2020 Annual Report

Sfpi Group - Spring 2021

SFPI GROUP

Safety for people & industry

2020 Annual Report

2020 performance has bolstered the Group's long-term prospects.

Sfpi Group has emerged from this unprecedented year 2020 with strengthened fundamentals, staff intact and strong profit margins. We could not possibly have hoped for results like these last March when the first COVID lockdown was imposed in France.

As entrepreneur and founder of this Group, I am extremely proud of how the Group has pulled through this crisis. First of all, I would like to express my warmest gratitude to the Group's 4,000 employees for their great courage and willingness to adapt. I would also like to commend the loyalty shown by our customers, suppliers and financial partners during this unprecedented period.

These excellent results vindicate the strategy which the Group has consistently pursued for years, focusing on a high level of investment, developing high value-added products and services and showing trust for staff and managers alike at all levels of responsibility.

In 2020, we took a further step towards strengthening our leadership in industrial responsibility by launching a resolutely optimistic transformation plan for the Group called Time to Go Forward. The initial effects are already kicking in across the board in the areas covered by the plan: sales, environment, management and finance.

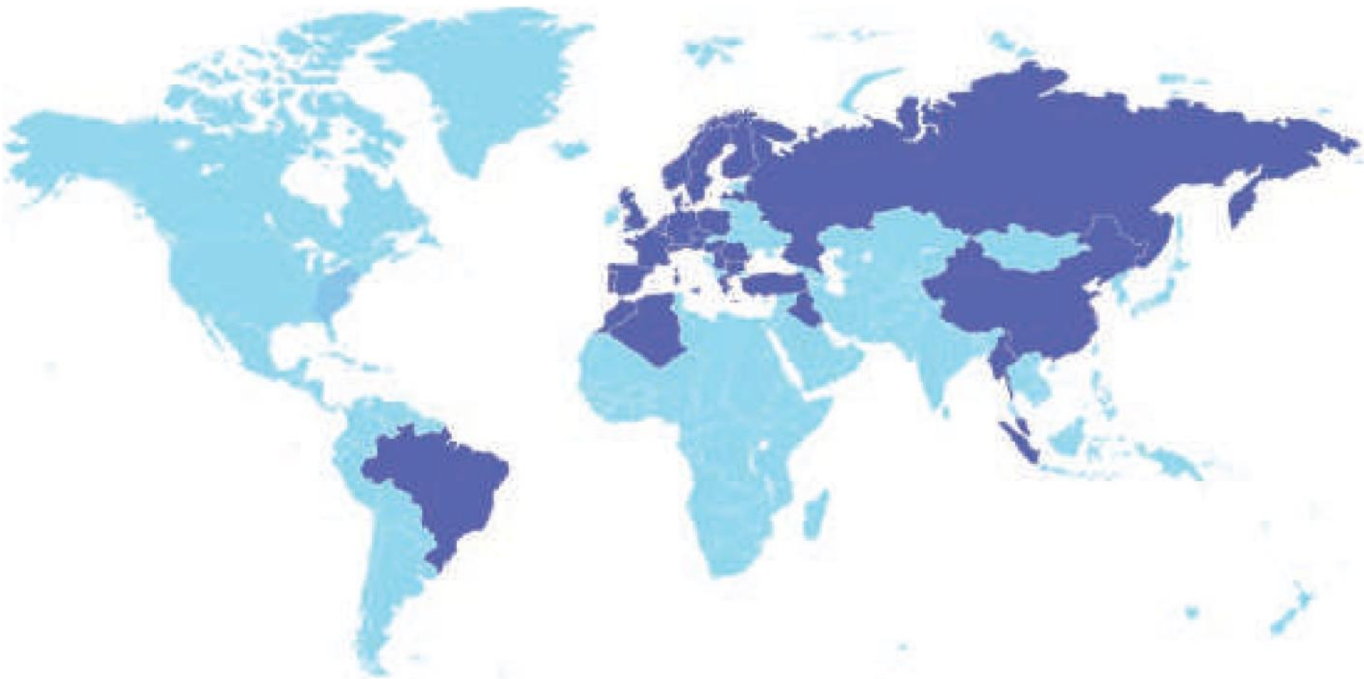
Consistency, integrity and loyalty are the core values that have allowed us to emerge stronger after this challenging year. They will continue to guide us in 2021.

Henri Morel
Chairman and Chief Executive Officer

Independent, industrial, international

GROUPE SFPI was created in France in 1985 by a group of entrepreneurs led by Henri Morel committed to taking over and developing industrial companies.
In 2020, GROUPE SFPI generated €499 million in revenues in the safety industry.
43% of these revenues were generated outside France.

GROUPE SFPI has 3,758 employees, 40% of whom are based outside France.



Joinery, shutters, awnings and blinds for housing and stores

MAC

The companies in the MAC division design, produce and sell door and window fittings (windows and joinery, blinds and shutters, awnings, front and garage doors, industrial doors) for housing and industrial buildings on the B2B and B2C markets.

Organised around strong brands such as France Fermetures, Franciaflex, Faber and SIPA Menuiseries, the MAC division is based in France. The MAC companies generate around €200 million in revenues and employ around 1,200 people working in recently restructured departments.

Much like DOM Security, the MAC companies are currently involved in an ambitious innovation plan to completely digitise the value chain, from ordering to customer delivery.

Access and locking solutions for buildings

DOM Security

European leader on the security market, DOM Security designs, manufactures and markets mechanical and electronic access and locking solutions for home-owners and corporate clients. DOM Security has also acquired specialist expertise in integrated locking solutions for industrial groups, providing turnkey solutions developed in coordination with engineering departments. DOM Security spans over 20 companies in Europe, employs 1,700 people and boasts more than 100 million users who use the Group's products and brands on a daily basis. The Group is focusing its innovation drive on developing connected locking solutions (connected locks, unlocking via smartphone or badge) and access control solutions designed for smart building management.

Actively involved in the digital transformation of production and distribution methods, DOM Security's marketing teams are Sfpi Group's go-to for expertise.

Thermal processing and sterilisation solutions for industries

MMD

The MMD companies deliver industry solutions (food industry, chemicals, heavy industry, etc.) in thermal processing and sterilisation. Backed by leading brands on their markets such as Barriquand, Steriflow and Cipriani (Italy), the division's companies design, manufacture and distribute products that allow their customers to manage industrial processes including thermal exchange, fulfil strict health standard requirements and control energy consumption. The companies of the MMD division employ around 250 people and generate annual revenues of just under €50 million.. On a market experiencing sustained growth, interest in the division's products is growing due to the increasing complexity and tightening of standards and increasingly demanding requirements to reduce energy consumption.

Firmly established in Europe and distributed worldwide, the division's thermal processing and sterilisation products are regularly recognised for their excellence and innovative nature.

Air treatment in industrial settings

NEU-JKF

In 2017, the historical NEU division acquired the Danish company JKF and became the NEU-JKF division dedicated to improving air quality in industrial settings.

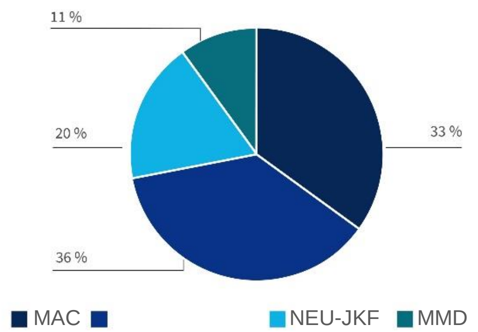
The division's companies design, produce and market systems for dust extraction, air filtration and conditioning, pneumatic conveying and industrial ventilation for a wide range of sectors (agrifood, milling, woodworking, chemicals, metalworking and minerals, cardboard and paper, nuclear, aviation, etc.).

Aligned with Sfpi Group's international ambitions, the NEU-JKF division generates over half of its revenues outside France.

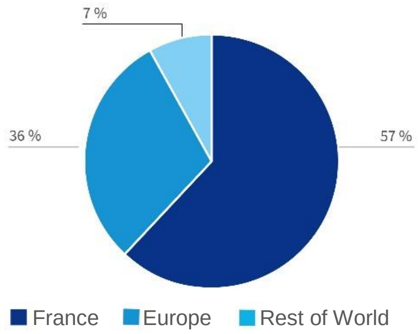
The systems and products distributed by the division meet the strictest regulatory standards and requirements and contribute to protecting the environment, industrial equipment and employee health. They help to improve productivity and performance in industrial facilities.

2020 key figures

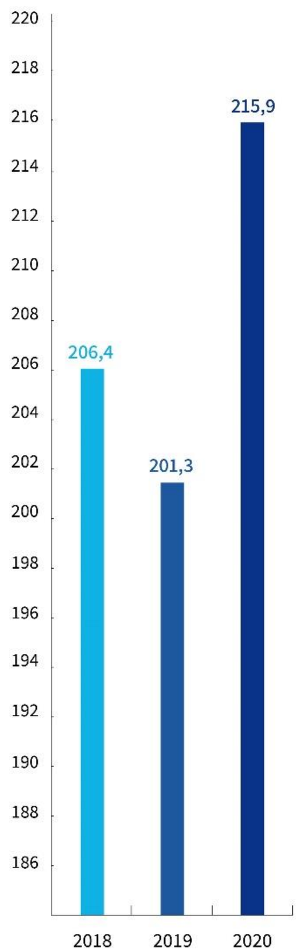
2020 revenues breakdown by division



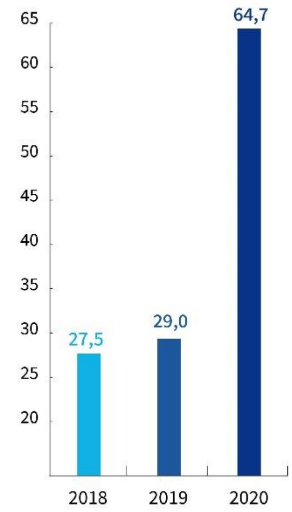
2020 revenues breakdown by region



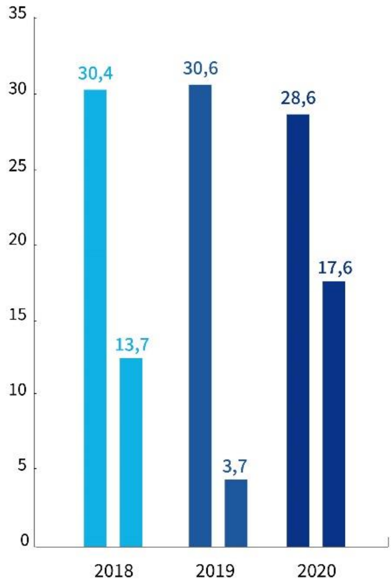
Shareholders' equity
€m



Net cash position
€m

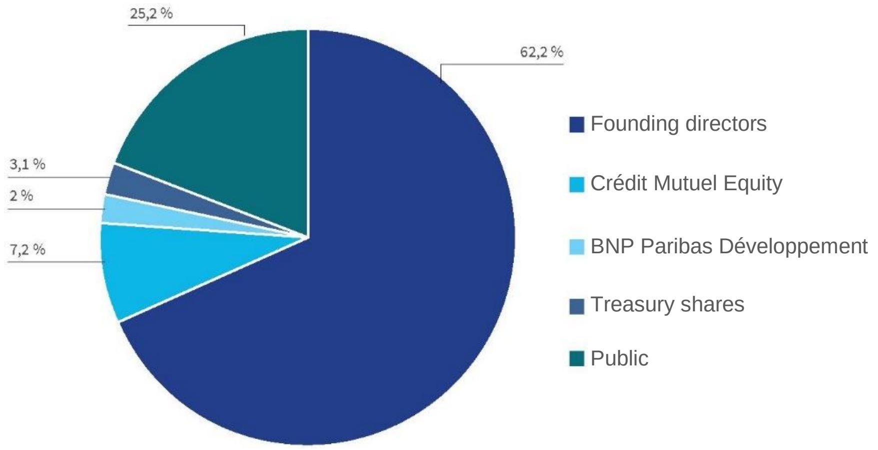


Recurring operating income and net income Group share
€m



2020 stock market information

Capital structure - December 2020



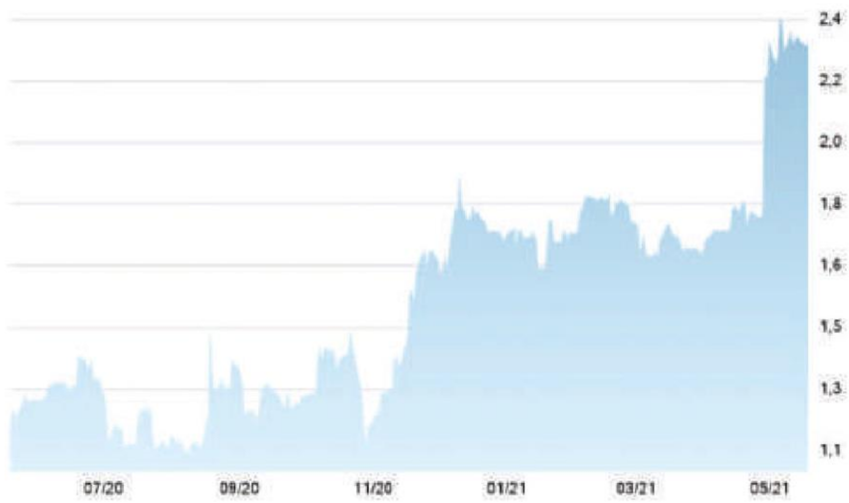
Data per share

In euros	2018	2019	2020
Net earnings per share Group share	€0.15	€0.04	€0.18
Net dividend	€0.05	-	€0.06
Number of shares (excl. treasury shares)	**97,219,649**	**97,219,649**	**96,279,239**

Number of shares: 99,317,902
ISIN: FR0004155000
Listing market: Euronext Paris
Compartment: B

Price at 31/12/2020: €1.75

Market capitalisation:
“ 31/12/2020: €173 million
“ 30/04/2021: €234 million



Corporate governance

Board of Directors

Henri Morel, Chairman and Chief Executive Officer

Damien Chauveinc, Deputy Managing Director

Spring Management SAS, represented by **Jean-Bertrand Prot**
Arc Management SAS, represented by **Sophie Morel**
Crédit-Mutuel Equity SCR, represented by **Franck Chevreux**
Hervé Houdart (independent director)
Valentine Laude
Marie-Cécile Matar (independent director)
Hélène Laplante (employee representative director)

Audit Committee

Hervé Houdart (Chairman)
Spring Management SAS, represented by **Jean-Bertrand Prot**
Arc Management SAS, represented by **Sophie Morel**
Crédit-Mutuel Equity SCR, represented by **Franck Chevreux**
Valentine Laude
Marie-Cécile Matar
Hélène Laplante

Board adviser (censeur)

BNP Paribas Développement, represented by Patrice Vandenbossche

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MANAGEMENT REPORT

Parent company financial statements

Dear Shareholders,

We have convened you to a Combined General Meeting pursuant to the articles of association and provisions of the French Commercial Code to:

(1) **Ordinary General Meeting: (i)** provide you with an account of the Company's operations during the financial year ended 31 December 2020, the results of said operations and the outlook for the future, and to submit the Company's balance sheet and financial statements for said financial year for your approval, and **(ii)** request that you authorise a new share buyback programme and grant the Board full powers to carry out transactions in the Company's shares;

(2) **Extraordinary General Meeting**: request that you approve the authorisation to be granted to the Board of Directors to reduce the share capital by cancelling treasury shares.

The notices of meeting required by law have been duly sent to you and the documentation required under applicable regulations has been placed at your disposal within the statutory timeframe.

Ordinary General Meeting

APPROVAL OF THE PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The financial statements for the year ended 31 December 2020 which we are submitting for your approval were prepared in accordance with the rules of presentation and valuation methods provided for by applicable regulations.

The income statement shows a net loss of €681,128 after deduction of amortisation, depreciation and regulated and justified provisions, which we recommend be distributed pursuant to the provisions of the articles of association, as set out below.

COMPANY FINANCIAL RESULTS AND BUSINESS SUMMARY FOR THE YEAR

Company financial results

Company revenues are mainly generated from services provided to Group companies.

The Company posted a net operating loss of €979,000 for the year compared to net operating income of €301,000 the previous year, impacted by the decrease in fees received by the Company from the subsidiaries.

Net financial income came to €28,000, down from €10,419,000 the previous year due to the decision not to distribute dividends in 2020 in view of the exceptional circumstances caused by the coronavirus epidemic.

Net non-recurring income amounted to €996,000 compared to a €592,000 net expense the previous year. Non-recurring income mainly consisted of €471,000 late payment interest paid by the German tax authorities in connection with the tax dispute involving DOM Germany and a €536,000 provision reversal on treasury shares.

The main income and expense accounts for the year ended yielded the results shown below as compared to 2019:

	2020	2019
Revenues	5,255,211	6,696,683
Operating income	5,426,786	6,792,323
Operating expenses	6,405,847	6,490,897
NET OPERATING INCOME/(LOSS)	**(979,061)**	**301,425**
Financial income	164,573	10,669,919
Financial expenses	136,091	250,611
NET FINANCIAL INCOME/(EXPENSE)	**28,481**	**10,419,307**
EARNINGS BEFORE NON-RECURRING ITEMS	**(636,213)**	**10,970,267**
Non-recurring income	1,006,843	424,598
Non-recurring expenses	11,024	1,016,847
NET NON-RECURRING INCOME/(EXPENSES)	**995,819**	**(592,248)**
Employee profit-sharing	-	-
Income taxes	1,040,734	667,260
NET INCOME/(LOSS) FOR THE YEAR	**(681,128)**	**9,710,757**

LEGAL MEASURES

Approval of the 2019 financial statements

At your General Meeting on 16 June 2020, you approved the financial statements for the year ended 31 December 2019 showing net income of €9,710,757, which you have decided to appropriate as follows:

- 5% to the legal reserve: €485,537.85.
- Balance: €9,225,219.15 to 'Other reserves', for which the balance is raised from €42,077,357.62 to €51,302,576.77.

