02 MANAGEMENT BOARD MANAGEMENT REPORT

TO THE COMBINED GENERAL MEETING OF 2 JUNE 2021

Ladies and Gentlemen,

In accordance with legal and regulatory provisions in force, the Management Board has convened you here in order to inform you on the management of your company and its subsidiaries and to submit for your approval the financial statements for the year ended 31 December 2020.

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

HIGHLIGHTS OF THE YEAR

COVID-19 HEALTH CRISIS

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DEVELOPMENT OF THE CRISIS

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

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

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

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

IMPACTS FOR SOMFY

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

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

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

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

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

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

DETAILED OUTLOOK

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

INFORMATION ON RISKS

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

NEW ORGANISATIONAL STRUCTURE

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The building industry is undergoing profound transformations with accelerated digitalisation, the need for greater energy efficiency, ever shorter innovation cycles and more. These are all challenges Somfy has begun to tackle thanks to its Believe & Act strategic plan first implemented in 2017 but now need to take a step further.
The current organisation, whose foundations date back to 2004, has enabled the Group to expand its range of applications, becoming a pioneer of smart home solutions and expanding its geographical presence. After a decade of strong and profitable growth and progress in its main market segments, Somfy aims to accelerate in order to continue establishing its leadership in its markets.
In order to meet these challenges, on 1 January 2020 the Group has set up a new organisation guided by three major principles: **a function-based architecture** to support the Group's development; **a customer-centric organisation** with reduced interfaces to facilitate decision-making and optimise resource allocation; and finally a strong focus on **the digitalisation of its products, customer relations and operations**.
The first definitive act of this change is the appointment of a new Executive Committee, along with the creation of a Strategy & Insights Division, the reorganisation of the three activities that are Home & Building, Access and Connected Solutions into three Divisions: Products & Services, Engineering & Customer Satisfaction, and Operations & Supply Chain. Finally, the sales subsidiaries will be split into two new geographical areas, for greater transversality.

In addition to the new organisation, the Executive Committee – under the supervision of Jean Guillaume Despature, Chairman of the Management Board – will work on defining and implementing a new, three-year strategic plan, based on the achievements brought by the Believe & Act plan.
The roll-out of this new organisation has not been delayed by the health crisis.

CHANGES TO THE CONSOLIDATION SCOPE

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

CONTINGENT LIABILITIES

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

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

PRESENTATION OF FINANCIAL STATEMENTS

PARENT COMPANY DATA

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Over the year ended 31 December 2020, Somfy SA generated sales of €3.9 million. Net financial income amounted to €107.7 million, including €105.7 million in dividends paid by the subsidiaries in respect of their net profit for the year to 31 December 2019.
Net profit was €101.0 million, after inclusion of a tax income of €2.3 million.

CONSOLIDATED DATA

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SALES

Group sales were €1,257.1 million for the financial year just ended, an increase of 4.7% compared with the previous financial year (up 6.1% on a like-for-like basis). They fell 7.5% over the first six months (down 7.2% on a like-for-like basis), due to the health crisis stemming from the Covid-19 pandemic, and recorded an upturn of 17.6% in the second half-year (up 20.1% on a like-for-like basis).
Several regions ended the financial year on a clear positive trend, as was the case for Eastern Europe and Central Europe, which again performed very strongly, as well as Northern Europe and North America, which both performed well.

The other territories were more adversely affected by the crisis, due in particular to the unavoidable operational disruption and interruption caused by the lockdown measures in the spring, but showed good resilience over the year as a whole. This was the case for France and the Africa & the Middle East region, as well as for Southern Europe and Latin America.
All regions recovered over the second six months and several of them succeeded in offsetting a large proportion of the fall recorded between March and May. Their recovery is all the more encouraging given that it is not based on a period of several weeks, meaning it was merely a question of catching up, but on the entire third and fourth quarters. It also provides evidence of a base trend that was confirmed – even accentuated – by recent events, as a result of the increasingly important role played by the home in everyone's lives, notably due to the increase in remote working and the development of online services.
Sales for the equity-accounted Chinese subsidiary Dooya totalled €201.1 million over the financial year, an increase of 7.3% in real terms and 9.2% on a like-for-like basis. They fell in China, a country severely impacted by the pandemic early in the year, but grew strongly in the rest of the World.

SALES BY CUSTOMER LOCATION

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

RESULTS

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

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

FINANCIAL POSITION

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

ALTERNATIVE PERFORMANCE MEASURES

The change N/N-1 on a like-for-like basis, current operating margin, ROCE and net financial debt are Alternative Performance Measures (APMs), definitions and calculation details of which are included in note 4.3 to the consolidated financial statements.

