnerships are more than 15 years old) and on the diversification of these partnerships that allows portfolio balancing in this activity.

  Regarding our professional coffee machines business, the Group makes every effort to have a growing list of contracts – including the smaller contracts – that it manages in an order book, to offset the impact from huge one-off deals from one year to another.
- As a manufacturing company, Groupe SEB constantly has to decide between internal or outsourced production. Against this background, around two thirds of the Group's products are manufactured internally, particularly products with a high technological value in Europe and products with strong competition in China, while more commonplace products are outsourced. Thinking in terms of Total Cost Ownership, we want to simplify product outflows while attempting to manufacture as much as possible close to our customers and limit the distance in between our suppliers' manufacturing sites.
- For in-house production, our local and central/cross-functional manufacturing teams continuously strive to improve the competitiveness of our sites, specifically through the rollout of continuous improvement programs. At the same time, the production teams have put in place an industrial flexibility program using diverse technological platforms to improve our responsiveness and adaptability to market need, as well as to potential rapid developments in market conditions (currencies, customs fees, raw materials, etc.).
- The Group's currency position is short in dollars and yuan and long in all other currencies. The Group is required to adjust its pricing policy to offset fluctuations in exchange rates, which are sometimes sudden and significant. In addition, Groupe SEB addresses exposure to currencies and raw materials with a hedging policy that is described in Note 26 of the financial statements.

RISK RELATED TO ATTRACTING AND RETAINING TALENT

Description of risk

When the company is experiencing sustained growth in a market that's in constant flux, we have to constantly shape our human resources and expand our expertise within the Group.

Our Consumer markets (small electrical appliances and cookware) and BtoB are largely impacted by major societal trends (consumption patterns, and especially food, environmental impact from the business, robotics, digitization, etc.). The Group is keeping up with these trends with a strong commitment and major investments – in innovation, supply chain, data, digital technology – requiring increasingly specialized and qualified employees.

For some of these key profiles, shortages and/or increasing competition could make it difficult to attract and retain talents. This could cause delays in integrating expertise needed to develop and manufacture Group products.

Certain geographic areas, or certain areas of the Group's expertise, are particularly prone to this risk.

Management of risk

In broad terms, the management policy for this risk is presented in the Non-Financial Performance Statement in Chapter 3 “Corporate Social Responsibility”.

CYBERSECURITY AND INFORMATION SYSTEMS FAILURE RISK

Description of risk

Information systems are embedded within the Group's businesses, in terms of both operational processes (production management, accounting, reporting, etc.) and means of communication (email, networks, telephones, tablets and connected objects).

If these systems break down or are disrupted, it would have a potentially significant impact on the Group's operations. A failure could come from a cyber-attack, an intentional or unintentional system contamination by a computer virus or by exploiting weaknesses in our systems' security.

Moreover, the sharp increase in the volume of information processed and the development of connected objects are making data management processes and tools more complex and more technical. Combined with the reinforcement of international regulations on personal data protection (particularly in Europe with the General Data Protection regulation), this significantly increases the impact that a security breach could have on data. A data breach involving our customers, suppliers, consumers or employees, for instance, could have a major long-term impact on the Group's business.

In addition, the Group's expansion (geography, size, business sector) frequently requires us to upgrade or develop our infrastructures, our management systems (ERP), and our applications. This may necessitate minor (adaptation of systems in place) or major changes (definition, construction and implementation of a new system). Each of these developments causes complexity and disruption in the existing IT environment with, in particular, risks to the resources affected by implementation and to operations, if the migration is not effective.

These two risks can produce substantial costs and can expose the Group's business and performance to risk.

Management of risk

- Regarding cybersecurity risk and systems failure, a coordinated watch with several suppliers specializing in systems protection and security aims to monitor developments and actions to counter cybercrime (antivirus, firewalls, and user identification processes). The Information Systems department draws up an annual IT risk map, in collaboration with the Audit and Internal Control department.
- The Group has a highly centralized information systems management policy to guarantee consistency in the security and management of tools. Most of our application servers and data servers are hosted by third parties located in France, in highly secure and redundant environments, enabling business continuity without loss of data. Backup and filtering solutions (antivirus, antispam, web filtering, etc.) are continuously reinforced.
- Lastly, the Group has taken out insurance policies specifically covering cyber-attacks. The policy also covers personal data breaches.
- Resources are specifically dedicated to these issues and are structured internally (reporting to the Chief Information Security Officer (CISO) and the Information Systems Security Committee) and externally (e.g. an intrusion detection specialist).
- Generally speaking, however, the Group is responsible for making all employees accountable: specialists (developers, network administrators, etc.) or end-users (password protection, procedures for opening e-mails, compliance with the IS Usage Charter included in an annex to the internal rules).
- When tools are developed and new businesses integrated, the Information Systems department, in collaboration with the Group Controlling department, sets up dedicated transition/project teams to ramp up new systems while maintaining existing systems to ensure a smooth and seamless transition.
- The Group minimizes these changes as much as possible over the same time period or geographic area. On average, in one year, less than 20% of subsidiaries are affected by an upgrade or change in management system.
- Next, each management system roll-out is supported by specialized service providers, enabling correct definition of needs and configuration of the management tools, minimizing operational risk when the tool is launched.
- Lastly, the Group makes sure to employ extra resources internally during the start-up phases to reduce the impact on local teams and ensure the solid, stable launch of new solutions.

MACROECONOMIC, GEOPOLITICAL AND REGULATORY RISKS

Description of risk

Since the Group operates in nearly 150 countries, we are exposed to various outside risks that are beyond our control. These outside risks go beyond currency risk – the Group must deal with political, economic or social instability, particularly in developing countries where we achieve a significant portion of our sales.

This instability may adversely impact consumer confidence and thus household consumption. If there is a proven and prolonged recession, the Group's business could suffer from currency depreciation for the local currency combined with an upsurge in inflation.

The Group also has to face geopolitical risks which could result in economic sanctions between countries – embargoes or high taxes on certain goods or commodities, which could include our products – or they could result in open conflict. The Group may decide to pass on a portion of these taxes onto the product's sale price, which risks losing a competitive edge compared to competitors that may not be subject to the tax, or we can keep prices the same and lose profit margin.

Lastly, regulatory and / or tax changes (corporate income tax, VAT, withholdings, tax agreements, etc.) may impact the Group's operations in the countries concerned.

Management of risk

- The Group's international presence – both commercial and industrial – helps to diversify risks, as they can be offset between countries and geographical areas.
- A risk map is also drawn up each year by the Audit and Internal Control department, in collaboration with the management teams of the entities concerned, to assess changes in risks (political, social, economic, etc.) for each country.
- Constantly adapting to changes in the markets is an integral part of the Group's know-how. When the Group was going through the financial crisis, we knew we needed to adjust our structures and prices quickly to reduce impacts from local currency depreciation as quickly as possible and adjust our cost bases to a reduction in sales.
- The Group's powerful and versatile manufacturing base gives the Group some flexibility in how to supply different markets and potentially transfer the manufacturing base if necessary.
- Continual monitoring of activity in all the countries where the Group operates means it can react quickly to circumstances that may arise.

1.4.3 INDUSTRIAL AND ENVIRONMENTAL RISKS

RISK OF BUSINESS INTERRUPTION

Description of risk

Because of its size and product diversity, Groupe SEB manages an increasingly complex procurement process that includes raw materials, components and finished products.

It is subject to several factors that could have an impact on the Group's business continuity:

- As a manufacturer, the Group manufactures 2/3 of the products we sell in our own plants. Our ability to forecast sales and adjust our production schedule, and our ability to correctly deliver our contracts are therefore crucial.
- Every year the Group purchases significant volumes of raw materials, components, finished products, etc. Having an excessive concentration of suppliers could lead to dependency with a high risk to business continuity if there is ever a disruption (delivery delay, business interruption, business relationship gone sour, bankruptcy, major incident such as fire, etc.)
- As the Group operates on a global scale, the supply chain in place is increasingly complex. The way our plants, suppliers and markets are spread out leads to a high dependence on certain logistics routes (China to Europe, China to the United States, Europe to the Middle East or the Americas, etc.). These routes could be disrupted, especially if natural or geopolitical risks arise, significantly impacting our operations.
- The Group has to face natural risks (fires, floods, landslides) or epidemics that can affect our plants, warehouses or a geographic area where the Group operates and could affect industrial operations at the site or in the area concerned.
- The Group is exposed to industrial risks (accidents, pollution emissions, fires), which may affect its 40 plants worldwide.