Regulated agreements and commitments

We have provided our statutory auditors with all the required information to enable them to draw up their special report on the agreements listed under Articles L. 225-38 et seq. of the French Commercial Code.

Appropriation of earnings for the 2020 financial year

We recommend that you appropriate earnings for the year in the following manner:

Source:

- Net loss for the year: (€681,128).

Appropriation:

- The €681,128 net loss for the year is allocated to retained earnings, for which the balance is reduced from €353,564 to (€327,564).

Clearance of retained earnings account

We propose that you clear the retained earnings account, which shows a negative balance of €327,564 after appropriation of earnings for the year, by deducting this amount from 'Other reserves'.

Accordingly, the retained earnings account is reduced to zero and 'Other reserves' is reduced from €51,302,577 to €50,975,013.

Dividend distribution

We propose that you distribute a dividend of €5,959,074.12 amounting to €0.06 per share. This amount is to be deducted from 'Other reserves', for which the balance of €50,975,013 after clearance of the retained earnings account will be reduced to €45,015,938.88.

We hereby inform you that, since 1 January 2018, dividends received by an individual taxpayer have been automatically subject to a single 30% flat-rate withholding tax (*prélèvement forfaitaire unique* or PFU) comprising 12.80% income tax and 17.20% social security contributions. However, taxpayers may expressly request that their dividends be taxed according to the income tax sliding scale.

The cash dividend will be paid on 24 June 2021.

Company dividends and treasury share holdings

If the Company holds treasury shares at the time the dividend is paid, the distributable profit corresponding to the unpaid dividends attached to such shares shall be allocated to the retained earnings account.

Dividends distributed during previous financial years

In accordance with Article 243 bis of the French General Tax Code, we remind you that the amounts distributed as dividends for the three previous financial years were as follows:

Year	Dividend distributed	Dividend per share
2017	€5,398,191.72	€0.06
2018	€4,965,895.10	€0.05
2019	None	

Non-tax deductible expenditure on luxuries

In accordance with the provisions of Articles 223 *quater* and *quinquies* of the French Tax Code, we inform you that the financial statements for the year ended do not include any expenses that are not deductible from taxable income.

Authorisation for sureties, endorsements and guarantees

In accordance with the provisions of Articles L. 225-35 and R. 225-28 of the French Commercial Code, on 27 April 2021 the Board of Directors authorised the Chairman to grant sureties, endorsements and guarantees in the Company's name, subject to an overall cap of €150,000.

This authorisation was granted for a term of one year, irrespective of the duration of the surety, endorsement or guarantee commitments.

Research and development

The Company has decided not to capitalise any research and development expenses for 2020 under the balance sheet line item 'Research and development costs'.

Results of the Company over the last five financial years

A table setting out the Company's results over the last five financial years is attached in the notes to this report pursuant to Article R. 225-102 of the French Commercial Code.

Information on outstanding trade payables and receivables

Pursuant to the provisions of Articles L. 441-6-1 and D. 441-1 of the French Commercial Code, the aging balance of outstanding trade payables and receivables at the last balance sheet date is shown below:

TRADE PAYABLES						
€000	Article D. 441-4 I-1°: Unpaid invoices **RECEIVED** and overdue at year-end					
	0 days *(account 401)*	1 to 30 days	31 to 60 days	61 to 90 days	> 90 days	**TOTAL** *(≥ 1 day overdue)*
(A) LATE PAYMENTS BY PERIOD OVERDUE						
Number of invoices concerned	28					**24**
Total amount of invoices concerned (incl. tax)	257	130	0	0	5	**135**
% of total purchases for the year (incl. tax) (French corporate tax return: *FS+FU+FW)*	4.80	2.42	0	0	0.09	**2.51**
(B) INVOICES EXCLUDED FROM (A) RELATING TO INTRAGROUP DEBTS						
Number of invoices excluded	0					
Total amount of invoices excluded (incl. tax)	0					
(C) BENCHMARK PAYMENT TERMS APPLIED (STATUTORY OR CONTRACTUAL - ARTICLE L. 441-6 or L. 443-1, FRENCH COMMERCIAL CODE)						
Payment terms used to calculate late payments	☐ Contractual terms: (to be specified) ☒ Statutory terms: Application of the French Modernisation of the Economy Act (LME)					

TRADE RECEIVABLES						
€000	Article D. 441-4 I-2°: Unpaid invoices **ISSUED** and overdue at year-end					
	0 days *(account 411)*	1 to 30 days	31 to 60 days	61 to 90 days	> 90 days	**TOTAL** *(≥ 1 day overdue)*
(A) LATE PAYMENTS BY PERIOD OVERDUE (MAINLY INTERCOMPANY RECEIVABLES)						
Number of invoices concerned	62					**37**
Total amount of invoices concerned (incl. tax)	1,006	(33)	58	0	39	**63**
% of revenues for the year (incl. tax) (corporate tax return: *FL)*	16.97	(0.56)	0.97	0	0.65	**1.06**
(B) INVOICES EXCLUDED FROM (A) RELATING TO DOUBTFUL OR CONTESTED TRADE RECEIVABLES						
Number of invoices excluded	0					
Total amount of invoices excluded (incl. tax)	0					
(C) BENCHMARK PAYMENT TERMS APPLIED (STATUTORY OR CONTRACTUAL - ARTICLE L. 441-6 or L. 443-1, FRENCH COMMERCIAL CODE)						
Payment terms used to calculate late payments	☐ Contractual terms: (to be specified) ☒ Statutory terms: Application of the French Modernisation of the Economy Act (LME)					

ACQUISITION AND SALE OF EQUITY OR CONTROLLING INTERESTS IN OTHER COMPANIES REGISTERED IN FRANCE

Equity interests acquired during the year

We remind you that the table of subsidiaries and affiliates is included in the notes to the parent company financial statements.

Our Company acquired no equity interests in other countries registered in France.

Controlling interests acquired during the year

Our Company acquired no controlling interests in other companies registered in France during the year ended.

Equity interests sold during the year

Our Company sold no equity interests in other companies registered in France during the year ended.

Capital structure and breakdown of voting rights

We hereby state the identities of the individuals or legal entities below, pursuant to the provisions of Article L. 233-13 of the French Commercial Code and in light of the information received under Articles L. 233-7 and L. 233-12 of said code:

Identity of individuals and legal entities holding the share capital	% of share capital
Individuals	
Henri Morel 20 rue de l'Arc de Triomphe - 75017 Paris	4.61
Legal entities	
ARC MANAGEMENT SAS 20 rue de l'Arc de Triomphe - 75017 Paris	46.26
SPRING MANAGEMENT SAS 29 rue Bassano - 75008 Paris	11.34
CRÉDIT MUTUEL EQUITY SCR 28 avenue de l'Opéra - 75002 Paris	7.21
BNP PARIBAS DEVELOPPEMENT SA 20 rue Chauchat - 75009 Paris	1.97

Shares registered in the name of the Company:

At 31 December 2020, GROUPE SFPI held 3,038,663 treasury shares (3.05% of the share capital excluding shares held under the liquidity contract), including 748,252 shares (0.75% of the share capital) resulting from the merger with EMME and 2,290,411 (2.30% of the share capital) acquired under previous share buyback programmes.

90,826 shares (0.091% of the share capital) were held under the liquidity contract at 31 December 2020.

Company shares held by employees

Pursuant to the provisions of Article L. 225-102 of the French Commercial Code, we hereby inform you that, as at 31 December 2020, no employee held shares in the Company.

Setting of remuneration awarded to the directors

We propose that you set the annual fixed amount to be divided among directors that are legal entities or non-executive individuals who are not employees of the Group, in consideration for the performance of their duties, at €30,000.00 in respect of the 2020 financial year and that you grant full powers to the Board of Directors to set the conditions for dividing said remuneration among the directors.

INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES IMPLEMENTED BY THE COMPANY

We inform you that GROUPE SFPI refers to the September 2016 edition of the Middlenext Corporate Governance Code for Small and Mid Caps.

As such, the Board of Directors has reviewed the items presented in the watchpoints section of the Code.

Furthermore, the Company subscribes to the following recommendations:

RECOMMENDATIONS		APPLIED		COMMENTS
		YES	NO	
R 1	**Code of Ethics for members of the Board of Directors**	X		The code of ethics is an essential component of the Board rules of procedure.
R 2	**Conflicts of interest**	X		The Board of Directors ensures that procedures are in place to identify and manage any conflicts of interest.
R 3	**Composition of the Board of Directors** **Presence of independent members**	X		The Board of Directors comprises eight (8) members, including two independent members and one employee representative.

R 4	**Information regarding members of the Board of Directors**	**X**		Before each meeting, the directors receive the necessary information and documentation in sufficient time to prepare for Board meetings.
R 5	**Organisation of Board of Directors and Audit Committee meetings**	**X**		The Board of Directors and the Audit Committee meet whenever the financial statements are due to be approved and whenever necessary otherwise. The Board of Directors met five times in 2020.
R 6	**Establishment of committees**	**X**		Existing committees: - an Audit Committee whose duties are carried out by the directors under the conditions provided for by law and regulations. The committee also assesses agreements entered into in the ordinary course of business and on arm's length terms, at the recommendation of the Group Chief Financial Officer and the Head of Legal Affairs; - an Executive and Strategic Committee whose composition is indicated in the corporate governance report and whose duties are to review investment decisions above €1 million, the GROUPE SFPI budget, the Group monthly results, any matters relating to strategy, acquisitions, disposals, development policies etc. and hiring of key personnel.
R 7	**Implementation of rules of procedure for the Board of Directors**	**X**		The rules of procedure were approved and implemented by the Board of Directors at its meeting on 13 March 2018. They were revised by the Board of Directors on 27 April 2021.
R 8	**Director appointments**	**X**		Each director is appointed under a separate resolution; directors are selected according to their skills and expertise.
R 9	**Board members' term of office**	**X**		The term of office for Board members is three (3) years.
R 10	**Remuneration related to the office of director**	**X**		The Board of Directors allocates an annual fixed amount to be awarded to directors that are legal entities or non-executive individuals who are not employees of the Group, in consideration for the performance of their duties.
R 11	**Introduction of a system for assessing the work of the Board of Directors**		**X**	The Chairman believes that it is not necessary to carry out an assessment of the work of the Board of Directors.
R 12	**"Shareholder" relations**	**X**		The Chairman meets and talks to shareholders so requesting at the end of each General Meeting.
R 13	**Definition and transparency of executive officer remuneration**	**X**		See table included in the Board of Directors' management report.
R 14	**Preparation of "executive officer" succession plans**	**X**		This topic is under review.
R 15	**Simultaneous employment contract and corporate office**	**X**		Deputy Managing Director.
R 16	**Severance benefits**		**X**	Not applicable.

R 17	**Supplementary retirement schemes**	**X**		The information relating to retirement schemes established for the Chairman is disclosed in the corporate governance report.
R 18	**Stock options and bonus shares**	**X**		The 14 June 2018 General Meeting authorised the Board of Directors to allocate bonus shares and stock options to Group executive officers and employees. This authorisation was granted for a term of 38 months.
R 19	**Review of watchpoints**	**X**		Each year the Board of Directors takes note of and reviews the watchpoints set out in the Middlenext Code.

Internal control: definition and objective

Internal control comprises all the control systems established by senior management, the management team and other members of staff to provide reasonable assurance regarding:

- the existence and efficiency of transactions,
- the reliability of reporting,
- compliance with laws and regulations in force,
- protection of assets.

An internal control system designed to meet the various objectives described above does not, however, provide any certainty that the objectives will be achieved, due to the inherent limitations of any procedure.

General organisation of internal control

Internal control is coordinated by the GROUPE SFPI financial control and legal affairs departments.

In order to ensure, as far as possible, rigorous financial management and risk control, and to prepare the information provided to shareholders on the financial position and statements, the GROUPE SFPI financial control department audits each subsidiary's financial statements before they are audited by the statutory auditors.

This department also supervises and checks the financial reporting sent each month by each subsidiary. It coordinates any changes made to accounting and budgeting procedures as well as the pooling of financial information. It consolidates the division's reporting and manages insurance policies.

The Chief Financial Controller reports to the Chairman and Chief Executive Officer on the results of the department's work and puts forward recommendations, where applicable.

A code of ethics for controlling financial risks has been signed by all subsidiary managers and key executives. This code will be replaced by a code of conduct currently being drawn up.

The recognition of Group cash transactions and bank reconciliations are also managed by the GROUPE SFPI finance and financial control departments.

The cash management and financing departments report to the treasurer.

Their principal duties are:

- monitoring financial flows and the distribution of funds,
- monitoring investment transactions and borrowings,
- managing credit facilities and commitments.

As part of legal risk control, the GROUPE SFPI legal affairs department handles the drafting of deeds, besides assisting and advising the subsidiaries on legal matters. It manages and monitors disputes in consultation with the Group's lawyers.

Other internal control procedures

With regard to operating processes, the main controls are as follows:

- in the subsidiaries' sales departments, monitoring and controlling sales invoiced, order placements, margins, etc. in order to compare actual performance per business sector with budgeted targets on the basis of monthly dashboards,

- in the subsidiaries' technical departments, monitoring and controlling progress and business volumes in terms of customer service, technical support, product testing and cataloguing and the search for solutions.

With regard to the preparation and processing of financial and accounting information:

- The process falls within the remit of the finance and financial control department.
- The accounting and management system relies on an integrated information system that facilitates verification of the completeness and correct valuation of transactions and the preparation of accounting and financial information in accordance with the accounting methods and rules in force, as applied by the Company for both parent company and consolidated financial statements.
- The senior management team is responsible for the accuracy of the accounting and financial information produced by the finance and financial control department. This information is audited by the statutory auditors, who carry out verifications in accordance with standards in force.

Shareholder information and communication

Information is communicated to shareholders mainly via the Company's website (www.sfpi-group.com) under the oversight and control of the Chairman and Chief Executive Officer and the GROUPE SFPI Investor Relations Manager.

Main risks facing the Group and management procedures

The main risk factors are as follows:

Customer risk

The risk of non-recovery of receivables is managed in advance through sound knowledge of the market and customers. In the case of some new customers, outstanding debt is calculated on the basis of specific financial analyses.

Interest rate and exchange risk

The Company has not taken out any floating-rate loans.

GROUPE SFPI foreign exchange risk exposure is low.

Insurance

The Group has taken out insurance policies that duly cover the risks incurred by its business operations.

Country risk

No business activity has been developed in a country identified as at-risk.

SHARE BUYBACK PROGRAMME

Transactions carried out by the Company in its own shares in 2020

Presentation of the authorisation granted to the Board of Directors

At the Combined General Meeting on 16 June 2020 you authorised the Board of Directors to purchase Company shares, over a term of eighteen (18) months, under a share buyback programme. The maximum purchase price was set at €5.00 per share, provided that the number of shares acquired did not exceed 7.26% of the share capital and that the number of shares held by the Company at any given time did not exceed 7.26% of the shares comprising the share capital. At the time of this authorisation, the Company already held 2.74% of its share capital.

The authorisation granted by the General Meeting on 16 June 2020, currently in effect, is due to expire on 16 December 2021. In order to allow an investment services provider to ensure the continued liquidity of the Company's share on the market, you are requested to authorise the Board of Directors to execute transactions in the Company's shares through a new share buyback programme, the terms of which are set out below in the paragraph entitled "**Description of new share buyback programme submitted for approval by the Ordinary General Meeting of shareholders**".

Summary table at 2020 balance sheet date

Financial position as at 31 December 2020

% of capital held directly or indirectly as treasury shares	3.15
Number of treasury shares	3.129.489
Number of shares cancelled over the past 24 months	0

Description of the new share buyback programme submitted for approval by the Ordinary General Meeting of shareholders

The description of this programme presented below, drawn up in accordance with Article 241-3 of the AMF General Regulation, will not be the subject of a separate publication.

Given that the authorisation granted to the Board of Directors by the 16 June 2020 General Meeting to carry out transactions in Company shares expires on 16 December 2021, it is requested that you again authorise the Board of Directors to carry out transactions in Company shares at a maximum purchase price of €5.00 per share excluding acquisition expenses.

This authorisation will enable the Board of Directors to acquire Company shares representing no more than 10% of the Company's share capital. In accordance with law, the Company may at no time hold shares representing more than 10% of its share capital.

Given that the Company may not hold more than 10% of its share capital and in view of the number of shares already held at 27 April 2021, amounting to 3,611,321 shares or 3.64% of the share capital, the maximum number of shares that may be purchased stands at 6,320,469 shares or 6.36% of the share capital, unless existing treasury shares are transferred or cancelled.

This buyback programme will enable the Company to purchase or arrange the purchase of Company shares for the purpose of:

(i.) ensuring the Company share's market liquidity by means of an investment services provider acting independently pursuant to a liquidity contract in accordance with the AMAFI code of ethics and best market practices as recognised by the French Financial Markets Authority (AMF); or

(ii.) holding the shares for subsequent tendering as consideration or in exchange in respect of a potential acquisition, in accordance with market practices admitted by the French Financial Markets Authority (AMF); or

(iii.) allocating or selling the shares to employees and/or executive officers of the Company and/or related companies or companies that will be related under the terms and conditions provided for by law, in particular via allocation of stock options or under an employee profit-sharing scheme; or

(iv.) allocating bonus shares to employees and/or executive officers of the Company and/or related companies or companies that will be related to it in the future in accordance with the provisions of Article L. 22-10-59 of the French Commercial Code, on the understanding that the shares may be assigned to an employee savings scheme pursuant to the provisions of Article L. 3332-14 of the French Employment Code; or

(v.) cancelling the shares purchased via a capital reduction, in particular in order to increase earnings per share or improve return on equity; or

(vi.) implementing all current and future market practices recognised by the AMF and, more generally, for any other purpose authorised by applicable legal and regulatory provisions.