SEGMENT REPORTING AT 31 DECEMBER 2020

€ thousands	North & West	South & East	Intra-regional eliminations	Consolidated
Segment sales	527,372	1,059,028	-329,272	**1,257,128**
Intra-segment sales	-2,566	-326,706	329,272	–
Segment sales - Contribution to sales	524,806	732,322	–	**1,257,128**
Segment current operating result	67,725	192,953	–	**260,678**
Share of net profit/(loss) from associates	–	10,858	–	**10,858**
Cash flow	49,635	224,858	–	**274,493**
Net investments in intangible assets and PPE (including IFRS 16)	4,392	59,740	–	**64,133**
Goodwill	2,619	91,771	–	**94,390**
Net intangible assets and PPE	36,517	297,554	–	**334,071**
Investments in associates and joint ventures	–	145,471	–	**145,471**

STOCK MARKET PERFORMANCE

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

POST-BALANCE SHEET EVENTS

PLAN TO CHANGE THE COMPANY'S ADMINISTRATION AND MANAGEMENT FORM

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

ACQUISITION OF REPAR'STORES

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On 14 December 2020, Somfy completed the acquisition of a 60% majority stake in the share capital of Repar'stores, a specialist in roller blind repair and upgrade services in France. This shareholding became effective at the start of January 2021 following the lifting of the usual conditions precedent. Henceforth, Repar'stores will be fully consolidated in Somfy's financial statements. The agreement is accompanied by additional options allowing for the acquisition of Repar'stores' remaining shares at the end of 2026.
The acquisition of Repar'stores is in line with Ambition 2030, the 10-year strategic plan Ambition 2030 – to consolidate its status as the preferred partner in opening and closing automation for both residential and commercial buildings, while simultaneously securing the necessary resources to capture new market opportunities in the services category and reinforce its commitment to end users. Beyond the operational synergies brought about by this alliance, this combination allows Somfy to strengthen its commitment to sustainable development by investing in the ability to repair roller blinds and in their sustainability.
Roller blind repairs and upgrades is a niche segment with high growth potential due to the size of the installed base (more than 65 million roller blinds estimated in France, almost half of which are not motorised) and its continued growth (driven by both renovation and new builds). To serve this fast-growing market, Repar'stores will be able to leverage Somfy's strong global presence and its network of European subsidiaries.

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

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

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

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

HEALTH CRISIS

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

OUTLOOK

The recent period has made it possible to gauge the strength of the residential and commercial digitalisation market, and as such to better measure the impact of the digital revolution, demographic and society changes and the energy transition on the demand for automated and connected solutions.
However, visibility remains limited over the short-term due to the ongoing uncertainty regarding the development of the current health and economic crisis.
Nevertheless, growth in sales is expected over the current financial year. It should be all the stronger over the first six months given that the base effect will play out favourably in major regions such as France, Southern Europe and North America.
Similarly, a return of the current operating margin to pre-crisis levels is envisioned as there will be no renewal of savings made last year in the fields of consulting and marketing.

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

RISK MANAGEMENT AND INTERNAL CONTROL

PRESENTATION OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

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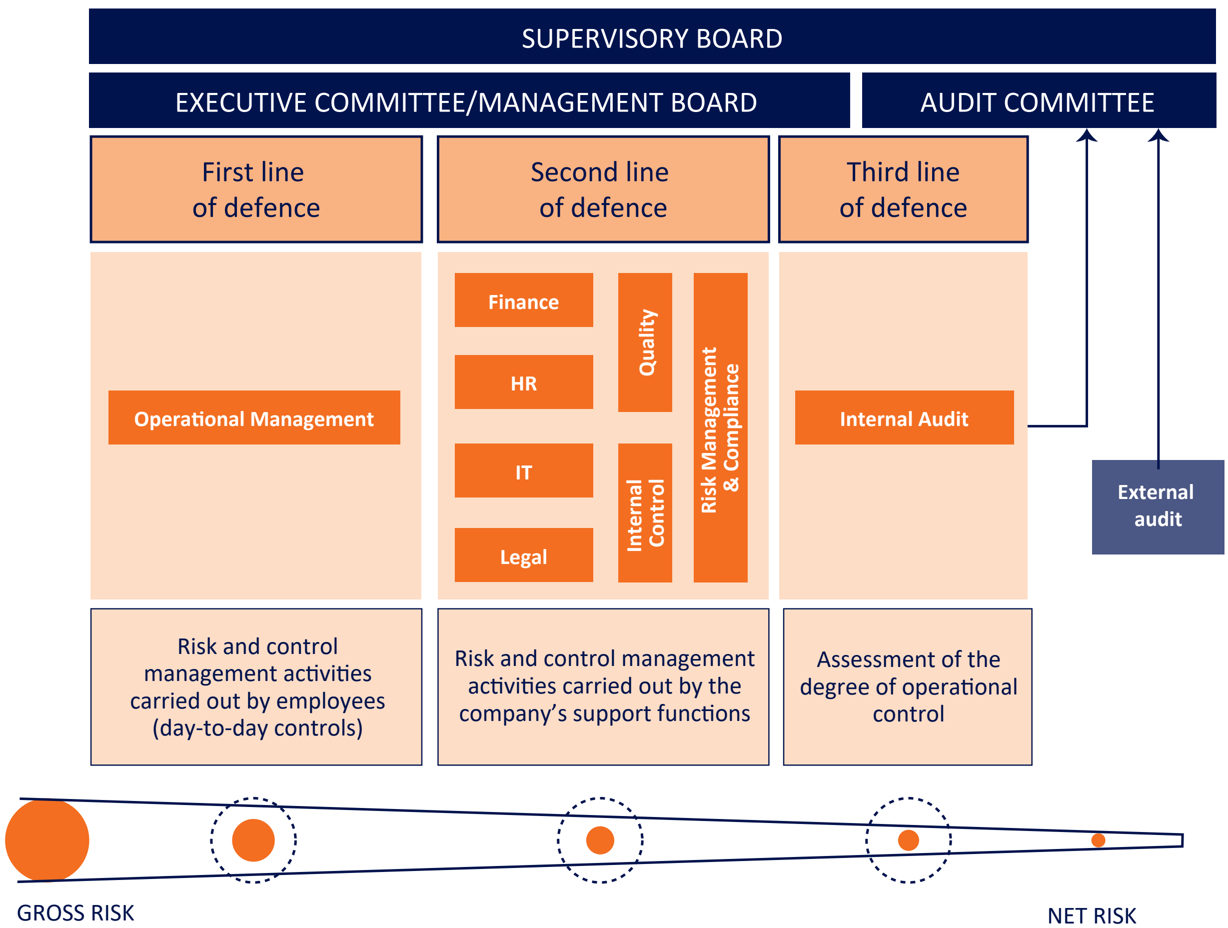
GOVERNANCE AND LEADING PLAYERS