Management of risk

- Planning and logistics are managed at the global level. The Group has rolled out a group-wide and collaborative S&OP (Sales and Operating Planning) process, from sales forecasting in market companies to capacity planning, production and delivery to the customer.
- The Group is particularly vigilant about diversifying risks and limiting dependence in terms of component, raw material and finished product supplies. Its priority is to ensure continuity of production under optimum economic conditions, while conforming to ethical principles, and to have alternatives at its disposal within a single product family or for a specific technology.
- With regard to logistics routes, there is no systematic alternative for all shipments; however, the Group encourages alternative routes as much as possible, such as river transportation.
- Concerning the continuity of our industrial operations, each of the Group's plants complies with international standards and uses specific industrial processes, if necessary. All the Group's production sites undergo an annual assessment of local risks and prevention plans are put in place. Additionally, the Group has applied an active approach to industrial risk prevention by conducting regular audits, investing in maintenance and optimizing certain processes to limit the probability of such risks occurring. The European, US and Chinese sites are generally not, or only slightly, exposed to major natural risks (hurricanes, floods, earthquakes, etc.), and the same is true of the warehouses.
- Moreover, the risk of a pandemic is included in our international health plan "Health in SEB" and in each sites continuity plans. Details of the "Health in SEB" plan are given in Chapter 3, page 159. Information about the continuity plans and the management of the Covid-19 pandemic is given in the specific section on Covid-19 risk on page 49.

EMPLOYEE HEALTH AND SAFETY AND ENVIRONMENT RISK

Description of risk

The health and safety of its employees are among Groupe SEB's foremost concerns. Nonetheless, the risk of work-related illnesses, workplace accidents or physical injuries cannot be ruled out.

With nearly 33,000 employees spanning the globe, the risk of a workplace accident will always be present and it concerns all categories of employees (on site, in stores, at headquarters, etc.).

On the other hand, with 40 plants around the world, the Group is exposed to industrial risks (fires, accidents, pollution emission), which may affect the health of our employees and the environment.

As the Group operates in nearly 150 countries, we are also exposed to safety and security risk for our employees: operations in at-risk countries, frequent work travel in different areas where the Group operates, abrupt geopolitical changes in certain areas involving physical risks for local teams, etc.

We cannot totally rule out these events from occurring and it could have an adverse impact on the Group's business and results, our human resources as well as our image and reputation.

Management of risk

Permanent measures are in place to protect the health and safety of employees. These are documented and training is delivered regularly, including via e-learning.

The management policy for this risk is presented in the Extra-Financial Performance Declaration in Chapter 3 "Corporate Social Responsibility".

As a result of the Covid-19 crisis in 2020, exceptional health measures were implemented at all of the Group's sites (plants, offices, warehouses, stores, etc.). These measures are described in the specific section on Covid-19 risk.

PRODUCT QUALITY AND CONSUMER SAFETY RISK

Description of risk

The Group is particularly vigilant in matters of consumer safety and pays the utmost attention to the safety and security of raw materials, components and finished products. It may, however, have to accept liability or witness its image, or that of its brands, being tarnished. Instances of users being hurt when a product malfunctions or is used inappropriately cannot be ruled out. The Group is, therefore, exposed to risks of warranty or liability claims from customers and consumers. Product recalls may prove necessary in some cases.

Meanwhile, regulations regarding food products and materials liable to create a health risk are constantly changing (generally moving towards a tightening of regulations) and are sometimes preceded by media campaigns about the harmfulness of certain materials. Any of these situations might generate a risk zone for the Group if one or more of the materials concerned were used in the production of our products.

Management of risk

- The Group's quality policy is fully incorporated into the design and manufacture of all products: each stage of product design is part of a standard quality process and is subject to successive approvals, particularly with regard to the components used, the materials implemented, and the suppliers selected.
- In addition, the Group has implemented an internal and external quality control protocol for the products it markets. We also endeavor to include simple and accessible user information sheets with our products to warn of potentially hazardous uses.
- In the markets, the Group uses a network (usually outsourced) of service centers, which manages product repair and follow-up. The employees/technicians in these service centers receive regular and comprehensive training from the Group to ensure they can provide optimum support to consumers should one of its products malfunction. The service centers are also authorized to handle customer complaints, repairs under and outside warranty, and the sale of spare parts and consumables, in order to provide the best level of service to our consumers.
- With regard to potential health risks, the Group has set up a regulatory and technical watch process (on all media, including the internet). This ensures that standards and restrictions in these areas (including the update following the European Directive on Dangerous Substances amongst other things) are rolled out to the R&D teams.
- The measures implemented by the Group to ensure consumer health and safety are set out in the Vigilance Plan in Chapter 3 "Corporate Social Responsibility".

1.4.4 INSURANCE

GROUP GENERAL INSURANCE COVER (EXCLUDING INSURANCE OF PERSONS)

Groupe SEB's policy concerning insurance coverage (Fire, Accidents and Miscellaneous Risks) is, on the one hand, to protect its assets against risks that could affect the Group and, on the other, to cover its liability for any damages caused to third parties. This transfer of risk to insurance companies is nonetheless accompanied by risk protection and prevention measures. For confidentiality reasons, the amount of the premiums is not disclosed. Acquired companies are incorporated into global insurance programs.

INTEGRATED WORLDWIDE COVERAGE

The Group has established worldwide insurance plans with major international insurers to protect itself against major risks, which include damage to property and loss of earnings, civil liability, environment, transport and inventory, cybercrime and customer risks.

DAMAGE TO ASSETS AND LOSS OF EARNINGS

Coverage for risk of property damage and consequent loss of earnings resulting from common risks (fire, flooding, etc.) amounts to €250 million per claim for factories and warehouses, with an additional €150 million for certain strategic sites.

This figure was calculated using the "Maximum Foreseeable Loss" hypothesis in consultation with the insurer and its assessors, who analyzed the impact of the total destruction of one of the Group's main production centers. Lower thresholds are in place for other types of more specific or localized risk, such as the risk of earthquake in certain regions where the Group operates abroad.

This policy takes into consideration additional risk protection measures at Group sites, which are regularly visited by specialist risk prevention assessors from the insurance companies concerned.

CIVIL LIABILITY

All the Group's subsidiaries are included in a worldwide civil liability insurance plan that covers liability relating to their operations and the products that they manufacture or distribute, as well as the cost of product recalls.

The amounts of coverage are based on the quantification of the risks to which the Group is exposed in view of its business.

The Group also covers its senior managers for civil liability under a specific insurance policy.

ENVIRONMENT

A multi-risk environmental insurance policy covers environmental risks on all Group sites.

Coverage applies to:

- accidental, historical and gradual pollution;
- damage to biodiversity;
- pollution clean-up costs.

TRANSPORT AND INVENTORY

The Group's transport insurance covers damage to transported merchandise for all types of transport: sea, road/rail or air transport anywhere in the world.

This insurance covers transport risks up to an amount of €10 million per occurrence.

It also covers incidents occurring at warehouses up to a maximum of €15 million, with any amount over this limit being covered by the policy for damage to property and loss of earnings.

CYBER

Financial protection held by Groupe SEB against attacks on its IT systems covers damage and liability for a total amount of €15 million. This broad-scope insurance policy also covers attacks on personal data.

CUSTOMER RISK

With rare exceptions relating to local issues, the Group's subsidiaries hold credit risk insurance under a Group plan to cover the majority of their risk on customer receivables.

LOCAL INSURANCE POLICIES

More specific insurance policies are taken out locally by each of the Group's companies, as appropriate.

4.1 Highlights

GENERAL ENVIRONMENT

The main feature of 2020 was the Covid-19 pandemic, which began in Wuhan, China, before spreading further into Asia and then to the rest of the world, with major outbreaks in Europe and the Americas. Faced with this unprecedented and persistent health crisis, affecting all sectors of the economy, most countries imposed restrictive measures that varied in severity: lockdowns, curfews, mandatory remote working, closure of public places, restaurants and non-food retail, etc. A massive shift to online retail took place as a result, making it the big "winner" of this crisis.

In this highly unusual climate, the imperative to stay at home - and to prepare more meals - boosted sales of household equipment overall. This was also the case for small electrical appliances and cookware, which, despite being highly volatile, benefited from generally strong demand, the majority of which was fulfilled by e-commerce.

In China, the first country affected by Covid-19, the epidemic peaked in the first quarter of the year, resulting in some provinces, particularly Hubei (Wuhan), imposing very strict lockdown measures. Despite some resurgence of the epidemic in subsequent quarters, the country's health and economic situation improved, although there is still a need for vigilance. As a result, retail sales followed this trend, falling sharply in March (-15.8% compared to March 2019) before growing on a linear basis at the end of the year (+4.3%, +5.0% and +4.6% in October, November and December respectively), driven by online sales in particular (double-digit growth since October).

In Europe, the impact of Covid-19 was mainly felt in March and April, resulting in national governments imposing various lockdown measures and the related closure of non-food retail. Although the second wave of the epidemic also hit Europe hard from autumn onwards, the measures adopted at the time differed across the European Union and were less drastic in a number of countries. The results were mixed, however, and the epidemic took hold again at the very end of the year. From the point of view of household consumption, despite initial lockdown measures resulting in a decline in retail sales in the European Union of nearly 18% last April (compared to April 2019), they fell by only 2% in November. Between these two phases of the epidemic, demand was fairly steady.