This programme is also designed to allow the Company to carry out transactions in Company shares for all other current or future purposes authorised by law and regulations in effect.

The Company may purchase treasury shares subject to the following limits:

- the number of shares purchased by the Company during the term of the buyback programme may not exceed 10% of the shares comprising the Company's share capital, at any time, this percentage applying to the share capital as adjusted for any transactions impacting it after this General Meeting; in accordance with the provisions of Article L. 22-10-62 of the French Commercial Code, when the shares are repurchased to promote share liquidity under the conditions defined by the regulations in force, the number of shares taken into account for the calculation of the 10% cap corresponds to the number of shares purchased less the number of shares sold during the term of the authorisation; and
- the number of shares held by the Company at any given time may not exceed 10% of the Company's total share capital.

The purchase, sale, transfer, tendering or exchange of these shares may be carried out on one or more occasions and by any means whatsoever that are authorised by current or future regulations in force. Such means include over-the-counter transactions, block trading, repurchase agreements and the use of any derivative financial instrument, traded on a regulated market or over-the-counter and the implementation of option strategies (purchase and sale of put and call options and any combination thereof in compliance with applicable regulations). The portion of the buyback programme that may be implemented via block trades is equivalent to the entire share repurchase programme.

These transactions may be carried out at such times as the Board of Directors shall determine; however, during a public tender offer, the shares may only be repurchased if such buybacks:

- allow the Company to comply with commitments it has undertaken prior to the opening of the offer period;
- are carried out in continuation of a buyback programme already underway;
- fall under the objectives listed above under points (i) to (v); and
- are not liable to thwart the public tender offer.

The Board of Directors may also reallocate previously repurchased shares (including under a previous authorisation) to another objective, in compliance with applicable statutory and regulatory provisions, or sell them on or off the market.

This authorisation is granted for a term of eighteen (18) months from the date of this General Meeting and, when exercised by the Board of Directors, will cancel the unused part of the authorisation granted to the Board of Directors by the 16 June 2020 Combined General Meeting, in its 9th resolution, to carry out transactions in Company shares.

DIRECTOR REAPPOINTMENTS

Given that the terms of office of Henri Morel, Hervé Houdart, Valentine Laude, Marie-Cécile Matar, SPRING MANAGEMENT SAS and CRÉDIT MUTUEL EQUITY SCR expire at the end of this meeting, we propose that they be reappointed for a further term of three (3) years expiring at the close of the General Meeting called in 2024 to approve the 2023 financial statements.

The directors told us that they agreed to renew their duties and had not incurred any measures or incapacity liable to prevent them from exercising their duties.

STATUTORY AUDITOR REAPPOINTMENTS

The terms of office of Deloitte et Associés and KPMG SA as regular statutory auditors and of BEAS and Salustro Reydel as their respective alternate auditors are due to expire at the end of this General Meeting. We propose not to renew these appointments.

Instead, the Audit Committee has launched a call for tenders to examine the possibility of replacing the statutory auditors. On 14 April 2021, the Audit Committee decided to propose the appointment of new statutory auditors.

In accordance with the Audit Committee's recommendation, we request that you appoint the following to replace Deloitte et Associés and KPMG SA as regular statutory auditors and BEAS and Salustro Reydel as their respective alternate auditors for a term of six financial years expiring at the close of the General Meeting called in 2027 to approve the 2016 financial statements:

- As regular statutory auditors:
  - Grant Thornton, a French simplified joint-stock company with share capital of €2,297,184, whose registered office is located at 29 rue du Pont, Neuilly-sur-Seine (92200), registered in the Nanterre Trade and Companies Register under number 632 013 843.
  - Ernst & Young Audit, a French simplified joint-stock company with variable capital of €1,200,000, whose registered office is located at Paris La Défense 1, 1-2 place des Saisons, Courbevoie (92400), registered in the Nanterre Trade and Companies Register under number 344 366 315.
- As alternate statutory auditors:
  - Institut de Gestion et d'Expertise Comptable (IGEC), a French simplified joint-stock company with share capital of €46,000, whose registered office is located at 22 rue Garnier, Neuilly-sur-Seine (92200), registered in the Nanterre Trade and Companies Register under number 662 000 512.
  - Auditex, a French simplified joint-stock company with share capital of €2,328,672, whose registered office is located at Paris La Défense 1, 1-2 place des Saisons, registered in Nanterre Trade and Companies Register under number 377 652 938.

BOARD ADVISER (CENSEUR) REAPPOINTMENT

Given that the term of office of BNP Paribas Developpement expires at the end of this meeting, we propose that it be reappointed for a further term of three (3) years expiring at the close of the General Meeting called in 2024 to approve the 2023 financial statements.

The Board adviser told us that it agreed to renew its duties and had not incurred any measures or incapacity liable to prevent it from exercising its duties.

MATERIAL EVENTS OCCURRING BETWEEN THE BALANCE SHEET DATE AND THE DATE OF THE MANAGEMENT REPORT

We hereby inform you that the Company has asked its investment services provider to purchase Company shares in addition to the purchases carried out under the liquidity contract. Since the beginning of 2021, the Company has purchased 572,658 shares representing 0.57% of the share capital.

COMPANY OUTLOOK

As a holding company, most our Company's earnings come from dividends paid by subsidiaries, amounts received for services provided to Group companies and any securities disposal transactions.

Consolidated financial statements

At 31 December 2020, the Group consolidation scope covered the companies listed in the notes to the financial statements.

We hereby request, in accordance with Articles L. 225-100 and L. 233-16 of the French Commercial Code, that you approve the consolidated financial statements as presented to you herein.

Article R. 225-102 of the French Commercial Code provides that all of the information listed by said article regarding the content of the management report also applies to the Group management report, which may be included in the Company management report.

CONSOLIDATION SCOPE

Configuration of consolidation scope:

- GROUPE SFPI
- NEU-JKF division (air treatment)
- DOM Security division (locking systems)
- MMD division (heat exchangers)
- MAC Division (industrial doors)
- Other: DATAGROUPE, INACTIV' SAS (formerly POINT EST), FRANCE INVESTISSEMENT, SCI AVENUE GEORGES NUTTIN, SCI ALU DES DEUX VALLÉES, SCI VR DES DEUX VALLÉES, SCI STÉRIMMO, SCI NEU, SCI LA CHAPELLE D'ARMENTIÈRES, SCI MANCHESTER, SCI LUZECH, SCI IMMOBILIÈRE DUBOIS, SCI CIPRIANI.

ELZETT SOPRON, TITAN ZAGREB and SPRINGCARD (DOM Security division), as well as NEU RAILWAYS, NEU INC and MOVIRAIL, are consolidated under the equity method.

The total workforce of these companies at 31 December 2020 was 3,758 employees.

The financial statements presented below have been prepared in accordance with IFRS.

The main income and expense accounts for the year ended yielded the results shown below as compared to the previous year (€000):

RESULTS	**2020**	**% of revenues**	**2019**	**% Ch. 2020 vs 2019**
Revenues	498,811	-	562,450	*-11.3*
RECURRING OPERATING INCOME	**28,559**	***5.7***	**30,554**	***-6.5***
NET OPERATING INCOME	**27,034**	***5.4***	**12,019**	**-**
Net financial income/(expense)	1,020	-	(526)	-
Corporate income tax	(10,478)	-	(7,758)	-
NET INCOME OF CONSOLIDATED COMPANIES	**17,733**	***3.6***	**3,783**	**-**
Parent company share	17,622	-	3,734	-
Minority interests	111	-	49	-
Consolidated basic and diluted EPS, excluding treasury shares *(€)*	0.18	-	0.04	-

OPERATIONS AND EARNINGS OF MAIN DIVISIONS

We hereby state that the companies of the following divisions are consolidated at GROUPE SFPI level: NEU-JKF, MMD, MAC and DOM Security. The consolidated financial statements of these divisions, included below for information purposes, have been reviewed by the statutory auditors but are not subject to a statutory publication requirement.

The main consolidated income and expense statements for the year ended yielded the following results for the different divisions (€000):

NEU-JKF	2020	2019
Revenues	101,104	117,189
Recurring operating income	4,284	3,221
Net operating income/(loss)	3,416	(7,031)
Net income/(loss)	1,680	(8,290)
Net cash and cash equivalents	(9,774)	(17,094)
Consolidated net assets	11,215	9,973

NEU JKF sold 50.02% of its majority stake in NEU RAILWAYS SAS to C2F Developpement Sarl.

On 31 December 2020, the total workforce of the NEU-JKF division comprised 641 employees.

DOM SECURITY	2020	2019
Revenues	178,454	198,550
Recurring operating income	16,190	17,072
Net operating income	14,405	13,296
Net income	10,734	9,461
Net cash and cash equivalents	21,849	690
Consolidated net assets	101,565	92,715

On 31 December 2020, the total workforce of the DOM Security division was 1,667 employees.

MMD	2020	2019
Revenues	53,057	56,405
Recurring operating income	5,465	5,521
Net operating income	5,465	5,521
Net income	3,732	3,675
Net cash and cash equivalents	16,614	10,217
Consolidated net assets	33,438	29,643

On 31 December 2020, the total workforce of the MMD division comprised 272 employees.

- Revenues from the design and manufacture of heat exchangers by ASET, BARRIQUAND ECHANGEURS and BATT amounted to €22,686,000 (€31,791,000 including CIPRIANI).
- Revenues from the manufacture of sterilisation autoclaves by STERIFLOW amounted to €21,266,000.

MAC	2020	2019
Revenues	166,457	190,592
Recurring operating income	3,167	4,441
Net operating income/(loss)	4,295	(251)
Net income/(loss)	2,283	(1,315)
Net cash and cash equivalents	17,947	20,325
Consolidated net assets	51,949	50,068

On 31 December 2020, the total workforce of the MAC division comprised 1,164 employees.

Revenues from the production and sale of indoor and outdoor blinds, PVC joinery and door and window fittings by FRANCIAFLEX and its subsidiaries FABER FRANCE, SIPOSE and SIPA MENUISERIES amounted to €113,819,000.

Revenues from the manufacture and sale of garage doors, domestic shutters and door and window fittings by FRANCE FERMETURES amounted to €52,638,000.

LONG AND MEDIUM TERM BORROWINGS

(excluding restated finance leases, consolidated operating leases and current bank overdrafts) (€000)

Companies with no short, medium or long-term borrowings have not been taken into account.

Division	**Liabilities due in <1 year**	**Due in 1-5 yrs**	**Due in >5 yrs**
DOM Security	4,286	16,514	3,582
NEU-JKF	6,060	22,822	512
MAC	3,079	11,023	1,307
MMD	1,921	6,766	345
GROUPE SFPI & OTHER	7,282	11,911	845
TOTAL	**22,628**	**68,676**	**6,591**

The Group has a net cash surplus of €64,652,000.

INTEREST RATE AND EXCHANGE RISK ANALYSIS

Sfpi Group has a surplus cash position. The Group uses no interest rate hedging instruments except where required under the loan agreement.

OUTLOOK

The Group forecasts annual revenues of around €540 million for the 2021 financial year.

Resolutions to be submitted to the Extraordinary General Meeting

AUTHORISATION FOR THE BOARD OF DIRECTORS TO REDUCE THE SHARE CAPITAL BY CANCELLING SHARES

If you approve the share buyback programme, we request that you authorise the Board of Directors to cancel, at its sole discretion, on one or more occasions, within the limit of 10% of the share capital as calculated on the day of the decision to cancel, less any shares cancelled during the previous twenty-four months, shares that the Company holds or subsequently purchases as a result of buybacks carried out pursuant to Article L. 22-10-62 of the French Commercial Code, as well as to reduce the share capital in accordance with applicable statutory and regulatory provisions.

This authorisation would be granted for a term of twenty-four (24) months from the date of this General Meeting and would cancel, as of the date of this General Meeting, the authorisation granted by the 16 June 2020 General Meeting in its 10th resolution.

It will also be necessary to grant full powers to the Board of Directors to perform the transactions required for such cancellations and corresponding capital reductions, amend the Company's articles of association accordingly and complete all required formalities.

We hope that the foregoing proposals will meet with your approval and that you will duly adopt the resolutions submitted to you.

The Board of Directors

Henri Morel

Results of the Company over the last five financial years

Item	2016	2017	2018	2019	2020
	12 months	12 months	12 months	12 months	12 months
1 - Closing share capital					
Share capital	80,972,876	80,972,876	89,386,112	89,386,112	89,386,112
Number of outstanding ordinary shares	89,969,862	89,969,862	99,317,902	99,317,902	99,317,902
Number of outstanding (non-voting) preference shares	-	-	-	-	-
Maximum number of shares to be issued in the future:					
• by bond conversion	-	-	-	-	-
• through the exercise of subscription rights	-	-	-	-	-
2 - Revenues and earnings					
Revenues	4,233,239	4,241,912	7,975,256	6,696,684	5,255,211
Income before tax, employee profit-sharing and depreciation, amortisation and provisions	8,455,388	11,413,278	17,492,894	11,591,571	(45,537)
Income after tax, employee profit-sharing, depreciation, amortisation and provisions	14,742,053	17,465,620	16,681,417	9,710,758	(681,128)
Corporate income tax	(55,626)	(3,652,542)	(964,178)	667,261	1,040,735
Distributed earnings	4,498,493	5,398,192	4,965,895	-	5,959,074
3 - Earnings per share (EPS)					
Earnings after tax and employee profit-sharing but before depreciation, amortisation and provisions	0.09	0.13	0.19	0.11	(0.01)
Earnings after tax, employee profit-sharing and depreciation, amortisation and provisions	0.16	0.19	0.17	0.10	0.01
Dividend per share	0.05	0.06	0.05	-	0.06
4 - Staff					
Average employee headcount	9	11	13	11	9
Total payroll for the financial year	981,872	1,263,061	1,732,242	1,002,499	1,004,560
Total amount paid for social contributions and benefits	396,828	517,529	691,596	390,619	414,094

Corporate governance report

Pursuant to the requirements of Article L. 225-37 of the French Commercial Code, this report is designed to provide you with an account of:

- membership of the Board of Directors (the "Board") and application of the gender balance principle;
- the conditions for the preparation and organisation of the Board's work;
- any limits imposed on the powers of the Chief Executive Officer;
- the procedure whereby the Audit Committee assesses agreements entered into in the ordinary course of business and on arm's length terms;
- the internal control and risk management procedures in place at the Company.

It also is designed to present you with:

- the principles and rules for determining remuneration and any benefits granted to Company corporate officers;
- factors liable to have an impact in the event of a public tender offer (Article L. 225-10-3, French Commercial Code) and the procedures for shareholder participation in the General Meeting.

This report has been drawn up following discussions and interviews with the heads of the Company's finance, financial control and legal affairs departments.

This report covers the following matters:

(1) Corporate governance procedures.

(2) Board of Directors.

(3) Conditions for the preparation and organisation of the Board's work.

(4) Corporate officer remuneration.

(5) Factors liable to have an impact in the event of a public tender offer.

(6) Delegations of power and authorisations granted to the Board of Directors.

(7) Any other information.

(1) CORPORATE GOVERNANCE PROCEDURES

In 2010, the Company decided to adopt the Middlenext Code (the "Code") published in December 2009 as its reference code for corporate governance, judging that it was the code most suited to the size and structure of its shareholder base. The Code was revised in September 2016. GROUPE SFPI has committed to complying with its recommendations.

The Code may be consulted on the Middlenext website (www.middlenext.com) or GROUPE SFPI website (www.middlenext.com).

Furthermore, over the past few years, the Board has conducted an initiative designed to gradually achieve compliance with the Middlenext Code recommendations. Following the revision of the Code, the Company decided to continue the process in order to comply with the new recommendations.

In accordance with Recommendation 19, the Board has taken note of the watchpoints listed by the Code and has committed to reviewing them regularly.

Senior management model

We inform you that your Board has chosen one of the two models of senior management provided for under Article L. 225-51-1 of the French Commercial Code.

The Board opted for the duties of Chairman of the Board of Directors and Chief Executive Officer to be performed by the same person.

Accordingly, Henri Morel is responsible for general management of the Company.

The Chief Executive Officer exercises his powers in accordance with the law and the Company's articles of association.

The Board's rules of procedure stipulate that it must deal with any issues concerning the smooth running of the Company, including:

- appointing executive officers,
- approving the annual and half-yearly financial statements,
- convening and setting the agenda of General Meetings of shareholders,
- carrying out the checks and verifications that it considers appropriate,
- reviewing major operations and transactions envisaged by the Company,
- keeping abreast of any significant events concerning the Sfpi Group.