The Group's internal control and risk management system covers all the controlled companies that fall within the Group's consolidation scope, apart from equity-accounted companies, notably Dooya, which has its own system, in which the Group is involved in particular through the creation of a dedicated Audit Committee, presence on the Dooya Board and support in line with needs.
At Group level, the system has been developed around the three lines of defence model, ensuring the effective division of roles and responsibilities.



The first line of defence, operational units

The Group's operational units have been made aware of the need for compliance with rules and procedures in order to establish an effective first line of control.
Each Group entity must implement appropriate control activities at operational level in relation to the processes that concern it, by applying the rules and guidelines developed at Group level.

The second line of defence, Functional Departments

Functional Departments represent an essential link in the second line of control. Each of these Departments sets out the procedures to be applied and offers their support to the Group's entities in relation to the implementation of action plans aimed at reducing the risks identified.
The second line of control also includes the Risk Management & Compliance and Internal Control functions.
In 2020, the role of Chief Compliance Officer was created. Having introduced governance and a dedicated organisation, this position is responsible for leading an overall drive at Group level to ensure that all risks related to non-compliance are properly addressed. This approach feeds into the roadmaps and action plans of the cross-company functions and complements the traditional approach that has existed historically for the Group's risk management.

The third line of defence, Internal Audit Department

The Internal Audit Department oversees the overall monitoring of the quality of risk management, the relevance and effectiveness of the monitoring system as well as compliance with rules and codes of conduct. It is responsible for assessing how well the internal control system works and for proposing recommendations for improvement if needed.
Internal audits of the Group are conducted under the supervision of the Internal Audit Manager who relies on a team made up of three auditors, with an average of 30 assignments per year. Following each assignment, and based on the recommendations issued by the auditors, action plans are prepared by the entities concerned to correct the shortcomings highlighted by the audit reports.
A summary of these recommendations is presented to General Management and the Audit Committee at least twice a year.

GRC (Governance, Risk and Compliance) solution

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

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

RISK MANAGEMENT

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

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

INTERNAL CONTROL

Definition and objectives

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

Controls and assessments

A framework of key controls has been defined for each of the business's major processes and is used during an annual self-assessment process by each entity Manager.
An annual review of this framework is conducted in order to update it, facilitate its understanding by all subsidiaries and tailor it to the level of internal control maturity acquired.
Certain controls are related to procedures that are also updated if necessary.

Internal control monitoring

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

- an analysis of the results of the campaign for Year N and a comparison with Year N-1;
- a quarterly dashboard monitoring the action plans for each of the Group's major functions, enabling their progress to be measured.

These documents are notably sent to the Business Area Managers and the Heads of Processes for observation of development, deviations and delays.
Certain improvements are directly addressed by entities at a local level, while others are looked into centrally by the Internal Control Department and/or in collaboration with other cross-Group functions.

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

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

Preparation of financial statements

The Group has defined a unique and common framework for the recording of accounting and financial information. It resulted in the definition and implementation within all subsidiaries of a Group chart of accounts, as well as the definition and implementation of the main management procedures (inventories, non-current assets, trade receivables, etc.), which are formalised in the Group Procedure Manual relayed through and updated on the Group's intranet.