In addition to a year that saw the election campaign and social tensions (with the "Black Lives Matter" movement), the Covid-19 pandemic increased exponentially in the United States. Faced with a lack of any concerted response at the federal level, individual states introduced local lockdown measures, which produced similar results as elsewhere in the world. The decisions taken by numerous shopping centers and stores to close temporarily increased the vulnerability of physical brands already affected by the profound changes in the US retail sector. The household aid measures introduced by the Trump administration nevertheless helped to support domestic consumption.

Lastly, other emerging countries have also not escaped the crisis and the public health situation has been and remains very worrying in Brazil, Colombia and some Eurasian countries.

CURRENCIES

It should be remembered that the US dollar and the Chinese yuan are currencies for which the Group is "short," i.e., the weight of its purchases denominated in these currencies is greater than that of its sales. In 2020, the dollar and yuan fell slightly against the euro, by an average of around 2%. For the dollar in particular, this slight depreciation actually conceals trends of a differing nature between the first half of the year, which saw growth of around 2% on average compared to 2019, and the second half, when it fell approximately 6.5% on average compared to 2019, in light of changes in the public health and economic situations.

In addition, because of its presence in around 150 countries, the Group is exposed to a large number of other currencies, all of them "long" (in which the Group has sales greater than its costs). For these currencies, movements were relatively mixed, with some of them weakening (Argentine peso -50%, Brazilian real -34%, Turkish lira -26%, Colombian peso -15%, Russian ruble -14%, Mexican peso -14%, and Ukrainian hryvnia -7%) and others strengthening (Swiss franc + 4%, Egyptian pound +4%).

In response to constant exchange rate volatility, for several years the Group has hedged certain currencies to limit sudden effects on its performance or to smooth out its impact over time. At the same time, it implements an agile pricing policy, passing on higher prices to compensate for the adverse effects of weakened currencies on local profitability.

In 2020, exchange rate fluctuations had a total negative impact of €219 million on the Group's sales (compared with a positive impact of €71 million in 2019) and -€109 million on the Operating Result from Activity (-€5 million in 2019).

RAW MATERIALS

The Group is exposed to fluctuations in the price of certain raw materials, including metals such as aluminum, nickel (used in stainless steel) and copper. It is also exposed to changes in the plastics used in the manufacture of small electrical appliances, and the paper and cardboard for packaging. These exposures are direct (for in-house production), or indirect if the manufacturing of the product is outsourced to subcontractors. In order to spread over time the effects of sometimes abrupt fluctuations in metal prices, the Group partially hedges its requirements (aluminium, nickel, copper and some plastic material related ingredients) which protects it in the event of a sharp rise in prices, but which results in some inertia in the event of decline.

As with currencies, fluctuations in the price of raw materials were directly linked to the global epidemic. Having experienced a sharp overall decline in the first quarter of the year, the prices of the main raw materials (including aluminum, copper and nickel) then rose strongly, due in particular to the industrial recovery in China and an upturn in global consumption. Consequently, after bottoming out in March and April 2020, aluminum, nickel and copper surged by around 44%, 62% and 72% respectively, reaching highs for the year in December.

In shipping, freight costs increased considerably in 2020 after remaining relatively stable in 2019. Prices soared at the end of the year, reaching all-time highs due to the economic recovery in China and a shortage in the supply of shipping services, particularly to Europe. The SCFI* index, a composite index in which each route is allocated a weighting, rose by an average of around 55% between 2019 and 2020.

CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS

The Annual General Meeting of SEB S.A. of 19 May 2020 voted in favor of the:

- reappointment of Thierry de La Tour d'Artaise as a director;
- reappointment of Fonds Stratégique de Participations (FSP) as a director;
- reappointment of VENELLE INVESTISSEMENT as a director;
- reappointment of Jérôme Lescure as a director.

As a result, the Board of Directors has 17 members (unchanged from 31 December 2019):

- the Chairman;
- 8 directors representing the Founder Group:
  - 4 directors from VENELLE INVESTISSEMENT,
  - 2 directors from GÉNÉRACTION,
  - 2 directors from FÉDÉRACTIVE;
- 5 independent directors;
- 1 director representing employee shareholders; and
- 2 directors representing employees.

FACING COVID-19 TOGETHER

Faced with the Covid-19 crisis, the Group's priority objectives were to protect employees and comply with local regulations, and this remains the case.

This led to the implementation of continuity plans and plans for remote working wherever possible, temporary closure of the vast majority of industrial sites, and reorganization and adaptation of our supply chain, so as to provide the best possible service to customers while safeguarding the health of our employees.

In this unprecedented critical situation, Groupe SEB quickly developed a strong spirit of solidarity. All over the world, the Group got to work, harnessing its industrial know-how or taking part in public initiatives: donating masks and products and contributing to the Makair initiative to manufacture low-cost ventilators…

In the DACH region (Germany, Austria, Switzerland) and Poland, a large number of products were also donated in support of healthcare personnel.

Internally, the Group implemented an unprecedented set of HR measures to support its staff, offsetting the impact of partial operations for those employees most affected.

In addition to managing the emergency phase of the crisis, the Group devoted its energies to preparing for and committing to resuming work in optimum health and safety conditions, both on industrial sites and in warehouses, offices and stores. Assembly lines in particular have been reorganized to ensure the necessary distance is in place between workstations and our employees are equipped with masks and gloves.

* *Shanghai Export Containerized Freight Index*

PARTNERSHIP FOR THE PRODUCTION OF THE ANGELL ELECTRICALLY ASSISTED BIKE

As part of an industrial and shareholding agreement, Groupe SEB has become the exclusive industrial partner for the production of the Angell electrically assisted bike. The Group has been responsible for the industrial development and production of Angell smart bikes at its long-standing Is-sur-Tille plant in Côte d'Or, France. Groupe SEB is also supporting the project by acquiring a stake in Zebra, the company that produces and markets Angell, through its SEB Alliance investment vehicle.

Angell is a next-generation electrically assisted bike created by French designer Ora-ïto and launched by Marc Simoncini. In a fast-growing market, Angell's stand-out features are its clean, minimalist styling, making it one of the lightest on the market (at just 13.9 kilos), and its innovations in connectivity and safety. It comes with a broad range of integrated services that make journeys easier and cycling safer. It notably features a "smart cockpit" that displays useful information such as weather conditions, pollution levels, battery charge, riding modes, assistance programs, speed and even a GPS. Angell's innovative safety system also sets it apart, with vibrating navigation assistance on the handlebars, a fall alert, an anti-theft alarm, etc.

REPAIRABILITY: LAUNCHING THE FIRST EVER ALL-INCLUSIVE REPAIR PACKAGES

As the first player in the Small Domestic Equipment market to commit to a 10-year product repairability policy, Groupe SEB is once again leading the way with the launch of the first fixed-price repair packages for its Rowenta, Moulinex, Seb, Calor, Krups and Tefal brands.

This is the first time that a manufacturer has guaranteed a repair service for its products, at a cost that is much lower than that of product replacement. It is also the first truly "all-inclusive" package. This new offering was launched in France and will soon be introduced in Europe.

Groupe SEB has made repairability one of the pillars of its sustainable development policy, which strives to prolong product life cycles, maintaining them as opposed to discarding them.

The new repair packages are offered at a price that is much lower than the product replacement cost and are generally available at between 20% to 40% of the price of an equivalent new product. A single flat rate is charged, regardless of the type of defect or the parts required to repair it.

SALE OF NON-STRATEGIC BUSINESSES

In the first half of 2020, the Group sold two of its non-strategic businesses:

- EMSA GmbH, a Groupe SEB subsidiary based in Emsdetten, Germany and specialized in the design, manufacture and distribution of kitchen utensils and accessories, concluded an agreement with Poétic S.A.S., the French market leader for garden planters, for the sale of its Garden business;
- Boehringer, which specializes in the marketing of hotel equipment and was acquired alongside WMF in 2016, was sold to the Certina group.

These transactions reflect the Group's strategy to review its business portfolio when necessary and to focus on its core business, thereby enhancing performance.

The Group will continue developing the kitchenware activities of EMSA, a renowned expert in food storage containers, insulated jugs and flasks.

INVESTMENT IN CASTALIE

SEB Alliance, Groupe SEB's corporate venture arm, announced it had taken a minority stake in Castalie, alongside the Amundi F&S, RAISE Impact and Ring Capital funds, contributing to total funding of €13.5 million.

Castalie designs and markets micro-filtered water fountains for companies and restaurants. The company offers its customers an end-to-end service (water fountains, containers, accessories and maintenance) enabling them to produce micro-filtered water in-house from their own tap water.

Bottled on the consumer's premises in reusable containers (flasks, bottles, glasses, etc.), this filtered water is a sustainable and responsible alternative to mineral water in plastic bottles, preventing plastic waste.

In the current climate of ecological transition, Groupe SEB's investment in Castalie confirms its commitment to the circular economy and shows the Group is fully in step with changing consumer habits, targeting both private and professional customers.

MAJORITY STAKE IN STOREBOUND

On 31 July 2020, Groupe SEB announced that it had completed the acquisition of a majority stake in StoreBound, owner of the DASH kitchenware brand.