(2) BOARD MEMBERSHIP

(2.1) The Board is made up of eight directors of whom two are independent and one is an employee representative, namely:

- Henri Morel
  Chairman and Chief Executive Officer
  Born 27 May 1957 in Saverne (67 - Bas-Rhin)
  Date of first appointment: 31 March 2015
  End of current term of office: 2021
  Number of Company shares held: 4.576.260

- SPRING MANAGEMENT SAS
  Director
  Represented by Jean-Bertrand Prot
  Date of first appointment: 13 November 2018
  End of current term of office: 2021
  Number of Company shares held: 11.259.136

- Hervé Houdart
  Independent director
  Born 28 July 1951 in Paris 17th (75 - Paris)
  Date of first appointment: 31 March 2015
  End of current term of office: 2021
  Number of Company shares held: 54

- Valentine Laude
  Director
  Born 1 June 1978 in Paris 14th (75 - Paris)
  Date of first appointment: 31 March 2015
  End of term of office: 2021
  Number of Company shares held: 21

- ARC MANAGEMENT SAS
  Director
  Represented by Sophie Morel
  Date of first appointment: 7 June 2019
  End of current term of office: 2022
  Number of Company shares held: 45,947,349

- CRÉDIT MUTUEL EQUITY SCR
  Director
  Represented by Franck Chevreux
  Date of first appointment: 10 November 2015
  End of term of office: 2021
  Number of Company shares held: 7,159,143

- Marie-Cécile Matar
  Independent director
  Born 21 March 1959 in Paris 9th (75 - Paris)
  Date of first appointment: 14 June 2018
  End of term of office: 2021
  Number of Company shares held: 1

- Hélène Laplante
  Employee representative director
  Born 8 October 1962 in Hazebrouck (59 - Nord)
  Date of first appointment: 21 November 2018
  End of term of office: three years, non-renewable
  Number of Company shares held: 0

(2.2) Composition of the Board and Audit Committee

Name, title or role of directors	Independent director	Year of first appointment	End of term of office	Audit Committee
Henri Morel Director, Chairman and Chief Executive Officer	No	2015	2021	No
SPRING MANAGEMENT SAS Director, represented by Jean-Bertrand Prot	No	2018	2021	Member
Hervé Houdart Director	Yes	2015	2021	Chairman
CRÉDIT MUTUEL EQUITY SCR Director represented by **Franck Chevreux**	No	2015	2021	Member
Valentine Laude Director	No	2015	2021	Member
ARC MANAGEMENT SAS Director, represented by Sophie Morel	No	2019	2022	Member
Marie-Cécile Matar Director	Yes	2018	2021	Member
Hélène Laplante Employee representative director	No	2018	2021	Yes

(2.3) List of corporate mandates

In accordance with the provisions of Article L. 22-10-10 of the French Commercial Code, we hereby present you with a list of all positions held in other companies by each of the Company's corporate officers:

Corporate officer / Company	**Position**
Henri Morel:	
NEU-JKF SA - NEU FÉVI SA MAC SAS - SOREMEC SA	Director
NEU-JKF SA - SOREMEC SA	Chairman and Chief Executive Officer
ARC MANAGEMENT SAS – MAC SAS - AUBERGE HAZEMANN SAS	Chairman
DOM Security SAS - PICARD-SERRURES SAS - DOM RONIS SAS DOM-MÉTALUX SAS - DÉNY SECURITY SAS - OMNITECH SÉCURITY SAS DELTA NEU SAS - NEU PROCESS SAS - LA FONCIÈRE NEU SAS FRANCE FERMETURES SAS - FRANCIAFLEX SAS - SIPA MENUISERIES SAS	Chairman of ARC MANAGEMENT SAS, Chairman
MP ASSOCIÉS SARL - SCI B.G.M. - SCI NEU - SCI DOM - SCI CIPRIANI SCI AVENUE GEORGES NUTTIN - SCI LA CHAPELLE D'ARMENTIÈRES SCI HÔTEL DU CHAMP DU FEU - SCI 1896 - SCI IMMOBILIERE DUBOIS	Manager
Jean-Bertrand Prot	
NEU-JKF SA - MAC SAS	Director

FABER FRANCE SAS - MMD SAS - ASET SAS FINANCIÈRE BARRIQUAND SAS - BARRIQUAND ECHANGEURS SAS SPRING MANAGEMENT SAS - LB SAS	Chairman
STORISTES DE FRANCE SA BAIE OUEST SA	Permanent representative on the Board of Directors
SCI ALU DES DEUX VALLÉES - SCI STÉRIMMO - SCI LUZECH	Manager
Hervé Houdart	
DATAGROUPE SA	Director
H2 CONSULTANT SAS	Chairman
Valentine Laude	
SPRING MANAGEMENT SAS	Chief Executive Officer
Sophie Morel	
MAC SAS - SOREMEC SA	Director
ARC MANAGEMENT SAS	Chief Executive Officer
DATAGROUPE SA	Permanent representative
Marie-Cécile Matar	
E4V BEE UP (form. Industries et Finances Partenaires)	Director
MICROWAVE VISION GROUP (MVG)	Independent director
Hélène Laplante	None
Franck Chevreux	
CERES (SOGEFA)	Permanent representative CRÉDIT MUTUEL EQUITY SCR Member of the Supervisory Committee
ETD CONSULTATION SAS (DENTIFREE)	Permanent representative CRÉDIT MUTUEL EQUITY SCR Member of the Committee
SPINE INNOVATION SAS	Permanent representative CRÉDIT MUTUEL EQUITY SCR Member of the Supervisory Committee
HORIZON 12 SAS (GROUPE PAUL MARGUET)	Permanent representative CRÉDIT MUTUEL EQUITY SCR Advisory member of the Strategy Committee
IMI (CHEVAL FRÈRES) SA, French limited company with Executive Board and Supervisory Board	Permanent representative CRÉDIT MUTUEL EQUITY SCR Member of the Supervisory Board
FCPR ALSACE CROISSANCE	Permanent representative CRÉDIT MUTUEL EQUITY SCR Member of the Consultation Committee
Damien Chauveinc	
NEU-JKF SA	Deputy Managing Director
MAC SAS	Chief Executive Officer
NEU-JKF INTERNATIONAL SAS	Chairman
NEU FEVI SA	Director Chairman of the Board of Directors

(2.4) Application of the gender balance principle

The Board of Directors has four female members out of eight in total.

(2.5) Independent directors

A director is considered as independent when they satisfy the following criteria, in application of Recommendation 3 of the Code:

- during the past five years, has not been, and currently is not, an employee or executive officer of the Company or a company belonging to its Group;

- during the past two years, has not been, and currently is not, involved in significant business relations with the Company or its Group (customer, supplier, competitor, service provider, creditor, banker, etc.);
- is not a reference shareholder of the Company and does not hold a significant percentage of voting rights;
- does not have a close relation or family tie with a corporate officer or reference shareholder;
- has not, in the course of the past six years, been an official auditor of the Company.

With regard to the independence criteria, two Board members are classified as independent directors: Marie-Cécile Matar and Hervé Houdart.

(2.6) Term of office

Directors are appointed for a term of three (3) years. This duration is in accordance with Code Recommendation 9. Furthermore, the Company believes that, given its size and the composition of its Board of Directors, the three-year term favours directors' experience over their knowledge of the Company, its markets and its business in their decision-making, without diminishing the quality of their supervisory role.

(2.7) Code of ethics

In compliance with Recommendation 1 of the Code, each director is made aware of the responsibilities they assume upon appointment and is encouraged to respect the code of ethics relating to their appointment. At the beginning of their term of office, each director signs the Board's rules of procedure and commits to complying with the statutory provisions relating to the holding of multiple offices, informing the Board of any conflicts of interest arising after taking office, regularly attending Board and shareholder meetings, ensuring that they have all the required information to make fully informed decisions at Board meetings and observing professional secrecy.

(2.8) Choice of directors

Whenever a director is appointed or reappointed, a description of their experience and skills and a list of other offices held are published in the annual report. This information is also posted on the Company website. Each director is appointed under a separate resolution in accordance with Code Recommendation 8.

(3) CONDITIONS FOR THE PREPARATION AND ORGANISATION OF THE BOARD'S WORK

(3.1) Rules of procedure

In accordance with Code Recommendation 7, the Board has adopted a set of rules of procedure which may be consulted on the Company website.

These rules of procedure outline:

- the role of the Board and, where applicable, the transactions submitted for prior approval by the Board;
- the composition of the Board and the independence criteria for members;
- members' duties (ethics: loyalty, non-competition, disclosure of conflicts of interest, abstention obligation, ethics, confidentiality, etc.);
- the functioning of the Board (frequency, notice of meetings, self-assessment, use of videoconference and telecommunication technology, etc.) and the specific roles of any committees;
- the means of protection for corporate officers: D&O liability insurance;
- rules for determining directors' remuneration.

The rules of procedure also include the following provisions:

The Board may only deliberate validly if at least half of its members are present or represented. Any clause to the contrary shall be deemed inapplicable.

- Unless the Board has met for any of the operations referred to in Articles L. 232-1 and L. 233-16 of the French Commercial Code, the rules of procedure stipulate that members who take part in the meeting by videoconference or conference call will be deemed present for the calculation of quorum and majority.
- The Chairman of the meeting has the casting vote in the event of a tied vote.

(3.2) Information for Board members

In accordance with the rules of procedure, the directors receive all the documents and information required to ensure they are fully prepared for meetings. The Chairman seeks to communicate all of these items at least five (5) days before the date of the meeting. Furthermore, the Chairman follows up members' requests for additional information. The Board members assess whether they receive sufficient information to duly perform their duties.

In addition, directors are regularly notified of developments in the Company's affairs between meetings, in accordance with Code Recommendation 4.

(3.3) Establishment of committees

In accordance with Code Recommendation 6, we hereby notify you of the Company's choices regarding specialised committees.

A strategy committee was set up by the Board of Directors on 27 July 2018. This committee was primarily composed of directors and its main purpose was to provide an opinion on external growth opportunities, including acquisitions.

After deliberation, it seemed judicious to set up an executive and strategic committee to replace the existing strategy committee, under the Group's new organisational structure.

The Executive and Strategic Committee was formally established by the Board of Directors on 26 March 2019. It is chaired by SPRING MANAGEMENT SAS, director represented by Jean-Bertrand Prot. The other members are Sophie Morel (Group Corporate Secretary), Henri Morel (Chairman and Chief Executive Officer), Damien Chauveinc (Deputy Managing Director), Nicolas Loyau (Group Chief Financial Officer) and Pierre-Paul Fini (Group Head of Legal Affairs). Stéphanie Poncelet, Group Human Resources Director, joined the Executive and Strategic Committee in January 2021.

The purpose of the committee is to review investment decisions over €1 million, the GROUPE SFPI budget, Group monthly results, any matters regarding strategy, acquisitions, sales, development policies etc., and the hiring of key personnel.

An inter-divisional working committee (G10) was also set up in early 2019. The G10 committee is composed of the Executive and Strategic Committee members and the heads of the main subsidiaries. It meets quarterly to discuss Group strategy, the sharing of best practices and issues related to all subsidiaries.

In accordance with Article L. 823-19 of the French Commercial Code, on 12 January 2016 the Board of Directors decided not to create a separate audit unit but to perform the duties of the Audit Committee itself in plenary session.

Hervé Houdart, independent director under the Code's criteria, has specific expertise in corporate management. He chairs the Board of Directors when it meets as the Audit Committee.

Given that the Chairman and Chief Executive Officer performs executive duties, he does not attend meetings of the Board in its capacity as the Audit Committee. However, the Chairman & CEO and the CFO may be invited to attend part of the meeting, depending on the topic under discussion, if they are able to fuel the debate with useful additional information and explanations.

An Audit Committee charter was adopted by the Board of Directors on 13 March 2018. This charter specifies the composition and duties of the Audit Committee.

Under this charter, and in accordance with the law, the Audit Committee is responsible for monitoring:

- the financial reporting preparation process;
- the effectiveness of the internal control and risk management systems;
- the auditors' statutory review of the parent company and, where applicable, consolidated financial statements;
- the independence of the statutory auditors.

As part of this audit assignment, the Audit Committee meets prior to each Board meeting called to approve the Company financial statements. Accordingly, the Audit Committee met on:

21 April	▪ Presentation of the Company and consolidated financial statements for the year ended 31 December 2019 by the finance department and highlights of the year – Statutory auditors' observations; ▪ Presentation of the work of the statutory auditors; ▪ Review of statutory auditor independence and non-audit services carried out in the previous year (including approval of prior year fees); ▪ Review and approval of non-audit services for the year ended; ▪ Review of financial reporting; ▪ Any other business.

14 September	▪ Preparations for the accounts closing procedure at 30 June 2020; ▪ Watchpoints: Impairment, retirement benefits and COVID-19 impact.
22 September	▪ Approval and sign-off of the minutes of the 14 September 2020 meeting; ▪ Presentation of the first half 2020 financial statements by the finance department and highlights of the period – Statutory auditors' observations; ▪ Any other business.
21 October	▪ Presentation of the work of the statutory auditors; ▪ Any other business.

(3.4) Procedure for assessing agreements entered into in the ordinary course of business and on arm's length terms

On 22 April 2020, in accordance with Article L. 225-39 of the French Commercial Code, the Board of Directors approved an internal procedure for identifying agreements entered into in the ordinary course of business and on arm's length terms. The procedure is designed to distinguish between (i) unrestricted agreements referred to as "agreements entered into in the ordinary course of business and on arm's length terms", which must be periodically assessed in accordance with the provisions of the French PACTE Act, and (ii) agreements subject to the regulated agreements procedure.

The procedure is applied prior to the execution of any agreement that could be classified as a regulated agreement and whenever any agreement is amended, renewed or terminated. It is used to identify agreements entered into in the ordinary course of business and on arm's length terms.

The legal affairs and finance departments review prospective agreements individually to assess whether the agreement is subject to the regulated agreements procedure, is an agreement signed with a wholly owned subsidiary or meets the criteria applicable to agreements entered into in the ordinary course of business and on arm's length terms.

If the aforementioned departments consider that the agreement at issue is a regulated agreement, they notify the Audit Committee, depending on the type of agreement at issue, for review and approval by the Board of Directors.

Every year, before the financial statements for the year ended are approved, the legal affairs department forwards the Audit Committee a list of agreements entered into in the ordinary course of business and on arm's length terms between GROUPE SFPI SA and non-wholly owned subsidiaries, together with any comments it wishes to share.

During this annual review, if the Audit Committee considers that an agreement previously regarded as an agreement entered into in the ordinary course of business and on arm's length terms no longer meets the requisite criteria, it refers the matter to the Board of Directors. Thereupon, the Board reclassifies the agreement, where applicable, as a regulated agreement, approves it and submits it for ratification by the next General Meeting on the basis of the statutory auditors' special report, in accordance with Article L. 225-42 of the French Commercial Code.

Persons having a direct or indirect interest in a given agreement do not take part in its assessment. Furthermore, where applicable, they are required to abstain from discussion and voting on the authorisation of such agreements under the following circumstances:

- self-referral by the Board of Directors regarding the classification of an agreement; or
- reclassification, by the Board of Directors, of an agreement previously regarded as an agreement entered into in the ordinary course of business and on arm's length terms as a regulated agreement.

(3.5) Board meetings

The functioning of the Board (notice of meetings, meetings, quorum, director information) complies with statutory provisions and the Company's articles of association and is specified in its rules of procedure.

The Board determines the strategic orientation of the Company, sees that it is properly implemented and deals with any issues concerning the smooth running of the Company and any important management or investment operations. It also approves the Company financial statements, the consolidated financial statements and management forecasts, convenes the shareholders to the General Meeting and draws up the agenda and draft resolutions. In addition, it carries out a detailed review of the Group's business operations: sales, financial results, borrowings and cash position. Furthermore, the Board conducts the controls and verifications it deems necessary and authorises the agreements listed under Article L. 225-38 of the French Commercial Code.

In addition to the meetings scheduled annually, a Board meeting may be convened on any other topic of significance. The Board is regularly informed on progress in these matters.

In 2020, the Board held five physical meetings and videoconferences and the attendance rate was 98%. The main items discussed are as follows:

22 April	▪ Review and approval of the parent company balance sheet and financial statements for the year ended 31 December 2019; ▪ Review and approval of the consolidated financial statements for the year ended 31 December 2019; ▪ Preparation of the management and business report on the parent company and consolidated financial statements for the year ended 31 December 2019; ▪ Preparation of the corporate governance report; ▪ Regulated agreements and commitments; ▪ Procedure for assessing agreements entered into in the ordinary course of business and on arm's length terms; ▪ Sureties, endorsements and guarantees; ▪ Determination of the amount of remuneration allocated to the members of the Board of Directors; ▪ Renewal of the share buyback programme; ▪ Decisions to be made for the preparation and convening of the Annual General Meeting called to approve the annual financial statements; ▪ Presentation and approval of management forecasts; ▪ Powers for formalities; ▪ Any other business.
30 June	▪ Distribution of the total annual remuneration package among the directors in consideration for the performance of their duties; ▪ Any other business.
22 September	▪ Presentation of the first half 2020 consolidated financial statements; ▪ Statutory financial publication; ▪ Review of regulated agreements and commitments; ▪ Implementation of the share buyback programme authorised by the 16 June 2020 General Meeting; ▪ Revision of the Board of Directors rules of procedure; ▪ Powers; ▪ Any other business.
5 November	▪ Change of permanent representative of CRÉDIT MUTUEL EQUITY SCR, director; ▪ Appointment of ad hoc committee members; ▪ Authorisation of an assistance and consulting agreement; ▪ Powers for formalities; ▪ Any other business.
17 November	▪ Appointment of an independent appraiser; ▪ Approval of the terms of the proposed simplified public tender offer (OPAS) to be launched under the share buyback programme; ▪ Approval of the business plan; ▪ Any other business.

Documents were sent prior to each meeting to give directors time to prepare for the topics to be covered. In addition, the directors receive a report on the activity of Group companies at each meeting.