The Group's various ERPs thus include standard configuration concerning in particular the accounting plan and analytical monitoring, enabling the application of Group processes.
Furthermore, the proper application of the chart of accounts, procedures and reporting reliability is monitored by visits to subsidiaries, planned within the context of year-end and half-year closing.
It is also verified during the budget preparation and monthly reporting processes.
Particular care is taken with risk analysis, through a review of asset provisions and provisions for liabilities and charges, as well as off-balance sheet commitments.

Financial statements control

The Consolidation Department, after verifying the completeness of financial information, the proper application of closing procedures and restatements, performing the intragroup account reconciliations and verifying the net equity justification, performs financial statement consolidation using dedicated software.
The consolidated financial statements are prepared in accordance with IFRS. In addition, accounting options selected are presented to and approved by the Audit Committee.

Financial communication

Following their approval by the Management Board and their review by the Supervisory Board, the half-year and full-year financial statements are presented to the financial community under the auspices of the SFAF (French financial analyst society) and published in a report posted on the financial issuer's website (www.somfyfinance.com) as well as *via* a primary information provider (www.info-financiere.fr).
The other regulated information referred to in Article 221-1 of the AMF's general regulations is also available on both these sites. Relevant information relating to the company's business activities is presented to the Audit Committee.

Treasury management

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

- strategic: to define the overall policy in terms of Group Cash Management, financing, and interest rate, exchange rate and investment risk management. They also include the follow-up of Group subsidiaries' equity balance sheet items;
- operational: to guarantee the regular monitoring of Group Cash Management's actions. These are detailed in a monthly dashboard.

Lastly, a Group Treasury Charter defines best practices and list in a single document the guidelines that ensure the secure, economical and efficient management of financing and deposit operations, and more generally of cash management and bank relations within the Group.

RISK FACTORS

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MAIN RISKS

The selection of the main risks presented in this section was made based on a review of the Group's risk mapping, updated in 2020.
Only risks specific to the Group likely to significantly affect its activity, image or financial position are included. These are the risks with a significant net impact or that are specific to Somfy. The net impact takes into account the gross impact and the risk mitigation measures adopted by the Group.

The table below groups these risks by category. A pictogram highlights the risks in relation to which a CSR component has been identified.

Category	Risk	Description	CSR component	Trend
Operational	Business & Technical Interruption Risk	Business interruptions resulting from technological malfunctions, equipment failures or other events would have a negative impact on production and supply chain operations.		↗
	Production Capacity Risk	Insufficient production capacity may lead to an inability to satisfy customer needs and demands; in addition, an underused resource capacity would lead to higher investment costs and lower margins.		↗
	Supply Availability/Critical Vendor Risk	Limited availability or problems with a critical supplier would threaten Somfy's ability to provide a high-quality service at competitive prices.		↗
	Life Cycle Risk/Serial Life	Non-optimal management of product lines and the portfolio throughout the life cycle would create inefficiency and additional costs.		→
	Product Development Risk	Non-optimised development processes would stop us from offering a range that meets the needs of the market (time to market and features in particular).		→
	Quality of Products & Services	Defects related to the quality of products and services would threaten the company's ability to satisfy its customers and increase its market share, and in general terms would have a negative impact on its operations.		→
	Social/Political Risk	Social, political and geopolitical action would threaten Somfy's resources by preventing commercial activities and transactions from progressing normally.		↗
	Catastrophic Loss Risk	A major disaster would create significant disruption to Somfy's operations and services, representing substantial additional costs (degraded mode and return to normal).		↗
	IT Urbanization	The lack of coherence between business needs and available IT solutions/tools would generate inefficiency and a drop in performance.		↗
	Cyber Attack Risk	The ineffectiveness of technical and physical IT defences would threaten the ongoing integrity, availability and confidentiality of systems and data.		→
	IT Quality Risk	The obsolescence or lack of ruggedness of IT systems would generate a risk of downtime to the IT infrastructure and as a result an interruption to our operations.		↗

Category	Risk	Description	CSR component	Trend
Operational	Data Privacy Management	Flaws in our systems could lead to inappropriate access to data or systems (loss or theft of critical information). This risk also includes potential non-compliance with local regulations concerning the protection of personal data.		→
	Talent and Competencies Risk	Poor management of Somfy's training, knowledge, skills, career opportunities or key staff would threaten the achievement of the company's objectives.		↘
	Resource Allocation Risk	Lack of appropriate resources could generate project delays and employee frustration or overwork and result in missed opportunities.		↘
	Management System Risk (SGMS)	The lack of understanding, use, training or meaning in relation to the Somfy Management System (SGMS) would impact the effectiveness of operations and coherence with the strategic objectives.		↘
	Fraud Risk (internal & external)	Internal or external fraud would damage Somfy's reputation and expose it to financial losses.		→
Business	Brand Equity	Lack of strength or recognition of the Somfy brand would prevent positive discrimination in relation to the competition.		→
	Competitor Risk	Alternative solutions or new business models would threaten the company's competitive position.		↗
	Risk Management Risk	The immaturity of risk management processes and the lack of definition of responsibilities would prevent the prioritising of measures and the achievement of the company's strategic objectives.		↘
Legal	Non compliance with social laws and regulations including safety and security	Non-compliance with social obligations would expose Somfy to sanctions, fines and penalties.		→
	Non compliance with standards and regulations related to products and services	Non-compliance with applicable standards and regulations concerning products and services would expose Somfy to sanctions, fines and penalties and would threaten its reputation, commercial opportunities and expansion potential.		→
	Non compliance with laws and regulations related to business and market practices	Non-compliance with applicable laws and regulations concerning the way in which business is conducted would expose Somfy to sanctions, fines and penalties and would threaten its reputation, commercial opportunities and expansion potential.		→