Founded in 2010, StoreBound is a New York company specialized in developing kitchenware designed for better everyday living. Its omni-channel distribution model combines bricks-and-mortar retail, e-commerce and social media, enabling it to launch more than 200 products in North and South America, Europe and Asia.

The company achieved sales in excess of $120 million in 2020 and is therefore on the list of fastest-growing businesses in the United States.

This acquisition will generate a number of synergies; StoreBound will strengthen the Group's presence in the US consumer market and benefit from the Group's global distribution network.

FINANCING

BOND ISSUE

As part of an active liquidity management policy, on 9 June 2020 Groupe SEB successfully issued a five-year €500 million bond (maturing 16 June 2025), with a coupon of 1.375%.

The transaction was largely over-subscribed, with a very strong order book of more than €1,600 million, once again demonstrating investors' confidence in Groupe SEB's strategy and outlook.

This new issue will enable Groupe SEB to consolidate its debt structure through:

- ongoing refinancing securitization of part of its debt;
- extending the average maturity of its debt;
- attractive financing conditions.

The bond was admitted to trading on Euronext Paris on 16 June 2020. Lead managers for the issue are BNP Paribas, Crédit Agricole CIB, Citi, HSBC and Natixis, with BNP Paribas, Crédit Agricole CIB and Citi acting as global coordinators.

It should be noted that Groupe SEB's short-term debt is rated A2 by Standard & Poor's. Its long-term debt is unrated.

SYNDICATED LOAN EXTENSION

On 29 June 2020, Groupe SEB extended the maturity of its syndicated loan by 1 year, with an option to extend it for a further 6 months. This €960 million credit facility, concluded with a pool of eight banks, therefore now matures on 31 July 2022.

COVERAGE OF FREE SHARE AWARD PLANS

As part of its share buyback program, approved by the Combined Annual General Meeting of 19 May 2020, SEB S.A. entered into transactions for 70,000 treasury share options. These transactions were conducted to partially cover the free share award plan for employees, subject to performance conditions, maturing in 2023, that was approved by the 20th Resolution of that Meeting.

AWARDS FOR GROUPE SEB

WMF IN THE SPOTLIGHT IN 2020

Following the survey conducted in Germany by the GfK Institute (Gesellschaft für Konsumforschung), WMF finished in first place in the "Best Product Brand" category, ahead of some major consumer brands. The Best Brand Awards 2020 (awarded in Germany) are based on an in-depth representative survey that assesses brand recognition against two criteria: the brand's commercial success ("market component") and its attractiveness to consumers ("emotional component"). The winners are not selected by a panel but by consumers themselves, more than 14,000 of whom voted. It was the fifth consecutive year that WMF was named one of the 10 best brands in Germany, but the first time it has won first prize. This prestigious award reflects the recognition of a high-quality, sustainable and coherent brand strategy that is deeply rooted in the day-to-day life of consumers in Germany.

On the product side, WMF also won several awards that recognized the brand's design: Red Dot Product Design Award 2020, in the "Winner Best of the Best" category for its Kineo cutlery; IF Design Award for its Compact Cuisine range, Waterkant flasks and bottles as well as ovenware and insulated jugs.

Lastly, on the corporate citizenship front, WMF renewed the funding for the "Sustainable Product Management" chair at the University of Applied Sciences in Nürtigen-Geislingen (NGU) for a further three years. As a result, WMF was awarded the "Innovative through Research" label. The Group's commitment to sustainability also involves collaboration with higher education and research.

CSR COMMITMENT: GROUPE SEB MAINTAINS ITS TOP RANKING

The non-financial rating agency Vigeo-Eiris once again ranked Groupe SEB number one in the "Technology and Hardware" sector out of a selection of 40 European companies.

Groupe SEB's performance is well above average for its sector in the three SRI areas evaluated, and the Group was singled out in two areas: the environment, with its low carbon commitments and its eco-design approach for its products, as well as the human resources policy, with priority being given to building solid foundations for the social standards applicable worldwide.

RECOGNITION OF THE NON-FINANCIAL PERFORMANCE OF GROUPE SEB

Gaïa Rating, EthiFinance's ESG (environment, social, governance) rating agency, rates companies in four areas of socially responsible investment: governance, social policy, the environment and stakeholder relations. Increasing its overall score by 11 points in just three years, the Group achieved a score of 84/100 in 2020, making it one of the best-performing companies evaluated by Gaïa Rating for responsible and sustainable practices.

GROUPE SEB RANKED ONE OF THE BEST WORKPLACES IN EUROPE

According to the rankings issued by Great Place To Work®, an authority in the field, Groupe SEB is one of the 25 best workplaces in Europe. Through its certification programs, Great Place To Work® recognizes outstanding workplaces and produces a variety of Best Workplace rankings in more than 60 countries.

REPARESEB, WINNER OF THE ESS TROPHY

RépareSeb is an employment joint venture launched in partnership with the Ares Group (Association pour la Réinsertion Économique et Sociale), the leading player in integration through economic activity in the greater Paris region.

This innovative solidarity and ecological project, located at Porte de La Chapelle in Paris, opened its doors in December 2020. It will offer various services: repair of small electrical appliances; rental of appliances; refurbishment of products for resale, as "second hand", at fair prices; an incubator for start-ups in the circular economy; raising public awareness of responsible consumer practices. Once it is up and running, the hub aims to help around 30 people per year to find employment.

This project was named the winner of the 11th edition of the Parisian Trophies for the Social and Solidarity Economy (ESS) awarded by the City of Paris, selected by the panel for its dual social and environmental objective.

4.2 Commentary on consolidated sales

DETAIL OF REVENUE BY REGION - FULL YEAR 2020

Revenue *(in € million)*	2019	2020	Change 2020/2019		Change T4 2020/2019	
			As reported	Like-for-like*	Publié	Like-for-like*
EMEA	**3,339**	**3,307**	**-1.0%**	**+1.5%**	**+2.6%**	**+7.0%**
Western Europe	2,442	2,406	-1.5%	-1.5%	+2.3%	+2.5%
Other countries	897	901	+0.4%	+9.6%	+3.3%	+19.7%
AMERICAS	**915**	**876**	**-4.2%**	**-0.2%**	**+2.7%**	**+6.3%**
North America	589	622	+5.7%	-0.3%	+8.6%	-0.8%
South America	326	254	-22.1%	+0.1%	-9.1%	+20.4%
ASIA	**2,301**	**2,182**	**-5.2%**	**-3.4%**	**+2.4%**	**+4.5%**
China	1,762	1,626	-7.7%	-6.1%	+1.8%	+3.1%
Other countries	539	556	+3.2%	+5.2%	+4.2%	+8.3%
TOTAL CONSUMER	**6,555**	**6,365**	**-2.9%**	**-0.5%**	**+2.5%**	**+6.2%**
Professional business	799	575	-28.0%	-30.7%	-30.0%	-28.5%
GROUPE SEB	**7,354**	**6,940**	**-5.6%**	**-3.8%**	**-0.5%**	**+2.9%**

* *Like-for-like: at constant exchange rates and scope.* *Rounded figures in € millions.* *% calculated on non-rounded figures.*

DETAIL OF REVENUE BY REGION – FOURTH QUARTER

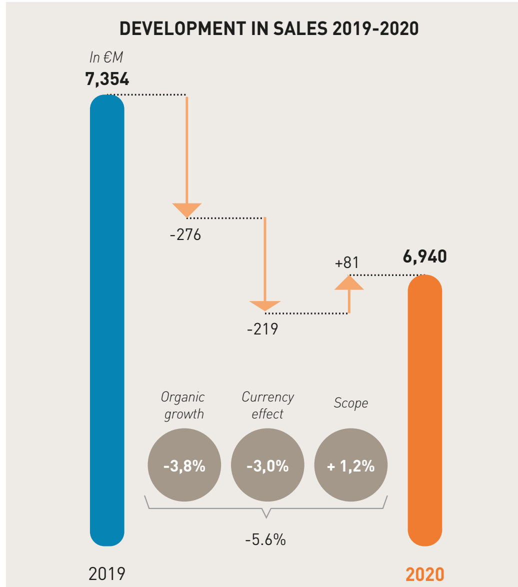
Revenue *(in € million)*	Q4 2019	Q4 2020	Change 2020/2019	
			As reported	Like-for-like*
EMEA	**1,159**	**1,189**	**+2.6%**	**+7.0%**
Western Europe	856	876	+2.3%	+2.5%
Other countries	303	313	+3.3%	+19.7%
AMERICAS	**285**	**292**	**+2.7%**	**+6.3%**
North America	190	206	+8.6%	-0.8%
South America	95	86	-9.1%	+20.4%
ASIA	**586**	**600**	**+2.4%**	**+4.5%**
China	423	430	+1.8%	+3.1%
Other countries	163	170	+4.2%	+8.3%
TOTAL CONSUMER	**2,030**	**2,081**	**+2.5%**	**+6.2%**
Professional Business	210	147	-30.0%	-28.5%
GROUPE SEB	**2,240**	**2,228**	**-0.5%**	**+2.9%**