(4) CORPORATE OFFICER REMUNERATION POLICY

(4.1) Remuneration awarded to non-executive directors

Only non-executive legal entities and individuals who are not Group employees receive directors' fees. These are allocated by the General Meeting and distributed by the Board of Directors, in equal parts, on a flat-rate basis.

(4.2) Remuneration awarded to executive officers

We hereby state that the principles and rules applied for calculating the remuneration and benefits of all kind granted to Company corporate officers are the subject of prior approval by the Board. The Board reviews all of the rules relating to determining the fixed and variable (where applicable) components of remuneration and benefits granted to corporate officers.

Executive officer remuneration includes the following components:

- fixed remuneration;
- variable remuneration;
- benefits in kind.

Executive officers receive no remuneration in respect of their office as directors of the Company.

Corporate officers do not benefit from any deferred compensation, severance payments or retirement commitments, as referred to in Code Recommendations 16 and 17.

The Company has not implemented a policy for the allocation of stock options or bonus shares to executive officers, as referred to under Code Recommendation 18.

The breakdown of remuneration and benefits granted to corporate officers is included in the corporate governance report presented to the General Meeting, in the form of three tables drawn up in accordance with Middlenext recommendations.

In accordance with the provisions of Article L. 22-10-9 of the French Commercial Code, the principles and criteria for the calculation, breakdown and allocation of fixed, variable and exceptional elements comprising the total remuneration and benefits of any kind attributable to the Company's Chairman and Chief Executive Officer and Deputy Managing Director for the year ended 31 December 2020 are submitted for approval by the General Meeting of shareholders.

The remuneration paid in respect of directorships is subject to the prior approval of the General Meeting.

(4.3) Remuneration and benefits awarded to executive officers and directors

1. Remuneration awarded to executive officers

The remuneration and benefits of all kind paid in respect of 2020 to corporate officers by the Company, controlled companies and companies that control it are set out in the tables below.

Henri Morel	**2020**	**2019**
Chairman and Chief Executive Officer	Amount paid	Amount paid
Fixed remuneration (1)	300,000.00	300,000.00
Annual variable remuneration	-	-
Exceptional remuneration	-	-
Remuneration related to the office of director	-	-
Benefits in kind (2)	-	20,674.16
TOTAL 1	**300,000.00**	**320,674.16**

	Chairman of ARC MANAGEMENT SAS	
Fixed remuneration (1)	186,408.00	154,656.00
Annual variable remuneration	-	-
Exceptional remuneration	-	-
Benefits in kind (2)	26,666.83	11,620.26
TOTAL 2	**213,074.83**	**166,276.26**

(1) On a gross pre-tax basis.

(2) Premiums paid under the executive unemployment insurance policy (GSC) - Housing

Damien Chauveinc	**2020**	**2019**
Deputy Managing Director	Amount paid	Amount paid
Fixed remuneration (1)	200,000.06	200,000.06
Annual variable remuneration	45,000.00	23,000.00
Exceptional remuneration	-	-
Benefits in kind	2,370.00	2,370.00
TOTAL	**247,370.06**	**225,370.06**

(1) On a gross pre-tax basis.

2. Equity ratios

Pursuant to Article L. 225-37-3 of the French Commercial Code, the following tables show the ratios between the remuneration due or awarded to each executive officer in respect of each of the past five years and the average and median remuneration due or awarded to the Company's employees, excluding corporate officers, on a full-time equivalent (FTE) basis over the same years.

The first table covers employees of GROUPE SFPI SA, while the second table covers employees of head office companies including GROUPE SFPI SA and DATAGROUPE SA.

Remuneration has been restated on a full-time equivalent (FTE) basis. Remuneration paid to employees not present for a complete year is excluded from the calculation.

Table covering only employees of GROUPE SFPI SA

RATIO COMPARED TO	2016		2017		2018		2019		2020	
	Average	Median	Average	Median	Average	Median	Average	Median	Average	Median
CHAIRMAN AND CHIEF EXECUTIVE OFFICER	4.78	5.34	4.16	5.47	3.94	5.51	4.88	5.35	4.65	5.01
DEPUTY MANAGING DIRECTOR							3.43	3.76	3.84	4.13

Table covering head office employees

RATIO COMPARED TO	2016		2017		2018		2019		2020	
	Average	Median	Average	Median	Average	Median	Average	Median	Average	Median
CHAIRMAN AND CHIEF EXECUTIVE OFFICER	3.61	4.66	3.92	5.07	3.08	4.84	3.32	4.50	3.15	4.53
DEPUTY MANAGING DIRECTOR							2.33	3.17	2.59	3.74

3. Remuneration paid to non-executive corporate officers

Hervé Houdart	**2020**	**2019**
Independent director	Amount paid	Amount paid
Remuneration related to the office of director	7,500.00	7,500.00
TOTAL	**7,500.00**	**7,500.00**

Valentine Laude	**2020**	**2019**
Director	Amount paid	Amount paid
Remuneration related to the office of director	7,500.00	7,500.00
TOTAL	**7,500.00**	**7,500.00**

CRÉDIT MUTUEL EQUITY SCR Represented by Franck Chevreux	**2020**	**2019**
Director	Amount paid	Amount paid
Remuneration related to the office of director	7,500.00	7,500.00
TOTAL	**7,500.00**	**7,500.00**

Marie-Cécile Matar	**2020**	**2019**
Independent director	Amount paid	Amount paid
Remuneration related to the office of director	7,500.00	7,500.00
TOTAL	**7,500.00**	**7,500.00**

(5) FACTORS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC TENDER OFFER

(5.1) The Company's share capital structure

The share capital ownership structure at 31 December 2020 broke down as follows:

	% interest	**% voting rights**
ARC MANAGEMENT	50.88	60.33
SPRING MANAGEMENT	11.34	13.44
CRÉDIT MUTUEL EQUITY	7.21	8.55
BNP PARIBAS DÉVELOPPEMENT	1.97	2.35
Public	25.55	15.33
Treasury shares	3.05	-
Total	**100.00**	**100.00**

(5.2) Restrictions pursuant to the articles of association

(i) The voting right attaching to shares is proportional to the share capital they represent. Each equity or dividend share has the same par value and carries one voting right.

However, a double voting right compared to other shares representing the same proportion of the share capital is granted to all fully paid-up shares which can be proved to have been registered in the name of the same shareholder for at least the last two (2) consecutive years.

(ii) The Company has provided for threshold crossing disclosures in the articles of association. Accordingly, any individual or legal entity, acting alone or in concert, that holds or ceases to hold at least 2% of the Company's share capital or voting rights or any multiple of this percentage must notify the Company, within fifteen (15) days of the threshold being crossed, by registered letter with acknowledgement of receipt sent to the Company's registered office and specifying the number of shares and voting rights held.

Failing disclosure according to the conditions stated above, the shares exceeding the fraction that should have been declared shall be stripped of voting rights, pursuant to statutory provisions.

(5.3) Rules applying to the appointment and replacement of members of the Board of Directors and to amendments to the Company's articles of association:

Rules applying to the appointment and replacement of members of the Board of Directors are defined under Article 11 "Board of Directors" of the Company's articles of association. However, the Board also has its own rules of procedure which define the operating rules and procedures applicable to the Board and any related committees, in addition to statutory provisions and the Company's articles of association and by reference to the Middlenext Code.

To amend the articles of association, resolutions may be adopted by an Extraordinary General Meeting if a two-thirds majority is present or represented. The Extraordinary General Meeting exercises its powers in accordance with the conditions laid down by law.

(5.4) The powers of the Board of Directors, particularly in relation to share issues and buybacks

Delegations or authorisations granted by the General Meeting of 16 June 2020:

Purpose of resolution	**Maximum amount**	**Term**	**Exercise of authorisation in 2020**
Authorisation for the buyback of Company shares	Maximum amount of programme: €36,050,220 corresponding to 7,210,044 shares (7.26% of the share capital). Maximum buyback price: €5.00 euros per share with par value of €0.90.	18 months from 16 June 2020 (9th resolution), i.e. until 16 December 2021.	Authorisation is exercised via an investment services provider.
Authorisation to reduce the share capital by cancelling treasury shares	10% of the share capital over 24 months	26 months from 16 June 2020 (10th resolution), i.e. until 16 August 2022.	None

(6) DELEGATIONS OF POWER AND AUTHORISATIONS GRANTED TO THE BOARD OF DIRECTORS

At the date of this report, the Board of Directors holds the following delegations, powers and authorisations pursuant to the resolutions adopted by the 14 June 2018 General Meeting of shareholders:

Purpose of resolution	Maximum amount	Term	Exercise of authorisation in 2020
Powers to allow the Board of Directors to make the necessary amendments to the articles of association if the Company is required to comply with new statutory and regulatory provisions, subject to these amendments being ratified by the next Extraordinary General Meeting	Not applicable	Indefinite	None
Authorisation to grant existing or future bonus shares to employees and corporate officers of the Company and its subsidiaries	10% of share capital	38 months from 14 June 2018 (17th resolution), i.e. until 14 August 2021	None
Authorisation to grant existing or future stock options to employees and corporate officers of the Company and its subsidiaries	10% of share capital	38 months from 14 June 2018 (18th resolution), i.e. until 14 August 2021	None

The Board of Directors

Statement of non-financial performance

I. BUSINESS MODEL

Industrial responsibility: creating sustainable value for all Group stakeholders

Since 2017, the Group has coordinated relations with its stakeholders in accordance with the principle of industrial responsibility, which is broken down into four components: commercial, managerial, environmental and financial.

Industrial responsibility is the behaviour that enables a company and its employees to achieve performance while guaranteeing the protection of people, property and the environment.

The principle of industrial responsibility combines a set of management practices strongly anchored across the Group for many years (financial control and reporting culture, entrepreneurial independence, product compliance with the highest standards) with a determination to step up the environmental transition of the Group and its business.

This approach is aimed at creating sustainable value for all of the Group's stakeholders, i.e. customers, employees, investors and the environment.

Sfpi Group's ambition to become a leading proponent of industrial responsibility is underpinned by the growing pace of global environmental transition, tightening environmental, health and commercial standards and increased demand for safety of goods and services among business and retail customers alike.

The Group's holding company operations are perfused with the principle of industrial responsibility and the transformation of the subsidiaries is underway.

Strategy

Sfpi Group aims to become a **leading proponent of industrial responsibility** geared towards sustainable growth.

Commercial responsibility: provide customers with products and services that meet the highest standards.

Managerial responsibility: allow managers entrepreneurial independence, develop skills and improve working environments.

Environmental responsibility: produce and deliver more energy-efficient services with minimal carbon footprint.

Financial responsibility: rigorous control of all operations and investment geared to sustainable growth.

Industrial responsibility strategy underpinned by the growing pace of environmental transition, tightening standards and increased global demand for safety of goods and persons.

Targets

Create sustainable value for all stakeholders:

Customers:

Increase customer satisfaction
Ensure that customers can meet and obtain the required standards and certification in their sector

Environment:

Reduce waste and the carbon footprint of production operations and facilities

Industry customers:
Reduce the carbon footprint of their operations

Retail customers:
Reduce the energy costs of buildings and housing

Employees:

Improve working conditions and skills

Improve employer appeal and staff retention

Investors:

Generate sustainable long-term growth with minimal risks

Resources

2
business lines

4
operating divisions

>80
companies worldwide

4,000
employees incl. 40% outside France

20
countries of direct operation,
13 production facilities outside France

>€500m
revenues

>60%
of share capital held by founding partners

SFPI WORLDWIDE

Our business

Sfpi Group has two business lines, Building and Industries, dedicated to ensuring the safety of goods, persons and the environment.

BUILDING

DOM SECURITY	MAC
Access and locking solutions for buildings	Joinery, shutters, awnings and blinds for housing and stores

INDUSTRIES

MMD	NEU-JKF
Thermal processing and sterilisation solutions for industries	Air treatment solutions for industries (air conditioning, dust extraction, filtration)

Overview of Group divisions:

The NEU-JKF division specialises in air treatment technologies:

- dust collection and air conditioning (DELTA NEU and its subsidiaries; JKF Industri and its subsidiaries),
- pneumatic conveying (NEU PROCESS).

The division comprises a number of business units coordinated by a single management team with shared support services.

Revenues	€96 million
Headcount	641

The MMD division is organised around three main groups of companies:

- BARRIQUAND, which manufactures brazed plate and tubular exchangers;
- STERIFLOW, which manufactures sterilisation autoclaves; and
- CIPRIANI, which manufactures and sells gasketed plate heat exchangers.

Revenues	€53 million
Headcount	272

The MAC division supplies window fittings and doors for housing, shops and small industries, including shutters, garage doors, blinds and joinery.

This division is organised around the following companies:

- FRANCE FERMETURES manufactures and sells mainly door and window fittings such as roller, folding and louvred shutters, blinds and sectional garage doors, as well as grilles and metal curtains for commercial and industrial sites;
- FABER designs and manufactures interior blinds;
- SIPA designs and manufactures PVC and aluminium joinery and roller shutters;

SIPOSE in close connection with SIPA; SIPOSE is dedicated to handling large installation sites.

- FRANCIAFLEX is a window fittings specialist offering five product families: PVC windows and doors, aluminium joinery, roller shutters, awnings and blinds.

Revenues	€167 million
Headcount	1,164

The DOM Security division is structured around 29 companies based in Europe, including 12 companies in France and other companies mainly based in Germany, Slovenia, Hungary, England and Spain.

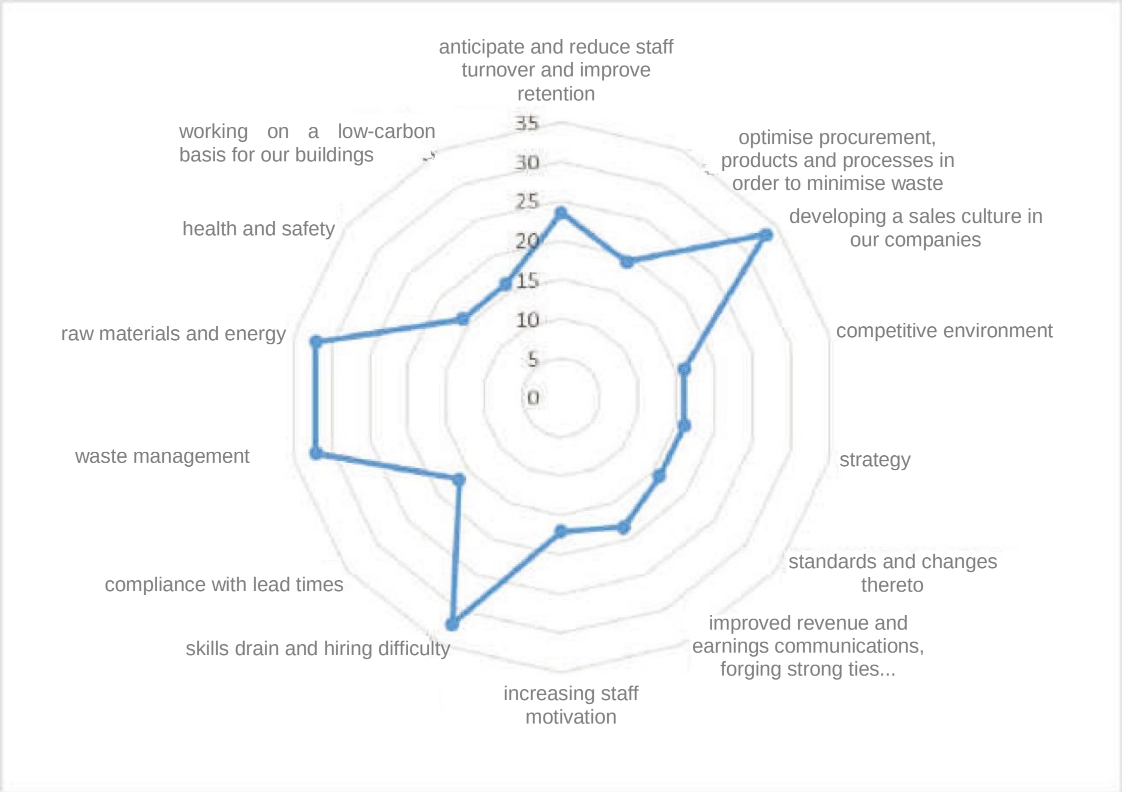
Revenues	€179 million
Headcount	1,667

Including holding company employees, the Group has 3,758 employees and posted 2020 revenues of €499 million.

II. ANALYSIS OF RISKS AND CHALLENGES

The list of risks was drawn up in 2018 and 2019 in accordance with ISO 26000. These risks are based on the data collected the previous year and the topics covered in working meetings (Group Works Council, Group and subsidiary executive committees, steering committee, analyst meetings, etc.).

In 2019 and early 2020, all Group managers were faced with these challenges, which were identified during various meetings in which they had the opportunity to share their own experiences. The work was summarised internally and the main risks identified are shown on the spider graph below.



The risks shown on the diagram carry scores ranging from 16 to 33.25. The higher the score, the greater the risk. Risks identified by the Group and carrying a score below 16 are not shown on the diagram.

III. GOVERNANCE RISKS

1. Risks related to Group strategy, GROUPE SFPI holding company structure and dependency on key people

With regard to governance, the Group's long-term success depends on:

- the Group's ability to continually improve and expand its range of products and services in each business line and to broaden its geographical footprint in order to meet growing market demand in the face of strong competitive and technological pressure;
- the quality and stability of its leaders, in particular Henri Morel, Chairman and CEO, Jean-Bertrand Prot, adviser to the Chairman and former Deputy Managing Director, and Damien Chauveinc, Deputy Managing Director, as well as the managers of the Group's main operating subsidiaries;
- the Group's ability to integrate companies and staff employing a wide range of practices and policies. In this respect, the Group has a decentralised management structure and its strategy is to prioritise decision-making and accountability at subsidiary level in order to better adapt to the local needs of stakeholders.