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

OTHER NON-MATERIAL RISKS

These "non-material" risks are found at a controlled level or are not necessarily specific to the Group.

Financial risks

A description of the financial risks (Foreign exchange risk, Interest rate risk, Liquidity risk, Credit risk, Raw material risk, Customer credit risk) and the policies applied to mitigate their occurrence are covered by a detailed presentation in notes 4.5 and 7.3 of the Consolidated financial statements chapter.

Equity risk

The Group is exposed to equity risk on treasury shares. Given the share price, it was not necessary to record a provision for writedown at 31 December 2020.

Legal risks

The Group's operations are not subject to specific regulations. Its activities do not require specific legal or regulatory authorisation. The Group is involved in a number of disputes in respect of its business. These should not have any significant negative impact on the Group's financial position. To the Group's knowledge, there were no exceptional events or litigation likely to have a significant negative impact on the Group's or its subsidiaries' operations, assets or results, other than those mentioned in the highlights.

Country risk

The country risk is analysed from two perspectives. The first relates to the distribution activities most of which takes place in safe regions such as Europe and the United States, as opposed to regions that are the most exposed to economic, geopolitical and monetary uncertainties like China, Latin America and the Middle East which represent less than 10% of the Group's sales. In addition, the Group was not negatively affected by Brexit in 2020. The second perspective relates to the production and procurement activities which are more exposed than the distribution activities, since Somfy has production sites in Tunisia and China, and a large proportion of its suppliers of components have close connections with Asia, and more specifically China. In relation to this second perspective, given the level of risk, business continuity plans have been developed in order to reduce and control this risk.

Non-financial risks

Certain CSR challenges are found in the Group's main risks (CSR pictogram). However, all the non-financial and financial risks related to climate change are detailed on pages 47 and 48 as part of the non-financial statement. The approach used for the mapping of Group risks provides for the assessment of risks according to their impact and their likelihood of occurrence taking into account the control measures already in place. This is a net risk measurement-based approach.
The approach is different when it concerns Corporate Social Responsibility: the Group has decided to present the main challenges in accordance with an assessment of the gross risks. For that reason, the risks inherent in CSR are not detailed *per se* in this chapter on risk factors.

INSURANCE AND RISK COVERAGE

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

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

In addition, **credit insurance contracts**, both in France and internationally, mitigate the consequences of customer default. Approximately 90% of sales are covered by such contracts.
Due to the Group's international presence, other contracts are taken out locally to take into account any specific features or restrictions in the countries concerned.

NON-FINANCIAL STATEMENT (ARTICLE L. 22-10-36 OF THE COMMERCIAL CODE)

The non-financial statement is presented in chapter 3 of this Annual Financial Report for ease of reading. It forms an integral part of the management report.

INFORMATION ON RESEARCH AND DEVELOPMENT ACTIVITIES (ARTICLES L. 232-1 AND L. 233-26 OF THE COMMERCIAL CODE)

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

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

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

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

Thanks to continuing eco-design efforts, 57% of Somfy products sold worldwide in 2020 were Act for Green certified. Act for Green certification is one of the levers of the Group's environmental programme aimed at reducing its carbon footprint. Somfy is committed to reducing CO_2 emissions through its products and by helping to develop carbon sinks. By accelerating the implementation of its CSR strategy, Somfy is working to reduce its carbon footprint and that of its customers.

71 new products and services marketed by the Group in 2020

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

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

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

Somfy had no such branches at 31 December 2020.

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

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

INFORMATION ON PAYMENT TERMS
(ARTICLE L. 441-6-1 OF THE COMMERCIAL CODE)

Trade receivables specific to Somfy SA’s activity represent payment terms generally less than 45 days from the end of the month.