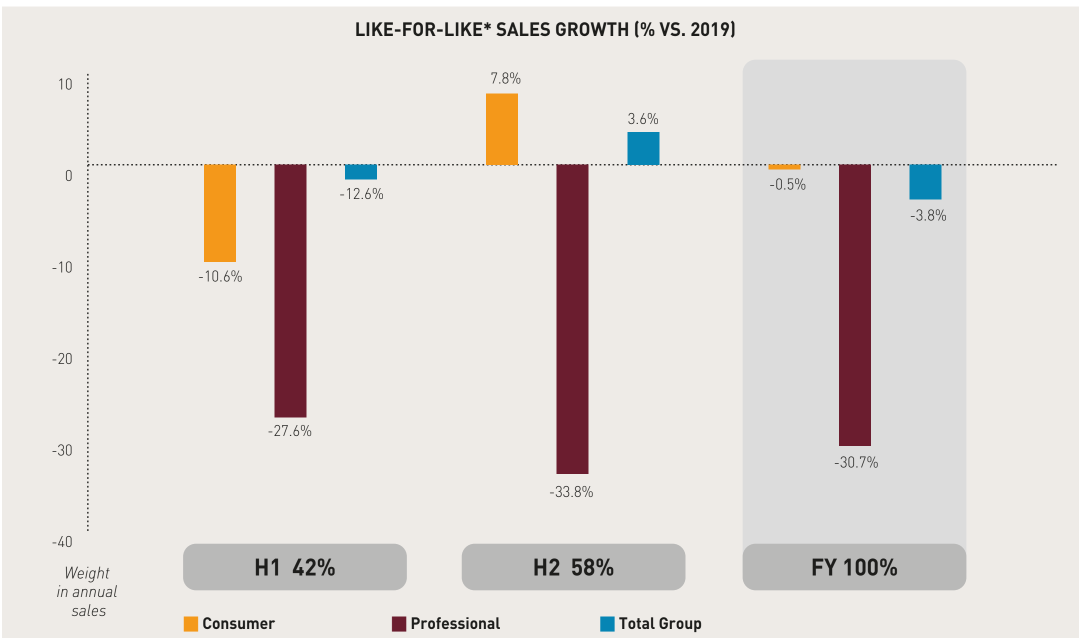
* *Like-for-like: at constant exchange rates and scope.* *Rounded figures in € millions.* *% calculated on non-rounded figures.*

In the difficult and uncertain environment caused by the COVID-19 crisis, Groupe SEB posted full-year 2020 turnover of €6,940m, down 5.6% including a limited organic decrease of 3.8%, a currency effect of -€219m (-3.0%) and a scope effect (mainly StoreBound, acquired in July 2020) of +€81m (+1.2%).

The resilience of annual sales stems from the Consumer business, which ended the year practically stable on a like-for-like basis (-0.5%).

Professional revenue fell 30.7% LFL in 2020, impacted by extremely low business activity in the hospitality and catering sectors from the second quarter onwards. This situation led our customers to suspend, postpone or reduce their investments in equipment (coffee machines) and significantly limited maintenance interventions.





* *Like-for-like: at constant exchange rates and scope.*

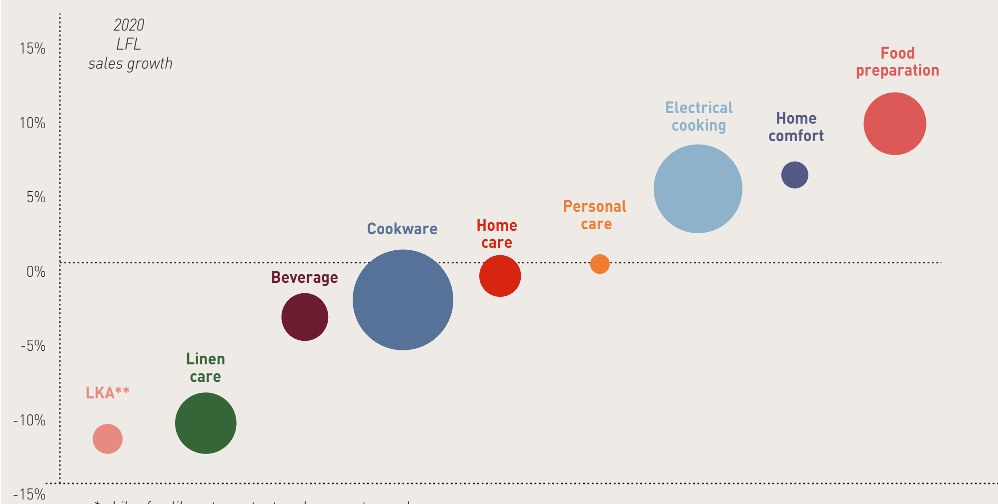
The rebound in the second half (+7.8% LFL) having largely made up for the decline at end-June (-10.6% LFL). Indeed, the positive trend in household consumption, particularly in products for the home, and a sharp ramp-up in online sales as of the initial lockdowns, offset in part the substantial contraction in in-store sales (mandatory closures and/or decreased footfall).

PRODUCT SALES PERFORMANCE

In the context of the global health crisis, the Group's business was impacted by highly volatile demand from month to month. Nevertheless, after a difficult first half-year, which saw a decline of 10.6% on a like-for-like basis, the recovery over the second half of the year was significant and the Group achieved consumer sales of €6,365 million over the 12-month period, a modest decrease of 0.5% on a like-for-like basis for 2020.

Activity varied between product lines, however.

ANNUAL CONSUMER SALES : €6,365M, -0.5% LFL*



* *Like-for-like: at constant exchange rates and scope.*
** *Large Kitchen Appliances*

COOKWARE

Accounting for around 35% of consumer sales, **Cookware** covers a broad range of products, from pressure cookers to insulated mugs, including frying pans and saucepans – made from a range of materials, coated and non-coated, with fixed or detachable handles – woks, food storage containers, kitchen utensils, and bakeware.

Annual sales were down for 2020, with the improvement in the second half-year and the increase in online sales for cookware unable to offset the very significant lag that had built up to 30 June; this was more specifically the result of massive stock outages caused by the prolonged production shutdown at the plant in Wuhan, China, and the closure of the majority of non-food retail for several weeks in many countries.

The recovery in performance from May reflects both a better performance in our core business (due, in some instances, to government consumer subsidies) and the very positive effect of a major loyalty program with a key retailer in France.

The best sellers of the year were aluminum-coated or stainless steel frying pans and saucepans, which accounted for approximately 60% of the category's sales. Conversely, some iconic Chinese products did not catch up over the year, and business was sluggish in kitchen utensils, particularly in insulated mugs, on-the-go products that were not very popular in 2020.

ELECTRICAL COOKING APPLIANCES

After a difficult first quarter, **electrical cooking appliances** performed well over the year, with the recovery in consumer spending that began in the second quarter accelerating in the second half-year. It should be noted that as the use of *e-commerce* for small electrical appliances is more extensive than for cookware, when offline retail was unavailable, the shift to *online* sales was more natural and more significant.

Electrical cooking was the in-demand category for cooking at home during the period of lockdown and restaurant closures; sales at the end of the first half-year were stable, with growth in the second quarter almost entirely offsetting the drop experienced in the first three months. The second six-month period was particularly dynamic, accelerating towards the end of the year and achieving growth of around 15% on a like-for-like basis compared to 2019. Of our flagship products, grills deserve particular mention in a number of geographical areas, as do multi-cookers in China and/or Asia (particularly Cook4me, the international version of the Cookeo, in Japan), oil-less fryers (on all continents), and, in Europe, informal meal appliances, sandwich makers and appliances riding the "home-made" trend (the Cake Factory cake maker, yogurt makers, etc.).

Having been hit hard at the start of the year, **food preparation** returned to growth in the second quarter, led by blenders in China, which accounted for half of the category's global sales. This solid momentum was confirmed in the second half-year, fueled by all product families, although blenders remained the main driver of growth. Up by nearly 10% on a like-for-like basis, food preparation was the product family with the strongest growth over the year.

Sales in **beverage preparation** dropped back slightly over the year, with major disparities between product families: while coffee benefited from a buoyant environment, both for capsule machines (Nespresso, Dolce Gusto) and automatic espresso machines, sales of kettles contracted slightly and those of beer-taps were down sharply, compared with high sales volumes in 2019.

HOME CARE, LINEN CARE AND PERSONAL CARE

Annual sales in **linen care** fell, in a global ironing market in decline as a result of both structural trends and lockdowns. After a stable first quarter compared to 2019 (expansion in retail distribution of Rowenta irons and garment steamers in the United States), sales fell from the second quarter onwards, with the increase in remote working. However, the Group continued to outperform the market, with very strong performances in Russia and Germany in particular.

Compared with the exacting standard set by 2019, sales in **home care** were down sharply in the first half-year. The second half saw a return to growth, however, with a particularly strong fourth quarter showing a double-digit increase on a like-for-like basis, driven by the EMEA region and by Russia in particular. This turnaround meant the year ended with sales almost stable on a like-for-like basis. The drivers behind this momentum were versatile vacuum cleaners and the new robot vacuum models.