2. Policies applied by the Group

To allow the Group to:

- identify attractive targets, complete acquisitions on favourable terms and successfully integrate the operations and staff of the companies acquired,
- ensure continuity of management,
- standardise and implement the best practices that it has endeavoured to develop for its operations in France, thereby avoiding a material adverse impact on the Group's business, financial position, earnings, growth and outlook, in late 2018 executive management was redesigned and formalised into a matrix structure.

Alongside the standard governance bodies, i.e. a Board of Directors with a Chairman and Chief Executive Officer, an Executive and Strategic Committee (EXCOS) and a cross-divisional working committee were set up in early 2019. These two management bodies will meet to discuss separate issues with different periodicity.

The Executive and Strategic Committee meets monthly to cover technical topics primarily focusing on the proper organisation and management of the Group. The Group's executive directors sit on this committee.

The G10 committee is composed of the EXCOS members and the heads of the main subsidiaries. It meets quarterly to discuss Group strategy, the sharing of best practices and issues related to all subsidiaries.

It is essential for the frequency of these committee meetings to be maintained with a high attendance rate.

3. Performance indicators and targets

The frequency and attendance rate of these meetings are key performance indicators to be tracked with regard to the issues covered.

	2020	2021 target	
Number of EXCOS meetings	11	11/yr	☺
Attendance rate	100%	95%	☺
Number of G10 meetings	2	3/yr	☹
Attendance rate	94%	95%	☹

IV. HUMAN RESOURCES RISKS

1. Risks related to loss of critical skills and hiring difficulties - Risks related to health and safety

In a competitive market environment, if the managers of the main operating subsidiaries or key employees were no longer able to perform their duties or decided to leave the Group, this could have a material adverse effect on the Group's business, financial position, outlook and earnings.

Moreover, the Sfpi Group companies operate in an industrial environment where health and safety are day-to-day issues. It is not acceptable for occupational accidents, illnesses or an elevated rate of absenteeism to be recorded.

2. Policies applied by the Group

Sfpi Group has decided to promote the principle of managerial responsibility as part of its industrial responsibility policy. The stated objective is to strengthen the role of managers in order to improve staff retention and anticipate employee turnover. This means allowing Group managers entrepreneurial independence, developing skills and improving working environments, based on mutual trust and adherence to shared values. In order to attract and develop talent, the Group pursues a policy of ramping up human resources functions and encourages the formal establishment of induction programmes, training and personal development within its structures.

Key challenges:

- Anticipate and reduce staff turnover and improve retention.
- Introduce shared HR tools across the Group.
- Develop skills, encourage hands-on management and improve working areas and conditions.

Impact on stakeholders:

- Improvement in working conditions and skills.
- Improvement in employer appeal and staff retention.

3. Performance indicators and targets

The Group-level indicators to be tracked are:

- the voluntary departure rate (departures and terminations by mutual agreement/total departures),
- the staff turnover rate ([arrivals + departures/2]/total headcount).

	2017	2018	2019	2020*	Targets	
Departure rate	n/a	n/a	n/a	28.1%	20%	☹
Staff turnover rate	14.2%	15.2%	14.2%	9.5%	12%	☺

(*) Voluntary departures only include departures from 2020. Previously, mutually agreed terminations were also recorded, meaning that the 2017-2019 indicators of around 40% have become inapplicable (n/a).

The base indicators that the Group intends to track are frequency and severity rates.

Frequency rate 1 (FR1) represents the frequency of lost-time accidents, while frequency rate 2 (FR2) includes all accidents with or without lost time. SR stands for severity rate.

	2017	2018*	2019	2020	Targets	
FR1	23.16	Not confirmed	22.5	21.4	17	☹
TF2	42.26	Not confirmed	37.5	33.4	30	☹
SR	0.61	Not confirmed	0.76	0.64	0.6	☹

(*) The figures for 2018 were not published as they were not covered by the audit and therefore not confirmed by the independent third-party body.

V. MARKET AND CONSUMER RISKS

1. Risks related to the competitive environment

The markets in which Group companies operate are relatively fragmented and comprise many suppliers, both general and specialised, involved in the design, manufacture and marketing of specific products and solutions.

In particular, the Group is up against major international companies offering a wide variety of services and products, with adequate financial, technical and marketing resources and capabilities behind them to be able to adopt aggressive pricing policies. In addition, the Group faces independent competitors that specialise in given products and services and enjoy an established local presence and a strong customer relationship.

This competition forces Group companies to work constantly on maintaining their competitiveness in order to convince their customers of the high quality and value-added of their products and services. The Group is also required to regularly develop new products and services in order to maintain or improve its competitive position, while preserving the strong identity of its constituent companies.

Failure by the Group to adapt its business in order to comply with national, European or international regulations, recommendations and standards could have a material adverse effect on its business, earnings, financial position and outlook.

2. Policies applied by the Group

Through its commercial responsibility policy, the Group endeavours to develop customer knowledge and culture at all levels in order to improve customer satisfaction.

Key challenges:

- Develop a customer culture at all levels in all Group companies in order to raise the overall level of satisfaction.
- Develop service offerings in addition to Group products in order to enhance satisfaction and generate further revenues.
- Maximise quality and meet the highest standards in order to maintain a high value-added positioning on Group markets.

3. Performance indicators and targets

The following targets have been defined:

- From 2021, all Group companies must conduct an annual customer survey and improve their overall customer satisfaction rate every year.
- From 2021, all Group companies must define and monitor their customer service rate (reliability of quality and promised lead times) and reach a minimum rate of 90% by 2023.

The first surveys will be launched in the second half of 2021 and the indicators published next year.

VI. ENVIRONMENTAL RISKS

1. Risks related to raw materials, energy and waste management

The Group is exposed to fluctuations in the price of the energy it consumes and the raw materials needed to conduct its activities.

The Group also generates waste due to its industrial nature, as many of its companies perform manufacturing operations.

Waste production management is an issue at different levels for the Group. Effectively, waste management regulations are restrictive in most countries in which the Group operates and compliance with regulations is a necessity. Poor waste management could lead to serious financial penalties besides the inevitable adverse impact on the Group's image among employees and customers.

Lastly, waste recycling and the related processing costs cannot be overlooked due to their financial impact.

2. Policies applied by the Group

The Group is committed to producing and delivering more energy-efficient services with minimal carbon footprint.

Among its business lines and subsidiaries, the Group encourages environmental risk prevention initiatives, adopts processes drawn from the circular economy and organises awareness campaigns for employees. The products developed by Group companies, whether designed for retail customers or manufacturers, are also designed to help customers reduce their carbon footprint and control their energy consumption. Lastly, the Group is also convinced that today's waste will constitute the raw materials of tomorrow.

Key challenges:

- Optimise procurement, products and processes in order to minimise waste.
- Reduce the carbon footprint of Group products and production facilities.
- Control energy consumption.

3. Performance indicators and targets

For four years now the Group has been monitoring energy consumption (water, electricity and gas) as well as waste production. These measures are aimed at controlling consumption and waste production and staying on target.

Two indicators are already tracked:

	2019	2020	2023 target	
Electricity consumption *KWh/€000 revenues*	49.16	49.44	42.02	☹
Gas consumption *KWh/€000 revenues*	46.33	46.88	39.85	☹

The environmental section of the Group's transformation plan sets a target to reduce waste production by 10%.

The Group is currently working on a precise definition of the indicator.

Lastly, energy or carbon assessments will be rolled out Group-wide.

VII. ETHICS AND COMPLIANCE RISKS

1. Risks relating to ethics and fair business practices

Since its inception, the Group has rigorously controlled all of its operations and has invested in order to achieve sustainable growth while minimising risks.

Subsidiary managers fuel collective decision-making and seek to obtain a tangible impact on Group companies' operations and business development. The Group and all of its subsidiaries strictly fulfil the requirements applicable to listed companies and foster a culture of anticipating risks.

Key challenges:

- Share standards and reference frameworks among all subsidiaries.
- Develop a financial culture at all levels and promote awareness of standards applicable to listed companies.

2. Policies applied by the Group

The Group seeks to comply with all applicable national and international compliance regulations. Accordingly, the Group implements new regulations among the subsidiaries, improves processes and strengthens controls performed at the subsidiaries.

Codes of conduct and good practices have been adopted and circulated, while internal and external audits of our practices are regularly conducted.

3. Performance indicators and targets

Group performance is measured in terms of the absence of claims or convictions on ethical and compliance issues.

	2019	2020	Targets	
Corruption convictions and GDPR	0	0	0	☺
Manager information and training in Group practices	n/a	n/a	100%	☹

In 2021, the Group launched a drive to overhaul its codes of conduct, governance and ethics charter. The aim for 2021 is that each manager is aware of, understands and abides by the rules.

Indicators will be finalised by the time the next statement of non-financial performance is published.

NOTE ON METHODOLOGY

Since its listing at the end of 2015, the Company has been required to measure its social and environmental responsibility, which since 2018 has been set out in a statement of non-financial performance.

For the sake of clarity and organisation, this report is based on the principles governing the standards of ISO 26000, which is considered to be the most relevant approach.

In view of GROUPE SFPI's role as the coordinating holding company, and in line with previous years, the Company has decided to prepare its report covering the entire Group consolidation scope, which comprised **51 companies with at least one employee at 31 December 2020**. The consolidation scope covers 3,753 employees.

Since 2019, the Group has been using TOOVALU software for data collection and reporting purposes. TOOVALU processes both qualitative and quantitative data.

As in previous years, the collection documents were accompanied by a form explaining procedure and methodology. It specifies the definitions and is available in French and English.

All data presented in this report covers the consolidation scope.

In addition, to date, the analysis conducted by GROUPE SFPI did not identity any material risks regarding:

- prevention of food waste,
- prevention of food insecurity,
- defence of animal well-being,
- responsible, fair and sustainable food system,
- human rights,
- collective agreements and their impact on economic performance and employee working conditions.

Furthermore, the management of industrial relations, the fight against discrimination and the promotion of diversity, including with respect to disability, are topics which have not been identified as at-risk at Group level. These themes are tackled at most of the Group's subsidiaries in accordance with the specific nature of their operations.

PARENT COMPANY FINANCIAL STATEMENTS - FY 2020

Balance sheet

ASSETS

€000	Net	Net
	31-12-2020 12 months	31-12-2019 12 months
Intangible assets	78	102
Property, plant and equipment, IT	321	362
Long-term investments	134,874	133,134
Total non-current assets	135,273	133,598
Inventories and work in progress	-	-
Trade receivables	1,416	4,750
Other receivables	11,258	12,904
Cash and cash equivalents	37,088	36,435
Prepaid expenses	320	362
Total current assets	50,082	54,451
Total ASSETS	**185,355**	**188,049**

EQUITY & LIABILITIES

€000	31-12-2020 12 months	31-12-2019 12 months
Share capital	89,386	89,386
Additional paid-in capital	5,593	5,593
Reserves and retained earnings	55,437	45,726
Net income/(loss)	(681)	9,711
Shareholders' equity	149,735	150,416
Provisions for contingencies and charges	-	-
Borrowings	20,038	21,862
Trade payables	739	1,529
Other payables	14,843	14,242
Liabilities	35,620	37,633
Total EQUITY & LIABILITIES	**185,355**	**188,049**

Income statement

€000	31-12-2020 12 months	31-12-2019 12 months
Net revenues	5,255	6,697
Other operating income	96	74
Provision reversals and expense reclassification	76	21
Operating income	5,427	6,792
Purchases of goods and raw materials	(10)	(10)
Change in inventory	-	-
External charges	(4,549)	(4,670)
Taxes and duties	(156)	(97)
Staff costs	(1,422)	(1,393)
Depreciation, amortisation and provisions	(236)	(288)
Other expenses	(33)	(33)
Operating expenses	(6,406)	(6,491)
NET OPERATING INCOME/(LOSS)	(979)	301
Joint operations	315	250
NET FINANCIAL INCOME/(EXPENSE)	28	10,419
EARNINGS BEFORE TAX AND NON-RECURRING ITEMS	(637)	10,970
NET NON-RECURRING INCOME/(EXPENSES)	996	(592)
Corporate income tax	(1040)	(667)
NET INCOME/(LOSS)	**(681)**	**9,711**

Notes

Notes to the balance sheet before appropriation of earnings for the year ended 31 December 2020, showing a total of €185,355,000, and the income statement presented in list format and showing a net loss of €681,000.

The reporting period is a 12-month financial year running from 1 January to 31 December 2020.

The notes and tables presented below form an integral part of the company financial statements for the year ended 31 December 2020.

ACCOUNTING PRINCIPLES AND POLICIES

Generally accepted accounting principles have been applied, in accordance with the principle of prudence and the following overriding concepts:

- going concern,
- consistency of presentation,
- accrual basis of accounting,

and in accordance with the accounting rules governing the preparation and presentation of annual financial statements drawn up in accordance with the accounting principles and policies set out in the French chart of accounts as presented in Regulation no. 2016-07 of 4 November 2016 issued by the French accounting standards board (ANC).

Accounting entries are measured at historical cost.

Unless otherwise stated, amounts are expressed in euro thousands.

Intangible assets

Acquired patent rights and licences are included under this item. Assets are amortised over the period of legal protection. Trademark registration fees are also included but are not amortised.

Except under exceptional circumstances involving material amounts, research and development costs are expensed as incurred. If capitalised, including patent registration fees where applicable, they are amortised over three years from the beginning of commercial exploitation or use. Provisions are recorded if the criteria for capitalising these amounts are no longer met.

Property, plant and equipment

Property, plant and equipment is carried at acquisition cost (purchase price plus ancillary expenses, excluding broker fees and commissions) or at production cost.

Depreciation charges are calculated in accordance with the expected useful life.

The most commonly applied periods are as follows:

ITEM	Period (years)	Tax depreciation
Buildings	20 to 25	Straight-line
Building fixtures and fittings	10	Straight-line
Other fixtures and fittings	10	Straight-line
Vehicles (new)	3 to 5	Straight-line
IT equipment (new)	3 to 5	Straight-line
IT equipment (used)	3	Straight-line
Office equipment	3 to 5	Straight-line
Office furniture	10	Straight-line

Leasing, long-term rental and finance leases

The company does not use these methods of financing.

Long-term investments

The gross value is the historical purchase cost. Where the value in use of securities falls below the book value, a provision for impairment is recorded for the difference. Value in use is estimated on the basis of multiple criteria, taking into account the portion of shareholders' equity held and profit history and projections.

Trade receivables

Receivables are recognised at face value. A provision for impairment is recorded when the recoverable amount is lower than the book value.

Trade receivables are earmarked for provisions on the basis of their age. Impairment provisions are calculated as follows:

- Provisions are recorded for the full amount of receivables more than a year overdue that are not covered by credit insurance;
- Provisions are recorded for at least 50% of the amount of receivables more than 6 months overdue that are not covered by credit insurance;
- Provisions are recorded for at least 25% of the amount of receivables more than 3 months overdue that are not covered by credit insurance;
- Provisions are recorded for the full amount of receivables not covered by credit insurance as soon as the deadline for submission to the insurance company expires.

Other receivables and payables

Other receivables and payables are recognised at face value. A provision for impairment is recorded when the recoverable amount is lower than the book value.

Foreign currency receivables and payables are adjusted in accordance with the closing exchange rate, with a matching entry under accruals (assets or liabilities).

A provision for contingencies is recorded in respect of unrealised foreign currency losses that cannot be offset.

Valuation of short-term investment securities

All short-term investment securities are subject to a sale and buyback transaction at year-end. Accordingly, they are measured at the closing price at year-end.

Regulated provisions

Regulated provisions carried on the balance sheet are itemised in the statement of provisions and form part of shareholders' equity.

Provisions for contingencies and charges

Provisions for contingencies and charges are recognised in respect of contingencies and charges corresponding to a precisely defined purpose, the occurrence of which is uncertain but likely in view of past or current events.

Prepaid expenses and deferred income

These items result from the application of the accrual basis of accounting, which involves deducting recognised expenses and income for which the consideration (provision of goods or services) has not yet been received or provided by the Company.

Retirement benefits

Retirement benefit obligations are measured using the prospective method allowing for a discount rate of 0.19% and an inflation rate of 2.1% including wage growth. Lump-sum retirement payments have been measured in accordance with a percentage of life expectancy and presence at the Company on retirement, as well as probable end-of-career salary. The main assumptions are based on voluntary retirement at 67 for executives and 62 for non-executive staff.

These obligations are not recorded under provisions but are included under off-balance sheet commitments.

Change in measurement method

No change in measurement method was made during the year.

Change in presentation method

No change in presentation method was made during the year.

Tax group

The Company is the head entity of the tax consolidation group. As provided for in the tax consolidation agreement, each subsidiary calculates its own tax charge, disregarding its membership of the tax group.

Only tax loss carryforwards generated by each individual company's prior losses are recognised. Tax savings arising from prior losses of subsidiaries are recognised as future tax liabilities and are reduced as and when the subsidiaries begin to post taxable profits.

The future tax charge related to tax loss carryforwards of consolidated subsidiaries currently stands at €10,711,000, recognised under future tax liabilities.