	Article D. 441 l.-1°: Invoices *received*, unpaid and overdue at year-end						**Article D. 441 l.-2°: Invoices *issued*, unpaid and overdue at year-end**					
	0 day *(for information only)*	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total (1 day or more)**	**0 day** *(for information only)*	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total (1 day or more)**
(A) Late payment ranges												
Number of invoices concerned	29	–	–	–	–	–	17					–
Total value of invoices concerned exc. VAT	1,355,513	–	–	–	–	–	754,315	–	–	–	–	–
Percentage of total value of purchases exc. VAT over the financial year	14.11%	–	–	–	–	–						
Percentage of revenue exc. VAT over the financial year							20.18%	–	–	–	–	–
(B) Invoices excluded from (A) relating to contested or unrecorded trade payables and receivables												
Number of invoices excluded	–	–	–	–	–	–	–	–	–	–	–	–
Total value of invoices excluded exc. VAT	–	–	–	–	–	–	–	–	–	–	–	–
(C) Standard payment terms used (contractual or statutory period - Article L. 441-6 or Article L. 443-1 of the Commercial Code)												
Payment terms used for calculating late payments	Contractual terms ☑						Contractual terms: Within 10 days after the end of the month ☑					
	Statutory terms ☐						Statutory terms ☐					

INFORMATION ON THE DISTRIBUTION OF SHARE CAPITAL AND HOLDINGS

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

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

Shareholding structure at 31/12/20	Number of shares	% share capital	Theoretical voting rights	% theoretical voting rights	Voting rights at General Meetings	% voting rights at General Meetings
J.P.J.S. SCA*	19,480,340	52.65%	38,960,680	61.33%	38,960,680	63.96%
J.P.J.2 SA**	3,409,030	9.21%	6,669,055	10.50%	6,669,055	10.95%
Compagnie Financière industrielle***	1,653,875	4.47%	3,307,750	5.21%	3,307,750	5.43%
Despature family and others	1,565,268	4.23%	3,112,533	4.90%	3,112,533	5.11%
Manacor Dev Pte Ltd	560,000	1.51%	560,000	0.88%	560,000	0.92%
TOTAL SHAREHOLDERS' AGREEMENT	**26,668,513**	**72.08%**	**52,610,018**	**82.82%**	**52,610,018**	**86.37%**
Treasury shares	2,616,125	7.07%	2,616,125	4.12%	–	–
Other holders of registered and bearer shares	7,715,362	20.85%	8,300,899	13.07%	8,300,899	13.63%
TOTAL	**37,000,000**	**100.00%**	**63,527,042**	**100.00%**	**60,910,917**	**100.00%**

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

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

*** *Limited company incorporated in Luxembourg (registered office: 15, boulevard Roosevelt, L-2450 Luxembourg, Grand Duchy of Luxembourg) controlled by Patrick Despature.*

In August 2020, Silchester International Investors, acting on behalf of funds under its management, declared that on 17 August 2020 it had a holding of 2,218,315 shares representing 6.00% of the share capital of Somfy SA. Due to the lack of disclosure regarding the attainment of upward or downward threshold crossings, this company is still presumed to hold between 5% and 10% of Somfy SA's share capital.
To the best of the company's knowledge and at the date of preparation of this document, no shareholder other than those mentioned above holds, directly or indirectly, alone or in concert with others, more than 5% of the share capital or voting rights of the company.
Changes to this list during the 2020 financial year, if any, are described below in the section "Disclosure of shareholding threshold crossings pursuant to Article L. 233-7 of the Commercial Code".

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

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

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

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

ACTION IN CONCERT AND RETENTION AGREEMENTS

—

ACTION IN CONCERT

On 3 June 2013, the limited partnership with share capital J.P.J.S., the limited companies J.P.J.2 and Manacor and certain members of the Despature family concluded a shareholders' agreement constituting an action in concert between them, in relation to the company Somfy SA.

The main clauses of the agreement provide:

Action in concert: the parties confirm their wish to act in concert within the meaning of Article L. 233-10 of the Commercial Code to implement a common policy with regard to Somfy SA. To that end, the parties undertake to make every effort and to consult one another before every vote in the General Meeting of Somfy SA shareholders on resolutions relating to the appointment of members of the Supervisory Board or modification of the mode of administration or management of the company and any transaction in the capital of Somfy SA with a view to establishing a common position.

Maintaining the equity holding: the parties undertake to maintain their overall equity holding in Somfy SA at more than 50% of the share capital and voting rights of this company.

Duration: these undertakings are made for a period of ten years from the signature of the agreement, namely 3 June 2013. Any decision to reduce the term of the agreement will be made by a ¾ majority of the Somfy SA shares held by the parties, it being understood that in the case of separation of the shares, the voting right will belong to the usufructuary.

COLLECTIVE RETENTION AGREEMENTS

A collective retention agreement relating to 64.93% of the share capital of Somfy SA and more than 20% of the voting rights of shares issued was signed on 31 December 2015 by several shareholders, including Management Board members Jean Guillaume Despature and Pierre Ribeiro, as well as Supervisory Board members Victor Despature, Anthony Stahl and Michel Rollier, in accordance with Article 885 I *bis* of the General Tax Code, for a period of two years from 31 December 2015, automatically extended indefinitely after this two-year period.