Despite a difficult first half, **home comfort** posted growth of around 6% for the year. Fans, accounting for 80% of the category, performed very well over the last two quarters, benefiting from catch-up purchases and favorable weather conditions.

Sales in **personal care** fell slightly over the year thanks to a significant upturn in the third quarter. The Steampod professional hair straightener, designed in partnership with L'Oréal, was a particular success.

PROFESSIONAL BUSINESS

After an excellent year in 2019, boosted by the delivery of major contracts in Professional Coffee - particularly with customers in North America - the 2020 financial year promised to be challenging, given this especially demanding basis for comparison. The emergence and persistence of the Covid-19 epidemic, with the public health and economic crisis that followed, had dramatic consequences for the hospitality and catering sector, which was directly affected by the restrictive measures adopted in the vast majority of countries. These closures lasted for almost half of 2020 and had a considerable impact on equipment sales (with capital expenditure on coffee machines suspended, postponed or reduced) and significantly limited our service and maintenance business.

The combination of the high basis for comparison from 2019 and the crisis means that sales for the Group's professional division fell by around 30% over the year, reflecting a business area that was seriously affected for nine months. However, in a sector that is currently "disaster-stricken", the diversity of our customer base and the international footprint of WMF and Schaerer have helped to mitigate the impact on core business (excluding deals) to some extent. Sales activity has continued despite this extremely difficult climate, to make the most of any opportunities for future development and thus build up the contract pipeline. As a small-scale area of activity within the Professional business division, hotel equipment was also hit hard by the crisis.

COMMENTS ON CONSUMER SALES BY REGION

			Change 2020/2019		Q4 Change 2020/2019	
Revenue (in €m)	2019	2020	As reported	Like-for-like*	As reported	Like-for-like*
EMEA	**3,339**	**3,307**	**-1.0%**	**+1.5%**	**+2.6%**	**+7.0%**
Western Europe	2,442	2,406	-1.5%	-1.5%	+2.3%	+2.5%
Other countries	897	901	+0.4%	+9.6%	+3.3%	+19.7%

* *Like-for-like: at constant exchange rates and scope of consolidation.*

WESTERN EUROPE

After a solid third quarter, business activity continued to trend positively in the last three months of the year (+2.5% LFL). The slowdown in momentum resulted primarily from loyalty programs, which were more substantial in 2019. December in particular was brisker than expected.

Growth in the fourth quarter was fueled by almost all the markets, despite the retightening of health measures at the end of the period in some countries. It continued to be driven largely by e-commerce and was boosted by increased growth drivers, as announced.

In France, fourth quarter sales, up slightly, continued to benefit from robust demand for cooking categories and vacuum cleaners, the roll-out of new products such as Cookeo Touch and Companion Touch, and the buoyancy of e-commerce. However, sales were negatively impacted by the closure of our proprietary stores during the new lockdown period in October and November.

In the other countries, apart from Belgium, owing to strong 2019 comparatives, and the UK, business was sustained, overall. This was the case in Northern Europe, Portugal and the Netherlands, which were less affected by containment measures as well as Germany, Spain – thanks notably to solid performances by WMF products and an acceleration of online sales – and Italy.

The key growth drivers were kitchen electrics (electrical cooking, coffee makers and food preparation) and vacuum cleaners (notably robots).

OTHER EMEA COUNTRIES

With organic sales growth of nearly 20%, the Group confirmed its excellent third-quarter performance in the last three months of the financial year. After a slight decline in sales in the first half owing to the emergence of Covid-19, catch-up in the second half of the year proved remarkable, despite continued complications in the overall environment. The performance led to a 9.6% LFL increase in turnover for the year as a whole.

However, the performance in euros, both for the quarter and the year, was negatively impacted by the continued and sometimes considerable depreciations of some currencies, including the Russian ruble, the Turkish lira and the Ukrainian hryvnia. These depreciations were offset in part by price increases.

Our major markets (Russia, Poland, Ukraine, Romania, Turkey, etc.) and ongoing development of the core business in Central Asia were the main catalysts behind this business momentum, fueled largely by e-commerce (click & mortar and pure players) and the implementation of our direct-to-consumer activities. However, performances were softer in the Middle East and Egypt.

In terms of products, the strong sales dynamic across the region was driven in particular by the confirmed success of our best sellers (vacuum cleaners, Optigrill, Ingenio cookware, etc.).

Despite the difficult conditions, 2020 thus marked a new step forward in our development in Eurasia.

			Change 2020/2019		Q4 Change 2020/2019	
Revenue (in €m)	2019	2020	As reported	Like-for-like*	As reported	Like-for-like*
AMERICAS	**915**	**876**	**-4.2%**	**-0.2%**	**+2.7%**	**+6.3%**
North America	589	622	+5.7%	-0.3%	+8.6%	-0.8%
South America	326	254	-22.1%	+0.1%	-9.1%	+20.4%

* *Like-for-like: at constant exchange rates and scope of consolidation.*

NORTH AMERICA

After a vigorous third quarter, organic momentum lost steam at the end of the year. Business trends differed between countries in the fourth quarter. In addition, the unfavorable currency effect across the region has accentuated month after month since summer. The increase in reported sales is thus to be attributed to the integration of StoreBound, acquired in July.

In the United States, while sales decreased slightly on a like-for-like basis in the fourth quarter, organic growth for the year was solid, coming out at nearly 6%. With the crisis persisting, the retail sector continued to transform, with a substantial acceleration in the growth of traditional retailers' online sales. Demand has also clearly been bolstered by the consumption incentive program introduced by the US government in April 2020. Consequently, momentum in cookware was highly positive under our three emblematic brands in the United States, T-fal, All-Clad and Imusa, with annual sales up double digit on an organic basis, in line with market performance. In contrast, linen care struggled throughout the year as the market contracted.

At the same time, following a very good fourth quarter marked by sales up nearly 60% in dollars, StoreBound had an excellent 2020, with growth of more than 50%. This was mainly driven by iconic products (small kitchen electrics appliances) and new products from the Dash brand. Acquired in July, StoreBound has been consolidated over 5 months.

Canada and Mexico enjoyed a positive fourth quarter, with buoyant core business, notably in electrical cooking in the former and the contribution of a new loyalty program in the latter.

SOUTH AMERICA

Amid a general deterioration in the backdrop, resulting from the health crisis as well as significant currencies depreciation, the Group reported satisfactory performances in South America in 2020. After a very difficult first half (with sales down 27.3% LFL), the situation turned around in the second half (+17.8% LFL, with a linear trend in the third and fourth quarters). Despite price increases, the weakening of South American currencies weighed heavily on sales in euros.

In Brazil, the recovery initiated in the third quarter continued in the fourth, enabling the Group to post organic turnover stability for the year as a whole. Fourth-quarter growth, at around +23% LFL, was driven by weather conditions favorable to fan sales and a strong "cooking market" that benefited electrical cooking, food preparation and cookware.

Overall, the large majority of retail channels contributed to the sales dynamism, particularly e-commerce, which has been ramping up at an ever-brisker pace.

In Colombia, business activity in pesos in the second half (and fourth quarter) increased by over 20% on strong demand for cooking products and the swift development of online sales.

			Change 2020/2019		Q4 Change 2020/2019	
Revenue (in €m)	2019	2020	As reported	Like-for-like*	As reported	Like-for-like*
ASIA	**2,301**	**2,182**	**-5.2%**	**-3.4%**	**+2.4%**	**+4.5%**
China	1,762	1,626	-7.7%	-6.1%	+1.8%	+3.1%
Other countries	539	556	+3.2%	+5.2%	+4.2%	+8.3%

* *Like-for-like: at constant exchange rates and scope of consolidation.*

CHINA

The market environment fluctuated throughout the year in China, with a strong contrast between the momentum in online distribution and the lasting negative trend for offline channels. The start of the year was severely impacted by Covid-19, but Supor returned to organic growth as early as the second quarter. These three positive quarters allowed to largely offset the sharp contraction in sales reported on March 31.

In addition, with Chinese New Year to fall on February 12, 2021, early sell-in in fourth-quarter 2020 was considerably limited, in contrast with sell-in in late 2019.

In cookware, Supor's business was significantly undermined by the extended closure of the Wuhan industrial plant and sales have been sharply down on a full-year basis. However, the recovery initiated in the third quarter was confirmed and heightened in the fourth, fueled by most product families (woks, pressure cookers, frying pans, thermal mugs, etc.) and driven by a notable increase in e-commerce sales.

Small electrical appliance turnover grew slightly in the fourth quarter, with contrasting performances across product categories. As in the third quarter, high-speed blenders remained the best-sellers in kitchen electrics, and the progress achieved by Supor have reinforced its number-two ranking in this buoyant segment. Sales growth was also driven by further inroads by the WMF brand in premium products and the introduction of more "Western" categories such as oil-less fryers and ovens.

In the very special context of 2020, stepping up digital activation and targeting of millennials has been at the heart of Supor's priorities.