The following companies are included in the tax group headed by GROUPE SFPI: NEU PROCESS, NEU JKF SA, NEU AUTOMATION, DELTA NEU, NEU JKF WOOD INDUSTRY, LA FONCIÈRE NEU, MMD, BARRIQUAND SAS, FINANCIÈRE BARRIQUAND, ASET, STÉRIFLOW, BATT, BARRIQUAND ECHANGEURS, DATAGROUPE, DÉNY SECURITY, PICARD SERRURES, DOM METALUX, DOM RONIS, DOM TSS, OMNITECH SECURITY, DOM SECURITY SAS, FRANCE FERMETURES, FRANCIAFLEX, SIPA MENUISERIES, SIPOSE, FABER, BAIE OUEST, SMVO & MAC.

Consolidation

The Company presents consolidated financial statements in its capacity as the parent company of Sfpi Group.

NOTES TO THE FINANCIAL STATEMENTS

I - Highlights of the year

Due to the COVID-19 pandemic, GROUPE SFPI did not receive any dividends. Furthermore, the impact on subsidiaries' business, which led to an average 11% reduction in their 2020 revenues, curtailed management fee invoicing by around €800,000.

II - Intangible assets - property, plant and equipment - long-term investments

Intangible assets and property, plant & equipment

Gross	**31/12/2019**	**Increase**	**Decrease**	**31/12/2020**
Intangible assets	1,303	26	0	1,329
Property, plant and equipment	2,010	94	23	2,081
Total	**3,313**	**120**	**23**	**3,410**
Depreciation, amortisation and impairment	2,850	174	12	3,012
Net	**463**			**398**

Long-term investments

	31/12/2019	**Increase**	**Decrease**	**31/12/2020**
Equity investments	128,291			128,291
Other long-term securities	1,080			1,080
Loans and other long-term investments	243	4		247
Treasury shares	6,377	1200		7,577
Total	**135,991**	**1,204**		**137,195**
Provisions	2,856		536	2,320
Net	**133,134**			**134,875**

The €536,000 provision reversal recorded under non-recurring items corresponds to the revaluation of treasury shares at the 31 December 2020 closing price of €1.745.

III - Shareholders' equity

Share capital amounts to €89,386,111.80 divided into 99,317,902 fully paid-up shares with a par value of €0.90.

At 31 December 2020, the Company held 3,038,663 treasury shares.

	31/12/2019	Movements	Appropriation of earnings	31/12/2020
Share capital	89,386			89,386
Merger premium	5,593			5,593
Legal reserve	3,276		486	3,762
Regulated reserves	20			20
Other reserves	42,077		9,225	51,303
Retained earnings	354			354
Prior year earnings	9,711		(9,711)	-
Net income/(loss) for the year		(681)		(681)
Shareholders' equity	**150,417**	**(681)**		**149,735**

GROUPE SFPI has not paid out any dividends.

IV - Loans and borrowings (€000)

Loans and borrowings break down as follows:

Credit institutions	31/12/2020	< 1 year	*1-5 years*	*>5 years*
Bank loans	20,038	7,280	11,912	845

In June 2015 the Company negotiated an €18 million loan repayable in 5 annual instalments of €3.6 million from 2016 to 2020. The loan is subject to two standard covenants based on the following consolidated ratios:

->Net debt/EBITDA

->Net cash flow/Debt service (DSCR).

Other loans consist of loans contracted by former DOM Security SA, which was merged into GROUPE SFPI in 2018.

These loans consist of the €18.3 million loan contracted for the purposes of the public tender offer, the balance of which amounted to €13.6 million at the closing date, and the balance of the loan taken out to finance the MCM acquisition (€2 million).

In 2019 the Company contracted a €1 million loan with LCL to finance the acquisition of SCI Dubois, the holding company for the manufacturing plant occupied by MAC subsidiary Faber France.

In the context of the COVID-19 pandemic, the Company deferred its loan repayment instalments due between March and August 2020, with the exception of the LCL loan.

Repayment of these instalments totalling €5,378,000 was deferred until maturity under each loan.

The Company held cash and cash equivalents of €37,088,000 at 31 December 2020.

V - Receivables and payables (€000)

Receivables	**31/12/2020**	**< 1 year**	**> 1 year**
Trade receivables	1,544	1,391	153
Staff and related payables	7	7	-
Government – Income tax	-	-	-
Government - VAT	608	608	-
Other taxes	20	20	-
Group and shareholders	9,018	9,018	-
Other receivables	1,698	1,698	-
Prepaid expenses	320	320	-
Total	**13,215**	**13,062**	**153**

The values shown above are gross values.

Liabilities	**31/12/2020**	**< 1 year**	**> 1 year**
Trade payables	739	739	
Staff and related payables	151	151	
Social security payables	130	130	
Government – Income tax	7,053	7,053	
Government - VAT	125	125	
Government - Other	80	80	
Group and shareholders	6,657	6,657	
Other payables	647	647	
Total	**15,582**	**15,582**	

Under 'Group and shareholders', GROUPE SFPI:

- holds receivables against subsidiaries totalling €5,069,000 under the tax consolidation scheme, and
- owes subsidiaries €4,115,000 in respect of advance payments made in excess of their final tax liability and uncollected tax credits arising from the inclusion of MAC tax losses.

Receivables and payables with Group companies break down as follows:

Trade receivables	1,341	
Other receivables	9,018	Including €5,069,000 under the tax consolidation scheme
Trade payables	233	
Other payables	6,657	Including €4,115,000 under the tax consolidation scheme

VI - Provisions for impairment of receivables (€000)

Changes in this item are as follows:

	31-12-19	**31-12-20**
Receivables	235	221
Total	**235**	**221**

Most of this provision concerns receivables from former subsidiaries undergoing liquidation.

VII - Breakdown of balance sheet accrued expenses (€000)

Trade payables	331
Social security and tax payables	251

VIII - Prepaid expenses and deferred income (€000)

Changes in prepaid expenses over the year were non-material.

IX - Short-term investments

Opening value	**Change**	**Gain/(loss)**	**Closing value**
32,300	**(7,319)**	**119**	**25,100**

The Company signed a liquidity contract with Gilbert Dupont on 1 July 2017. The Company holds 158,000 shares assigned to the liquidity contract. GROUPE SFPI recorded a capital loss of €38,000.

X - Revenues

Breakdown by region:

France	3,300
EU	1,955
Non-EU	-
Total	**5,255**

Breakdown by business line:

	Total	Group share
Provision of services	5,255	5,213
Total	**5,255**	**5,213**

The Company earns revenues from services provided to its subsidiaries. In 2019, a new agreement was signed with the French subsidiaries providing for the following arrangements:

- Fees are calculated on the basis of a declining scale applied to monthly revenues, excluding tax and intercompany sales, generated outside the scope of the commission agreement;
- At year-end, an additional fee amount is charged to the French companies if the contractual fee fails to cover all GROUPE SFPI operating expenses;
- If GROUPE SFPI SA's operating earnings are positive, it refunds the French divisional subsidiaries the portion of fees paid exceeding €50,000 by means of a credit note. This refund is distributed among the divisional subsidiaries in proportion to the amount of annual fees they have paid to GROUPE SFPI.
- GROUPE SFPI invoices the divisional holding companies, which in turn invoice their own subsidiaries.

In 2020 GROUPE SFPI invoiced a total of €4,600,000 under this new agreement.

In 2017, the Company took out a Group vehicle insurance policy for which it charges €390,000 to the subsidiaries.

XI - Net financial income (€000)

Dividends	8
Income from investments	119
Interest expense	(91)
Capital loss	(38)
Impairment	30
Total	**28**

In view of the COVID-19 pandemic, the GROUPE SFPI subsidiaries did not pay any dividends in order to be able to support their own subsidiaries if necessary.

XII - Net non-recurring income/(expenses) (€000)

	Expenses	Charges	Income	Reversals	Net
Long-term securities	-	-	-	-	-
Treasury shares	-	-	-	536	536
Merger expenses		-	-	-	-
Sale of non-current assets	11	-	-	-	(11)
Social security and tax disputes	-	-	471	-	471
Other	-	-	-	-	-
Total	**11**	**0**	**471**	**536**	**996**

The €471,000 income item corresponds to late payment interest paid by the German tax authorities in connection with the tax dispute involving DOM Germany.

XIII - Other information (€000)

Transactions with related companies recognised in the income statement involved the following amounts:

Provision of services	4,725
Cross-charging of expenses	488
Operating income	**5,213**
External charges	1,312
Operating expenses	**1,312**
SCI earnings	315
Dividends	-
Financial income	-

XIV - Calculation of income tax (€000)

	Gross	Adjustment	Total	Base at +31%	Income tax
Net operating income/(loss)	(979)	2	(977)	(977)	303
Joint operations	315	-	315	315	(98)
Net financial income/(expense)	28	(8)	20	20	(6)
Net non-recurring income/(expenses)	996	(471)	525	525	(163)
Additional tax	-	-	-	-	-
Tax credits	-	-	-	-	10
Dom GmbH tax	-	-	-	-	(859)
Tax group	-	-	-	-	(228)
Total income tax	**-**	**-**	**-**	**-**	**(1,041)**

The 'Tax group' line item shows the additional tax expense arising from the difference between the 31% tax rate applicable to the tax consolidation scheme above €500,000 and the 28% rate applicable to the subsidiaries' taxable earnings. The tax savings arising from the overall loss posted by GROUPE SFPI are analysed at the level of each aggregate. They amount to €36,000.

XV - Increases and reductions in future tax liability

None

XVI - Off-balance sheet commitments

In accordance with the terms of the €18 million loan, GROUPE SFPI has agreed to retain at least 51% of the shares of its main subsidiaries.

The retirement benefit obligation amounted to €144,000 at 31 December 2020.

XVII - Advances and compensation awarded to directors

Pursuant to Article L. 225-43 of the French Commercial Code, no advance or loan has been awarded to the Company's directors.

XVIII - Statutory auditors' fees

Statutory auditors' fees amounted to €120,000.

XIX - Average headcount

	Employees	External personnel	Secondment	TOTAL
Managers	4.2	-	-	4.2
Employees	4.8	-	-	4.8
Total	**9**	**-**	**-**	**9**

At 31 December 2020, the Company had 9 employees.

XX - Material events occurring between the balance sheet date and the date of the management report

No material events occurred between the balance sheet date and the date of this report.

Subsidiaries and affiliates

ARTICLE L. 233-1, FRENCH COMMERCIAL CODE (€000)

Company	Share capital Number of shares	Equity excluding share capital	Portion of capital held (%) *Number of shares*	Gross book value of shareholding	O/w non paid-up capital	Provisions	Loans and advances granted and not repaid	Loans and advances received and not repaid	Net dividends received in 2019	Net income/(loss) for last FY ended	Revenues from last FY ended
Consolidated equity investments											
NEU-JKF SA	6,285 *419,036*	4,174	99.97% *418,940*	20,652	-	-	-	-	-	2,021	1,315
DOM SECURITY SAS	73,127 *7,312,748*	13,387	100.00% *7,312,748*	76,727	-	-	-	157	-	3,942	4,613
INACTIV' SAS (former POINT EST)	188 *12,500*	79	99.99% *12,497*	253	-	-	-	-	-	(6)	-
MMD SAS	1,798 *119,853*	9,562	100.00% *119,847*	6,256	-	-	-	-	-	136	616
MAC SAS	4,109 *4,325*	28,934	99.88% *4,320*	24,282	-	-	-	5	-	441	1,713
DATAGROUPE SA	45 *3,000*	716	95.37% 2,861	42	-	-	-	233	-	159	1,250
SCI NEU	10 *500*	2,142	99.80% *499*	10	-	-	-	-	-	2,142	76
SCI LA CHAPELLE D'ARMENTIERES	10 *500*	45	99.80% *499*	10	-	-	1,184	-	-	45	275
SCI GEORGE NUTTIN	10 *500*	128	99.80% *499*	10	-	-	703	-	-	118	247
SCI VR des 2 VALLEES	10 *500*	30	99.80% *499*	10	-	-	818	-	-	30	107
SCI ALU des 2 VALLEES	10 *500*	-	99.80% *499*	10	-	-	-	5	-	-	-
SCI STERIMMO	10 *500*	17	99.80% *499*	10	-	-	286	-	-	17	123
SCI LUZECH	10 *500*	80	99.80% *499*	10	-	-	358	-	-	80	158
SCI MANCHESTER	10 *500*	7	99.80% *499*	10	-	-	135	-	-	7	65
SCI CIPRIANI	10 500	35	99.80% 499	10	-	-	101	-	-	35	86
SCI DUBOIS	1 1,000	32	99.90% 999	1,028	-	-	40	-	-	33	118
Other investments Miscellaneous	-	n/a	n/a	41		-	-	-	8	n/a	n/a

CONSOLIDATED FINANCIAL STATEMENTS - FY 2020

Balance sheet

€000	Note	2020	2019
Goodwill	1	46,764	49,432
Intangible assets	2	5,827	6,300
Property, plant and equipment	3	78,448	80,087
Right-of-use assets	4	14,611	18,017
Investments in associates	5	2,359	1,100
Other non-current financial assets	7.1	5,774	5,369
Deferred tax assets	15	20,375	20,316
Total non-current assets		174,158	180,621
Inventories and work in progress	6	74,025	80,542
Trade receivables	7.2	91,461	96,478
Other current financial assets	8	24,913	29,825
Cash & cash equivalents	9	162,591	118,765
Assets held for sale			8,555
Total current assets		352,990	334,165
Total assets		**527,148**	**514,786**

€000	Note	2020	2019
Share capital		89,386	89,386
Consolidated reserves / Group share		107,232	106,439
Net income / Group share		17,622	3,734
Shareholders' equity / Group share	10	214,240	199,559
Minority interests		1,648	1,750
Total consolidated shareholders' equity	10	215,888	201,309
Non-current provisions	11	66,456	64,404
Long-term borrowings	13	75,268	68,056
Long-term lease liabilities	4	7,370	9,621
Deferred tax liabilities	15	5,912	6,020
Total non-current liabilities		155,006	148,101
Current provisions	12	9,847	14,087
Short-term borrowings	13	22,628	21,725
Short-term lease liabilities	4	4,006	4,385
Trade payables	14	55,896	53,291
Current tax liabilities	14	3,228	2,288
Other financial liabilities	14	60,649	62,730
Liabilities held for sale			6,870
Total current liabilities		156,254	165,376
Total equity and liabilities		**527,148**	**514,786**

Income statement

€000	Note	2020	2019
Net revenues	17	498,811	562,450
Change in inventories		(4,288)	1,619
Purchases consumed including subcontracting		(199,053)	(233,706)
Gross margin	17	295,470	330,363
as % of production		59.7%	58.6%
as % of revenues		59.2%	58.7%
Other operating income and grants		2,812	3,091
Net provision (charges)/reversals		(880)	56
External charges		(72,451)	(86,048)
Taxes, levies and similar payments		(5,346)	(5,474)
Staff costs		(168,416)	(186,064)
Depreciation		(20,163)	(22,106)
Other expenses		(2,467)	(3,264)
RECURRING OPERATING INCOME		28,559	30,554
as % of revenues		5.7%	5.4%
Restructuring costs		1,051	(6,156)
Other non-recurring income and expenses		637	(186)
Change in impairment of goodwill and non-current assets	1,3,18	(3,212)	(12,193)
NET OPERATING INCOME		27,035	12,019
as % of revenues		5.4%	2.1%
Cash & cash equivalents		344	265
Gross cost of debt		(893)	(1,019)
Net cost of debt	19	(549)	(754)
Other financial income		2,956	1,387
Other financial expenses		(1,387)	(1,159)
EARNINGS BEFORE TAX		28,055	11,493
Corporate income tax	20	(10,478)	(7,758)
Share of earnings of associates		156	48
NET INCOME OF CONSOLIDATED COMPANIES		**17,733**	**3,783**
as % of revenues		3.6%	0.7%
- Parent company share		17,622	3,734
- Minority interests		111	49
Basic and diluted net earnings per share (excl. treasury shares) - consolidation scope (€)	21	0.18	0.04

Statement of net income and gains and losses recognised directly in equity

€000	Note	2020	2019
Net income for the year		17,733	3,783
Items subsequently reclassified to profit or loss:			
Translation differences arising from foreign subsidiaries' financial statements		(629)	(10)
Financial instruments, revaluation of financial assets available for sale, revaluation surplus		(117)	1,048
Related tax			
Items not subsequently reclassified to profit or loss:			
Actuarial gains and losses on retirement benefit obligations		(1,601)	(7,031)
Related tax		453	2,189
Share of earnings of associates recognised directly in equity		56	
Total gains and losses recognised directly in equity		(1,838)	(3,804)
Net income and gains and losses recognised directly in equity		15,895	(21)
Group share		15,784	(70)
minority interests		111	49