Furthermore, the company is aware of:

- six collective retention agreements relating to a total of between 49.33% and 54.23% of Somfy SA's share capital, signed by several shareholders in accordance with Article 787 B of the General Tax Code, for an indeterminate period from the date of registration unless one of the signatories gives notice of termination;
- one collective retention agreement relating to 52.91% of Somfy SA's share capital, signed by several shareholders in accordance with Article 787 B of the General Tax Code, for a period of two years from the date of registration.

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

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"The voting right attached to shares is proportional to the capital that they represent. All capital and dividend shares have the same par value and entitle their owner to one vote.

A voting right that is double that conferred on other shares is allocated to all fully paid shares that have been duly registered for at least four years in the name of the same shareholder at the end of the calendar year preceding that of each General Meeting.

In the case of a capital increase by the capitalisation of reserves, profits or issue premiums, registered shares granted free of charge to a shareholder in exchange for existing shares, which already benefit from this right, will be entitled to the same double voting right.

All shares converted into bearer shares or whose ownership has been transferred shall lose their entitlement to a double voting right, except in instances provided for by law."

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

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

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

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

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The company has implemented several successive share buyback programmes. The most recent buyback programme was launched in 2020; it was authorised by the Combined General Meeting of 24 June 2020 in its 15th resolution, sitting in ordinary session, and had the following objectives:

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

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

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

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

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

The company held 2,616,125 of its own shares at 31 December 2020, representing 7.07% of the share capital; the value of the purchase price of one share amounted to €37.59 for a par value of €0.20 each, representing a total nominal value of €523,225.00 (€1,422.80 for the liquidity contract, €244,354 to be retained for future acquisition transactions and €277,448.20 to cover share purchase option plans and/or free share allocation plans).

INFORMATION ON INVESTMENTS AND CONTROLLED COMPANIES

INVESTMENTS IN FRENCH COMPANIES DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (ARTICLE L. 233-6 OF THE COMMERCIAL CODE)

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

NAMES OF COMPANIES DIRECTLY OR INDIRECTLY CONTROLLED AND THE PORTION OF SOMFY SA'S SHARE CAPITAL HELD BY THEM (ARTICLE L. 233-13 OF THE COMMERCIAL CODE)

None of the companies controlled by Somfy SA held shares in Somfy SA at the date of preparation of this report.

INFORMATION ON TRANSACTIONS PERFORMED BY DIRECTORS DURING THE FINANCIAL YEAR (ARTICLE 223-26 OF AMF GENERAL REGULATIONS)

The company is aware that the following transactions falling within the scope of Article L. 621-18-2 of the Monetary and Financial Code have been carried out during the past financial year:

€

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

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

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

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

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

ALLOCATION OF NET PROFIT

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

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

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

When it is paid to individuals who are tax residents in France, the dividend is subject to a single fixed-levy deduction at source on the gross dividend at the flat rate of 12.8% (Article 200 A of the General Tax Code), or at the express, irrevocable and comprehensive wishes of the taxpayer, to income tax calculated according to a sliding scale after notably an allowance of 40% (Articles 200 A, 13, and 158 of the General Tax Code). The dividend is also subject to social security contributions at the rate of 17.2%.

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

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

In accordance with legal provisions, it should be noted that the following dividends were paid during the last three financial years:

	Revenues eligible for tax rebate		Revenue not eligible for tax rebate
Financial year	**Dividends**	**Other distributed earnings**	
2017	€44,645,450.20* being €1.30** per share	–	–
2018	€48,094,109.00* being €1.40 per share	–	–
2019	€42,976,388.75* being €1.25*** per share	–	–

** Does not include unpaid dividends attributable to treasury shares and transferred to retained earnings.*
*** The share par value was divided by five on 24 May 2017. Since that date, share capital comprises 37,000,000 shares with a par value of €0.20 each.*
**** The 2019 dividend amount was revised downwards at the General Meeting of 24 June 2020.*

COMBINED GENERAL MEETING OF 2 JUNE 2021

ORDINARY SESSION

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

8. Approval of the fixed, variable and exceptional items comprising total remuneration and benefits of any kind paid or allocated during the financial year just ended to Michel ROLLIER, Chairman of the Supervisory Board.
9. Approval of the remuneration policy for the Chairman of the Management Board and the member(s) of the Management Board.
10. Authorisation to be granted to the Management Board or the Board of Directors, as applicable, for the buyback by the company of its own shares pursuant to Article L. 22-10-62 of the Commercial Code, duration of the authorisation, objectives, terms and conditions, cap.