OTHER ASIAN COUNTRIES

In Asia excluding China, after the positive trend reversal in the third quarter, Group turnover continued to be fueled by solid organic momentum in the fourth quarter (+8.3% LFL), despite resuming pandemic-related issues in several countries in December. Almost all the markets contributed to revenue growth, both quarterly and annually, which was underpinned as elsewhere by a strong acceleration in online sales.

In Japan, our largest market in the region, the Group posted excellent performances in the fourth quarter in a firm market. The dynamic reflected the confirmed success of our flagship products or categories, such as Ingenio cookware and electrical pressure cookers, as well as robust business, both offline -including in our retail network- and online, boosted by major advertising and marketing campaigns.

In South Korea, following a vigorous third quarter, year-end activity was more modest, impacted in particular by a decline in store footfall owing to the resurgence of Covid-19 epidemic and by the impact on volumes of price increases implemented in early October. However, the extension of the product offering (new categories, new product launches) and the additional listings earned in e-commerce and with specialized retailers were major business drivers in 2020.

In almost all the other countries, growth was confirmed, and even accelerated, in the fourth quarter. Australia posted record sales in 2020, mainly thanks to expanded distribution. In Thailand, Malaysia, Hong Kong, Singapore and Vietnam, the Group achieved double-digit organic growth in the fourth quarter.

4.3 Commentary on consolidated results

INCOME STATEMENT

OPERATING RESULT FROM ACTIVITY (ORFA)

The Group posted Operating Result from Activity (ORfA) of **€605m** in 2020. Though **down 18.2%** from 2019, ORfA was better than expected thanks to stronger than anticipated sales in the fourth quarter. Negatively impacted by currency effects (-€109m versus -€5m in 2019), ORfA included a scope effect of €9m, owing primarily to the consolidation of StoreBound.

As such, 2020 ORfA at constant exchange rates and scope stands at €705m, down 4.8%, with the following components:

- a volume effect of -€126m owing to the contraction in business activity, particularly Professional;
- a price-mix effect of +€60m, reflecting an overall less promotional Small Domestic Equipment market, continued upgrading of offer in numerous countries, and price increases made to offset the depreciation of some currencies;
- a €9m decrease in the cost of sales, purchasing and productivity gains having exceeded the industrial under-absorption in the first half and inflation;
- practically stable investments (-€1m) in growth drivers (innovation, operational marketing and advertising), maintained at around 10% of turnover with strong catch-up at the end of the year;
- a €23m decrease in sales, marketing and administrative expenses, stemming from both the aid received in some countries in respect of short-time work (notably France and Germany) and a reduction in costs.

Amid the exceptional circumstances of 2020, the Group generated over 80% of its Operating Result from Activity in the second half, against a backdrop of worsened exchange rates. This performance can be attributed to the recovery in the Consumer business and the remarkable mobilization of all the teams.

OPERATING PROFIT AND NET PROFIT

Groupe SEB reported Operating profit of €503m in 2020, versus €621m in 2019. The total includes a non-discretionary and discretionary employee profit-sharing expense of €24m, compared with €35m in 2019, the decrease reflecting the downturn in the results of French entities. It also comprises other operating income and expense of -€78m (-€82m in 2019). Two-thirds of these expenses resulted from the finalization of the restructuring of WMF's Consumer business, as well as from a reorganization of the Professional business, strongly impacted by the drop of activity in the hospitality and catering sectors. The remainder of these expenses came from several items relating to structure resizing, acquisition/disposal costs or write-downs of assets.

Financial result came out at -€61m, the same as in 2019. It notably comprised an external debt cost of €40m (close to that in 2019), including an IFRS 16-related expense of €12.5m.

In these conditions, profit attributable to owners of the parent amounted to €301m, compared with €380m in 2019. This comes after a tax charge of €94m, representing an effective tax rate of 21.2% in 2020 (23.5% in 2019) and non-controlling interests of €48m, practically similar to the amount of 2019, the slight decrease in Supor results being offset by the inclusion of the minority interests of StoreBound.

4

BALANCE SHEET

At December 31, 2020, consolidated equity totaled €2,735m, up €107m on end-2019.

At December 31, 2020, net debt amounted to €1,518m (of which €339m in IFRS 16 debt), versus €1,997m a year earlier, showing a decrease of €479m. The substantial reduction in debt mainly stemmed from a considerable improvement in the working capital requirement (WCR), which totaled €848m, down €367m on 2019 and representing 12.2% of sales. In addition to the continued structural optimization efforts led for more than 10 years, this new and significant drop in the WCR also resulted from cyclical favorable seasonality effects in 2020, including:

- strong collections of customer receivables at the end of the year;
- delayed purchases of some products and services (for example, investments in growth drivers);
- the positive impact of the downturn in Professional business on the Customers item.

This very low WCR/sales level thus stands as an exception and should not be extrapolated for 2021.

At December 31, 2020, the Group's net debt/consolidated equity ratio was 56% (compared with 76% at end-2019) and 43% excluding IFRS 16. The net debt/Adjusted EBITDA ratio came out at 1.8x, and 1.6x excluding the IFRS 16 effect.

CAPITAL EXPENDITURES

Capital expenditures amounted to €183 million, compared with €266 million in 2019; they are, as announced, decreasing as compared to previous years, representing approximately 2.6% of sales. This decrease is to be read in conjuction with the health crisis context which has slowed down many projects.

Investments in 2020 mainly concern projects in China: construction of a production site for the LKA* activity and for WMF, acquisition of large-scale tools for new products in the field of small domestic equipment ; as well as, as in previous years, investments in production capacity equipment.

The French sites of Rumilly, Pont Evêque and Mayenne have also benefited from investments for the development of new products: renewal of the Ingenio cookware range or Krups new automatic espresso machines. There too, investments in tools and capacities were maintained.

This is in addition to expenditures on production related computer software, capitalized development costs and redevelopment of the Group's own stores.

4.4 Commentary on SEB S.A.'s results

PRESENTATION OF SEB S.A.'S RESULTS

SEB S.A., the parent company of Groupe SEB, is a holding company. It therefore defines and implements the Group's development strategy. It holds financial interests that give it direct and indirect control over Group companies. SEB S.A. also manages the Group's cash, implements the financing policy and centralizes the management of the market risks to which the subsidiaries and the Group are exposed.

The financial statements of SEB S.A. at 31 December 2020 are characterized by the following amounts and transactions:

Operating income and expenses resulted in a loss of €20.6 million in 2020, compared with a loss of €19.8 million in 2019.

Net financial income increased, standing at €120.1 million in 2020, compared with €102.2 million in 2019. This net financial income mainly comprises:

- dividends received, which increased in 2020 to €133.7 million, compared with €122.5 million in 2019;
- unfavorable currency effects in 2020 of €16.5 million, compared with a loss of €25 million in 2019 corresponding mainly to foreign exchange losses on financial items;
- and a €2.9 million reversal of provisions for the impairment of financial items, compared with net allocations of €15.8 million in 2019.

Profit from ordinary activities before tax was therefore €99.5 million in 2020, compared with €82.4 million in 2019. An extraordinary net loss of €2.1 million was recorded, versus a gain of €19.1 million in 2019.

As SEB S.A. is the lead company of the tax consolidation group, it posted tax income of €27.2 million in 2020 (compared to €28.9 million in 2019), corresponding primarily to the tax savings related to the deduction of the losses of the loss-making subsidiaries from the total group's tax result of €23.1 million in 2020.

SEB S.A.'s net profit for 2020 was €124.6 million, compared with €130.4 million for 2019.

At 31 December 2020, total assets amounted to €5,868.6 million, compared with €4,720.8 million at the end of 2019, representing a sharp increase of €1,147.8 million.

Non-current assets amounted to €4,119.5 million, down €300.5 million compared with 31 December 2019. They were primarily composed of equity investments for a net amount of €1,614.5 million, compared with €1,587.8 million in 2019, and long- and medium-term loans granted for €2,502.5 million, versus €2,829.1 million in 2019.

In terms of liabilities, the company's equity stood at €1,305.7 million at 31 December 2020, compared with €1,255.7 million in 2019. SEB S.A.'s total borrowings and financial debt amounted to €4,302.3 million at 31 December 2020, compared with €3,207.8 million in 2019.

* *Large Kitchen Appliances.*

ACQUISITIONS OF EQUITY INVESTMENTS

SEB S.A. did not acquire any significant equity investments in 2020 in companies with their registered offices in France.