EXTRAORDINARY SESSION

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

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

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EXTRAORDINARY SESSION

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

ORDINARY SESSION

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

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

—

ORDINARY SESSION

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

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

—

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

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

—

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

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

—

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

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

—

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

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

—

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

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

AUTHORISATION TO BE GRANTED TO THE MANAGEMENT BOARD OR THE BOARD OF DIRECTORS, AS APPLICABLE, FOR THE BUYBACK BY THE COMPANY OF ITS OWN SHARES PURSUANT TO ARTICLE L. 22-10-62 OF THE COMMERCIAL CODE – DURATION OF THE AUTHORISATION, OBJECTIVES, TERMS AND CONDITIONS, CAP (resolution 10)

—

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

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

The objectives of this programme would be:

- to stimulate the secondary market or ensure the liquidity of the Somfy share, by way of an investment services provider within a liquidity contract that complies with practices recognised by regulations, it being specified that within this framework the number of shares considered for the calculation of the limit specified above corresponds to the number of shares purchased less the number of shares resold;
- to retain the shares purchased and subsequently exchange them or use them as payment within the framework of potential acquisitions;
- to ensure the coverage of stock option plans and/ or free share allocation plans (or similar) granted to employees and/or corporate officers of the Group, as well as all other shares allocated under a company or group savings scheme (or similar), in relation to employee profit-sharing and/or any other form of allocation to employees and/or corporate officers of the Group;
- to cover marketable securities giving right to the allocation of company shares, in accordance with applicable regulations;
- to proceed with the possible cancellation of shares acquired, subject to the authorisation granted by the General Meeting of shareholders of 24 June 2020 in its 16th resolution, sitting in extraordinary session.

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

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

We propose to set the maximum purchase price at €200 per share.

The maximum value of the transaction, taking account of the 1,083,875 treasury shares held at 31 December 2020, would therefore be set at €216,775,000.

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

—

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

This change would help to strengthen the Group's agility and foundations, achieving a better balance between strategic vision and operational excellence, at a time of many challenges and significant opportunities, due in particular to the acceleration of the digital and environmental transitions that have brought the home back to the forefront of consumers' attention.

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

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

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

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

The Board of Directors' mission is to determine the strategic direction of the company's operations and to oversee their implementation, in accordance with its corporate purpose, taking into consideration the social and environmental challenges of its business. Subject to the powers expressly conferred to the Shareholders' General Meetings and within the limit of the corporate purpose, it handles any matters pertaining to the proper functioning of the company and settles matters concerning it through its deliberations. In its relationships with third parties, the company shall be bound even by the acts of the Board of Directors that do not fall within the scope of the corporate purpose, unless it can prove that the third party knew that the act went beyond this purpose or that they could not have been unaware of it given the circumstances. The Board of Directors carries out the checks and verifications it deems appropriate.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- the authorisation to cancel the shares bought back by the company under the provisions of Article L. 225-209 of the Commercial Code (recodified in Article L. 22-10-62 of the Commercial Code with effect from 1 January 2021), granted by the Combined General Meeting of 24 June 2020 as part of its sixteenth ordinary resolution;
- the authorisation to allocate free of charge existing shares for the benefit of salaried members of staff of the company or companies related to it either directly or indirectly within the meaning of Article L. 225-197-2 of the Commercial Code and/or corporate officers who fulfil the criteria set by Article L. 225-197-1 of the Commercial Code, granted by the Combined General Meeting of 22 May 2019 as part of its twelfth extraordinary resolution.

APPOINTMENT OF THE DIRECTORS (resolutions 16 to 23)

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

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

Independence and gender parity

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

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

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

Expertise, experience and skills

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

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

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

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

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

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

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

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

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

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

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

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

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

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

—

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

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

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

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

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

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

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

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

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

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

Independence and gender parity

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

Expertise, experience and skills

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

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

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

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

The Management Board

APPENDIX: SOMFY SA FINANCIAL RESULTS FOR THE LAST FIVE YEARS

€ thousands	2016	2017	2018	2019	2020
1. Financial position at the balance sheet date					
a) Share capital	7,400	7,400	7,400	7,400	7,400
b) Number of shares issued	7,400,000	37,000,000	37,000,000	37,000,000	37,000,000
c) Number of bonds convertible into shares	–	–	–	–	–
2. Overall result of current operations					
a) Net sales	2,919	3,234	3,412	3,705	3,862
b) Profit before tax, amortisation, depreciation and provision charges	106,992	86,979	94,252	116,910	97,790
c) Income tax	1,089	25,516	4,457	2,913	2,345
d) Profit after tax, amortisation, depreciation and provision charges	119,375	107,111	98,241	114,988	100,960
e) Distributed profit*	45,140	48,100	51,800	46,250**	68,450
3. Earnings per share					
a) Earnings per share after tax, but before amortisation, depreciation and provision charges	14.61	3.04	2.67	3.24	2.71
b) Earnings per share after tax, amortisation, depreciation and provision charges	16.13	2.89	2.66	3.11	2.73
c) Dividend distributed per share	6.10	1.30	1.40	1.25**	1.85
4. Workforce					
a) Number of employees at end of year	3	4	10	11	11
b) Total payroll paid	724	959	1,146	1,586	1,694
c) Amount paid in relation to employee benefits (Social Security, charities, etc.)	207	326	222	395	371

* *This amount corresponds to the proposed dividend for the last financial year ended before its approval by the General Meeting (which is held in N+1). Consequently, it includes the amount of the dividend relating to treasury shares that will not be paid.*

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