DIVIDENDS PAID OUT IN THE LAST THREE FISCAL YEARS

	Dividends	Share premium
2018	99,677,218	3,727,112
2019	106,554,007	4,072,106
2020	71,704,976	2,898,150

BREAKDOWN OF TRADE RECEIVABLES BY DUE DATE

	Article D. 441 I.-2: Invoices issued and not settled at the closing date of the fiscal year period that are in arrears					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)
(A) Late payment tranches						
Number of invoices concerned						10
Total amount of invoices concerned incl. VAT		3.6	0	0	0	-
Percentage of total amount of purchases incl. VAT for the year		180.00%	0.00%	0.00%	0.00%	0.00%
(B) Invoices excluded from (A) relating to debts and receivables that are disputed or not reported						
Number of invoices excluded				0		
Total amount of invoices excluded				0		
(C) Payment deadlines for references used (contractual or statutory deadline - Article L. 441-6 or Article L. 443-1 of the French Commercial Code)						
Payment deadlines used to calculate late payments	Legal deadlines: for French suppliers, payment deadlines range from 15 days to 60 days; for foreign suppliers, payment deadlines are scheduled from 30 to 60 days. Contractual deadlines: The payment deadlines comply with the legal deadlines					

BREAKDOWN OF TRADE PAYABLES BY DUE DATE

	Article D. 441 I.-1: Invoices received and not settled at the closing date of the fiscal year period that are in arrears					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)
(A) Late payment tranches						
Number of invoices concerned						10
Total amount of invoices concerned incl. VAT		0	0	0	0	0
Percentage of total amount of purchases incl. VAT for the year		0.00%	0.00%	0.00%	0.00%	0.00%
(B) Invoices excluded from (A) relating to debts and receivables that are disputed or not reported						
Number of invoices excluded	139*					
Total amount of invoices excluded	0					
(C) Payment deadlines for references used (contractual or statutory deadline – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)						
Payment deadlines used to calculate late payments	Legal deadlines: for French suppliers, payment deadlines range from 15 days to 60 days; for foreign suppliers, payment deadlines are scheduled from 30 to 60 days. Contractual deadlines: The payment deadlines comply with the legal deadlines					

* *Including 66 credit notes on travel expenses remaining to be charged to current (64) or future invoices.*

SUMPTUARY EXPENSES AND NON-TAX DEDUCTIBLE EXPENSES

Pursuant to the provisions of Article 223 quater of the French General Tax Code, it is specified that the financial statements for the previous fiscal year contain sumptuary expenses of €17,093.94 corresponding to the depreciation of passenger vehicles. This expense is not deductible from the tax result under Article 39-4 of the French General Tax Code.

4.5 Outlook

Following an atypical year, Groupe SEB is confirming its trust in its business model, which once again demonstrated its resilience and solidity in the face of a major crisis.

The general environment at the start of 2021 is highly uncertain. Despite the initiation of vaccination campaigns, health conditions continue to be unstable, reflected in movement restriction measures in many countries, notably in Europe, and ongoing difficulties in the hospitality and catering sectors, still severely impacted.

However, as in the second half of 2020, our Consumer business activity is solid at the beginning of the year on a favorable comparison basis. The momentum is based on firm demand, new products launchings supported by strong advertising and marketing activation and stepped-up e-commerce. A gradual return to normal of the Professional business could materialize as of the second half of the year.

Given the limited visibility on the coming months and the seasonal nature of our business, we are not in a position to specify our objectives for full-year 2021 at this stage. The currency effects as well as the high price levels of raw materials and freight are currently headwinds. Nevertheless, the Group is well equipped and firmly on track to return to organic sales growth and higher Operating Result from Activity in 2021.

In any case, the Group remains entirely mobilized and agile, ready to adapt its systems and processes to health requirements and to any measures implemented by the public authorities in all of its countries.

4.6 Post-balance sheet events

CREATION OF A HOLDING COMPANY TO STRENGTHEN FAMILY CONTROL

The family shareholders of Groupe SEB, who signed the shareholders' agreement on February 27, 2019, together hold 31.9% of the share capital. This group of 260 individuals is structured around GÉNÉRACTION and VENELLE INVESTISSEMENT.

To ensure long-term family control and strengthen ties with Groupe SEB, the concerted family shareholders created a family holding company on March 12, 2021 to strengthen its position.

On the same day, this holding company, called HRC (Holding de Renforcement du Contrôle), received a significant portion of the SEB shares held by the concerted parties, i.e. 6.4% of the capital of SEB SA, with this group continuing to hold 31.9% of the capital. Note that HRC is a party to the shareholders' pact of 27 February 2019 and as such is a member of the concerted group.

Using these assets together with debt, HRC aims to acquire SEB shares. This objective will be pursued gradually and in compliance with current stock market regulations.

This move reflects the family group's strong commitment to Groupe SEB, confirming its confidence in the Group's sustainable growth model and its desire to support it over the long term.

This latest step is in keeping with the shareholders' agreement of February 2019. The holding company will be managed by two members of the seventh generation of the Lescure family.

FREE ALLOCATION OF SHARES

In order to earn the loyalty of its shareholders, Groupe SEB is proceeding with a free allocation of shares to their benefit.

Meeting on February 23, 2021, the Board of Directors, making use of the authorization it has been given by the Combined Annual Shareholders' General Meeting of May 19, 2020 under the 19th resolution, has decided to increase the share capital by €5,030,706 through the incorporation of reserves and/or retained earnings. This will take the share capital from €50,307,064 to €55,337,770.

The increase of share capital will be completed on March 3rd, 2021 through the creation of 5,030,706 new, entirely freed up shares with a nominal value of €1. The shares will be freely allocated to all shareholders registered on March 2nd, 2021, to the tune of ONE new share per TEN existing shares. It is specified that all shares making up the share capital, or 50,307,064 shares, will carry the same allocation right of 1 new share per 10 existing shares.

The attribution right will be detached on March 1st, 2021 on the opening for trade of the Paris-Euronext Stock Exchange and will lead to a corresponding adjustment of the share price. The new shares will bear rights on January 1, 2020 and will be immediately assimilated to existing shares. They will carry the same rights as the original shares in terms of double voting rights and dividend loyalty bonus. They will give right to a dividend in respect of 2020 financial year, paid in 2021.

Rights forming fractional shares shall not be tradeable, nor can they be sold, and ownership of the related shares shall be fully or partially maintained by SEB S.A. as shares held in treasury. SEB S.A. will compensate the holders of the fractional shares in respect of the amounts due at the latest thirty (30) days after the full number of shares has been recorded in their accounts. The remainder of potential rights forming fractional shares not maintained by SEB S.A. will be sold.

New shares stemming from shares featuring separation of the legal and beneficial ownership will maintain the same structure. The new share shall be booked to the original account: as such, it will be divided in the same way as existing shares. Fractional amounts will, however, be allocated to the bare owner only.

Transactions will be centralized by BNP Paribas Securities Services – Grands Moulins de Pantin, 9 rue du Débarcadère, 93500 Pantin.

This free share allocation will be the subject of a detailed Euronext release as of today.

GROUPE SEB INVESTS IN CHEFCLUB

Groupe SEB has announced a new partnership agreement with Chefclub, as well as the acquisition of a minority stake via its investment company, SEB Alliance.

Simplifying cooking and making it accessible to all: that's what Chefclub, the start-up created in 2016 by three brothers, Thomas, Jonathan and Axel Lang, has set as its corporate mission. Chefclub has rapidly become a leading brand in the production and dissemination of cooking content. It has already sold 700,000 books and launched a series of innovative products for kids, which more than 150,000 families have enjoyed so far, all created in collaboration with its online community. Groupe SEB decided to partner with Chefclub, in its new round of financing, for its appeal of experiential content and direct access to online communities which represents the future of e-commerce.

100 MILLION FOLLOWERS: DIRECT ACCESS TO A POWERFUL GLOBAL ONLINE COMMUNITY

Free dissemination of quality content has enabled the brand to attract a community of tens of millions of followers. A true Digital Native Vertical Brand (DNVB), Chefclub has built a relationship of trust with its users, who they can consult and involve in the development of their products. Each product is designed based on the tastes of and requests and comments from the online community, expressed at different stages of the creation process.

MORE THAN ONE BILLION VIEWS PER MONTH: UNRIVALED VISIBILITY

Unlike traditional DNVBs, however, Chefclub stands out thanks to one key strength. As viewers switch from television to social media, Chefclub promotes its brand and its products via inspirational and amusing video recipes viewed all over the world: in December 2020, more than 50 million Americans and close to 15 million French viewers watched Chefclub's recipe videos.

AND A STRATEGIC BRAND LICENSE: "CHEFCLUB BY TEFAL"

This acquisition is also part of joint efforts which will be stepped up in H1 2021 with the launch of a range of products under the brand license "Chefclub by Tefal", including skillets, saucepans, kitchen tools and small domestic appliances. Created in collaboration with the Chefclub community, this range combines Chefclub's expertise in the development of creative recipes with Tefal's sustainable design for simple products to make cooking easier. It will be launched shortly in France and internationally (Germany, Brazil, Italy, South Korea, Canada, Spain, the UK and Mexico), and will be sold via all offline and online channels as well as directly to customers (DtoC) on the Tefal and Chefclub websites.

The new brand "Chefclub by Tefal" benefits from unprecedented visibility on social networks and will broaden Groupe SEB's reach, particularly with Millennials, who are discovering or rediscovering the joys of cooking thanks to the start-up's content. By joining forces with Groupe SEB, world reference for small domestic appliances, Chefclub has access to recognized industrial expertise, the renown of the Tefal brand and a broader retail network which will enable its community to discover its products via the Group's retail channels.