Statement of cash flows

€000	2020	2019
Consolidated net income	**17,733**	**3,783**
Elimination of non-cash items related to continuing operations		
- Depreciation and amortisation of operational assets	14,940	16,612
- Depreciation and amortisation of operating and finance leases	5,223	5,494
- Change in operating, financial and non-current provisions	(3,777)	1,783
- Change in provisions for goodwill impairment	3,212	12,193
- Gains or losses on asset disposals	(531)	505
+/- Share of earnings of associates	(156)	(48)
Gross operating cash flow after net cost of debt and tax	*36,644*	*40,322*
+ Net cost of debt	549	754
+/- Tax charge	10,478	7,758
Gross operating cash flow before net cost of debt and tax	*47,671*	*48,834*
Change in working capital (excluding discontinued operations):		
- Change in inventories and work in progress	6,093	(1,580)
- Change in trade receivables, advances and down payments and deferred income	4,065	5,092
- Change in trade payables and prepaid expenses	2,733	(9,143)
- Change in tax receivables and payables	7,687	3,557
- Change in other receivables and payables	(3,123)	14
Change in working capital - discontinued operations		5,976
- Taxes paid	(10,194)	(8,974)
Net cash flow from operating activities	**54,932**	**43,776**
Disposal of non-current assets	3,348	282
Disposal of consolidated securities	83	
Purchase of consolidated securities, net of cash acquired		(7,537)
Purchase of intangible assets and PP&E	(14,792)	(18,586)
Purchase of financial assets	(286)	(246)
Net cash flow from investing activities	**-11,647**	**-26,086**
Increase in borrowings from credit institutions	15,828	11,501
Increase in other borrowings	632	251
Operating and finance lease payments	(5,291)	(5,412)
Repayment of borrowings from credit institutions	(7,835)	(19,752)
Repayment of other borrowings	(216)	(105)
Net cost of debt	(549)	(754)
Purchase of GROUPE SFPI SA shares	(1,200)	
Dividends paid by GROUPE SFPI SA		(4,861)
Dividends paid to minority shareholders of subsidiaries	(108)	(181)
Net cash flow from financing activities	**1,261**	**-19,313**
Impact of changes in exchange rates	(286)	68
Impact of cash from discontinued operations		(6,575)
Recorded change in cash and cash equivalents	**44,260**	**-8,131**
(1) Closing cash and cash equivalents consists of:		
Cash	90,778	55,269
Cash equivalents	71,813	63,496
Cash assets	*162,591*	*118,765*
Overdrafts and short-term loans	(1,449)	(1,883)
Cash and cash equivalents	*161,142*	*116,882*

Statement of changes in shareholders' equity

	Group share							
	Share capital	Capital-related reserves	Treasury shares	Consolidated reserves and earnings	Gains and losses recognised directly in equity	Total	Shareholders' equity - Minority interests	Total shareholders' equity
Balance at 01-01-2019	89,386	8,035	(6,377)	123,986	(10,525)	204,505	1,868	206,373
Dividends paid				(4,861)		(4,861)	(181)	(5,042)
Capital transactions		834		(834)		0		0
Treasury share transactions						0	0	0
Change in consolidation scope				(14)		(14)	15	1
Net income for the year				3,734		3,734	0	3,734
Gains and losses recognised directly in equity			0		(3,804)	(3,804)	49	(3,755)
Net income and gains and losses recognised directly in equity	*0*	*0*	*0*	*3,734*	*(3,804)*	*(70)*	*49*	*(21)*
Balance at 31-12-2019	89,386	8,869	(6,377)	122,011	(14,329)	199,560	1,751	201,311
Dividends paid						0	(50)	(50)
Capital transactions						0		0
Treasury share transactions			(1,200)			(1,200)	0	(1,200)
Change in consolidation scope				97		97	(164)	(67)
Net income for the year				17,621		17,621	111	17,732
Gains and losses recognised directly in equity			0		(1,838)	(1,838)		(1,838)
Net income and gains and losses recognised directly in equity	*0*	*0*	*0*	*17,621*	*(1,838)*	*15,783*	*111*	*15,894*
Balance at 31-12-2020	89,386	8,869	(7,577)	139,729	(16,167)	214,240	1,648	215,888

Notes

INTRODUCTION

On 27 April 2021, the Board of Directors of the public limited company ("*société anonyme*") GROUPE SFPI approved the accounts and authorised the publication of the Sfpi Group consolidated financial statements for the year ended 31 December 2020.

The consolidated financial statements are drawn up in euros. Unless otherwise specified, amounts are stated in thousands of euros.

HIGHLIGHTS

Impact of the COVID-19 pandemic on the consolidated financial statements

The COVID-19 pandemic has resulted in a number of operational difficulties related to global or partial lockdowns in the countries where the Group operates.

After 20.8% revenue losses, the Group posted a recurring operating loss of €2 million for first half 2020.

Broadly speaking, since the end of the first lockdown in May 2020 the Group has retrieved the business levels recorded during the same period last year. For the second half, the Group generated revenues of €272 million, just below H2 2019 revenues of €276 million.

Second half recurring operating income amounted to €30.5 million, up from €21.7 million in the second half of 2019

due to:

- margin growth in the second half compared to the first half, which has not occurred since 2016;
- savings on travel, trade fairs and marketing expenses;
- the impact of IFRIC 21, which requires most taxes and duties to be recognised in the first half;
- suspension of hiring;
- the deferral of capital expenditure, thereby avoiding an increase in depreciation and amortisation.

Two Italian companies received a €1.3 million state-guaranteed loan. The €10.5 million state-guaranteed loans taken out by two French companies have been consolidated over five years.

In accordance with AMF and ANC recommendations, no items of recurring operating income were reclassified to non-recurring operating income. All business losses resulting from the crisis and related direct costs have been recorded under recurring operating income.

LIST OF CONSOLIDATED COMPANIES

F.C. - full consolidation; E.M. - equity method

Name	Country	% interest		Siren no.	Activity	Conso. method
		31/12/2020	31/12/2019			
GROUPE SFPI	**France**	**Parent company**		**393 588 595**	**Holding**	**F.C.**
DOM Security (former DOM Participations)	France	100.00	100.00	485 054 860	**Division holding company**	F.C.
Dény Security	France	99.73	99.73	552 105 603	Locking systems	F.C.
Dom-Métalux	France	99.96	99.96	572 020 394	Locking systems	F.C.
Picard-Serrures	France	99.99	99.99	341 148 823	Locking systems	F.C.
Dom Ronis	France	99.99	99.99	345 004 147	Locking systems	F.C.
Dom-UK Ltd	UK	100.00	100.00	/	Locking systems	F.C.
Dom-CR Spa	Italy	100.00	100.00	5988590013	Locking systems	F.C.
Elzett-Sopron	Hungary	50.00	50.00	/	Galvanisation	E.M.
Dom Elzett	Hungary	100.00	100.00	11404006	Locking systems	F.C.
Dom Polska	Poland	100.00	100.00	5730003798	Locking systems	F.C.
Dom Czech Spol	Czech Rep.	100.00	100.00	/	Locking systems	F.C.
Dom-Titan	Slovenia	98.73	98.70	34816712	Locking systems	F.C.
Titan Zagreb	Croatia	30.00	30.00	/	Locking systems	E.M.
Titan-Okovi Doo	Serbia	100.00	100.00	/	Locking systems	F.C.
Dom TSS	France	100.00	100.00	348 541 798	Locking systems	F.C.
Dom Suisse	Switzerland	100.00	100.00	/	Locking systems	F.C.
Dom GmbH & Co KG	Germany	100.00	100.00	/	Locking systems	F.C.
Secu Beteiligungs GmbH	Germany	100.00	100.00	/	Locking systems	F.C.
Dom Romania	Romania	100.00	100.00	/	Locking systems	F.C.
Securidev Hongrie (1)	Hungary		100.00	/	Locking systems	F.C.
Ucem Sistemas de Seguridad (2)	Spain		100.00	/	Locking systems	F.C.
Dom MCM (2)	Spain	100.00	100.00		Locking systems	F.C.
Omnitech Security	France	100.00	100.00	482 646 015	Security systems	F.C.
Springcard (former Proactive)	France	33.9	33.9	429 665 482	Security systems	E.M.
Invissys	France	75.0	75.0	802 367 458	Security systems	F.C.
DIS	Austria	66.7	66.7		Locking systems	F.C.
Eliot et Cie	France	70.0	70.0	629 027 899	Locking systems	F.C.
Antipanic Srl	Italy	73.9	73.9		Locking systems	F.C.
SCI DOM	France	100.00	100.00	817 484 405	Real estate	F.C.
Revilo	Belgium	100.00	100.00		Locking systems	F.C.
Keytech	Belgium	100.00	100.00		Locking systems	F.C.
Hoberg	Belgium	100.00	100.00		Locking systems	F.C.

Name	Country	% interest		Siren no.	Activity	Conso. method
		31/12/2020	31/12/2019			
NEU-JKF SA (former NEU SA)	**France**	**99.98**	**99.98**	**454 500 315**	**Division holding company**	**F.C.**
Neu Railways	France	45.00	95.01	351 221 361	Air treatment	E.M.
Neu Inc.	USA	50.00	100.00		Air treatment	E.M.
Delta Neu	France	99.99	99.99	301 468 146	Air treatment	F.C.
Delta Neu Pays-Bas	Netherlands	100.00	100.00		Air treatment	F.C.
Neu JKF Woods Industry (former NEU RLS)	France	99.96	99.96		Air treatment	F.C.
Delta Neu GB	UK	100.00	100.00		Air treatment	F.C.
Neu Automation	France	99.85	99.85	329 529 614	Air treatment	F.C.
Delta Neu Benelux	Belgium	100.00	100.00		Air treatment	F.C.
Foncière Neu	France	100.00	100.00	433 336 138	Real estate	F.C.
Neu Process	France	100.00	100.00	479 988 453	Air treatment	F.C.
Fevi SAS	France	100.00	100.00	410 582 134	Air treatment	F.C.
Neu Fevi	France	100.00	100.00	394 466 569	Air treatment	F.C.
Fevi GmbH	Germany	100.00	100.00		Air treatment	F.C.
Lcat Trading	HK	100.00	100.00		Air treatment	F.C.
Delta Neu Shanghai	China	70.00	70.00		Air treatment	F.C.
JKF Industri A/S	Denmark	98.02	98.02		Air treatment	F.C.
JKF Polska Sp Zoo	Poland	100.00	100.00		Air treatment	F.C.
JKF Industri Sdn Bhd	Malaysia	100.00	100.00		Air treatment	F.C.
JKF Solutions PTE Ltd	Singapore	100.00	100.00		Air treatment	F.C.
NEU-JKF International	France	100.00	100.00	834 040 537	Air treatment	F.C.
NEU-JKF Indonesia	Indonesia	67.00	67.00		Air treatment	F.C.
Moviral	France	45.00			Real estate	E.M.
MMD	**France**	**99.99**	**99.99**	**379 575 434**	**Division holding company**	**F.C.**
Financière Barriquand	France	97.84	97.84	349 967 836	Holding	F.C.
Barriquand SAS	France	99.84	99.84	405 782 590	Holding	F.C.
Steriflow	France	100.00	100.00	352 960 702	Sterilisers	F.C.
Barriquand Echangeurs	France	99.99	99.99	352 960 777	Exchangers	F.C.
Aset	France	98.98	98.98	969 508 217	Exchangers	F.C.
Barriquand Technologies Thermiques	France	100.00	100.00	479 868 853	Sales	F.C.
Steriflow Service Maroc	Morocco	75.00	75.00		Sterilisers	F.C.
Flopam Do Brasil	Brazil	99.50	99.50		Sales	F.C.
Cipriani	Italy	100.00	100.00		Sterilisers	F.C.

Name	Country	% interest		Siren no.	Activity	Conso. method
		31/12/2020	31/12/2019			
MAC	**France**	**99.88**	**99.88**	**327 997 714**	**Division holding company**	**F.C.**
France Fermetures	France	100.00	100.00	329 403 422	Doors	F.C.
Franciaflex	France	100.00	100.00	433 802 147	Doors	F.C.
SMVO	France	100.00	100.00	712 004 076	Foundry	F.C.
Baie Ouest	France	100.00	100.00	383 336 260	Doors	F.C.
Storistes de France	France	96.00	96.00	352 122 675	Network operator	F.C.
Boflex	Belgium	100.00	100.00	436 158 718	Doors	F.C.
Faber	France	100.00	100.00	662 025 345	Doors	F.C.
WELLCOM	France	100.00	100.00	749 811 220	Network operator	F.C.
SIPA	France	100.00	100.00	402 295 174	Doors	F.C.
SIPOSE	France	100.00	100.00	423 015 270	Doors	F.C.
MACAU	Belgium	100.00	100.00		Doors	F.C.
BOSTORE	Belgium	99.46	99.46		Doors	F.C.
VETTENBURG	Belgium	100.00	100.00		Doors	F.C.
Other companies						
Inactiv' SAS (former Point Est)	France	99.97	99.97	382 591 949	Partnership Eastern Europe	F.C.
Datagroupe	France	95.33	95.33	347 812 752	Services	F.C.
France Investissement	Bulgaria	94.68	94.68		Trade consulting Eastern Europe	F.C.
SCI NEU	France	100.00	100.00	789 092 145	Real estate	F.C.
SCI La Chapelle d'Armentières	France	100.00	100.00	789 092 384	Real estate	F.C.
SCI STERIMMO	France	100.00	100.00	752 215 001	Real estate	F.C.
SCI Georges Nuttin	France	100.00	100.00	751 978 172	Real estate	F.C.
SCI VR des 2 Vallées	France	100.00	100.00	752 031 914	Real estate	F.C.
SCI ALU des 2 Vallées	France	100.00	100.00	752 053 595	Real estate	F.C.
SCI Luzech	France	100.00	100.00	812 465 805	Real estate	F.C.
SCI Manchester	France	100.00	100.00	817 464 340	Real estate	F.C.
SCI Dubois	France	100.00	100.00	520 477 613	Real estate	F.C.
SCI Cipriani	France	100.00	100.00	815 307 360	Real estate	F.C.

(1) Securidev Hungary was liquidated during the year, allowing Dom-Elzett to recover its net asset surplus.

(2) Spanish companies DOM-MCM and UCEM were merged in 2020.

ACCOUNTING POLICIES, VALUATION METHODS AND IFRS OPTIONS ADOPTED

1. ACCOUNTING STANDARDS

The consolidated financial statements cover the 12-month periods ended 31 December 2020 and 2019.

The Sfpi Group consolidated financial statements for the year ended 31 December 2020 have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted within the European Union as at 31 December 2020.

These include IAS and IFRS international accounting standards and SIC and IFRIC interpretations of mandatory application as at 31 December 2020.

The IFRS adopted by the European Union as at 31 December 2020 may be consulted in the section entitled "IAS/IFRS Standards and Interpretations" on the following website: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en#ifrs-financial-statements.

The accounting principles applied in the preparation of the 2020 financial statements are the same as those applied in the preparation of the consolidated financial statements for the year ended 31 December 2019, except for new standards, amendments and interpretations applicable from 1 January 2020.

The following standards, amendments and interpretations are of mandatory application from 1 January 2020:

- Amendment to IFRS 3 - Definition of a Business.
- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform.
- Amendments to IAS 1 and IAS 8 - Definition of Material.
- Revised conceptual framework for financial reporting.

These standards, amendments and interpretations had no impact on the Group consolidated financial statements.

The IFRS IC decision regarding the determination of lease terms under IFRS 16 had no impact on the Group consolidated financial statements. Indeed, the analysis of potential economic incentives not to terminate the leases did not lead to a change in the enforceable lease term.

Presentation of the financial statements
Sfpi Group publishes IFRS financial statements for the financial year ended 31 December. The main principles of presentation are as follows:

- Grouping of items: by type;
- Classification of assets and liabilities: in ascending order of liquidity and due date, applying a distinction between current and non-current items depending on whether they will be realised or fall due in more or less than 12 months following the balance sheet date;
- Classification of income and expenses: by type and by inclusion in the cost of an asset or liability in application of a given standard or interpretation;
- Offsetting: in application of a given standard or interpretation for offsetting assets against liabilities and income against expenses.

Accounting policies, errors and estimates
Accounting policies are changed only if required by a standard or interpretation or if the change leads to more reliable and appropriate reporting. Changes in accounting policies are recognised retrospectively, unless a given standard or interpretation provides for transitional measures. The financial statements impacted by a change of accounting policy are restated in respect of all financial years presented, as if the new policy had been applied to all of these years. Errors identified are also corrected retrospectively.

The inherent uncertainty regarding business operations requires the use of estimates in the preparation of the financial statements. Estimates are based on judgements designed to provide a reasonable assessment of the latest available reliable information. Estimates are revised in light of changes in circumstances, new information available and experience. Changes in estimates are recognised prospectively: they impact the year in which they are made and subsequent years.

2. CONSOLIDATION SCOPE AND METHODS

The Group consolidates all controlled companies and uses the equity method to account for companies over which it exercises significant influence. The balance sheet date for all companies is 31 December.

3. Change of method

No change of method was applied to the year ended.

4. Change of presentation

No change of presentation was applied to the year ended.

5. Translation of foreign subsidiaries' financial statements

Balance sheet items are translated by applying the exchange rate prevailing on the balance sheet date.
Income and expenses shown in the income statement are translated at the average exchange rate for the year.
Differences arising from this translation method are recognised directly in the statement of comprehensive income and are shown under "Translation differences" on the balance sheet.

The following exchange rates were applied:

	2020 closing rate	2020 average rate	2019 closing rate	2019 average rate
CHF (Switzerland)	1.08	1.07	1.09	1.11
GBP (UK)	0.90	0.89	0.85	0.88
HUF (Hungary)	363.89	352.23	330.53	325.38
PLN (Poland)	4.56	4.45	4.26	4.30
RON (Romania)	4.87	4.84	4.78	4.74
RSD (Serbia)	117.63	117.66	117.74	117.84
CZK (Czech Republic)	26.24	26.41	25.41	25.66
HRK (Croatia)	7.55	7.54	7.44	7.42
BRL (Brazil)	6.37	5.88	4.52	4.42
MAD (Morocco)	10.88	10.84	10.73	10.78
CNY (China)	8.02	7.89	7.82	7.74
HKD (Hong Kong)	9.51	8.89	8.75	8.78
USD (USA)	1.23	1.15	1.12	1.12
DKK (Denmark)	7.44	7.45	7.47	7.47
SGD (Singapore)	1.62	1.57	1.51	1.53
IDR (Indonesia)	17,240.76	16,655.35	15,595.60	15,854.31
MYR (Malaysia)	4.93	4.80	4.60	4.64

6. Intangible assets

Intangible assets mainly consist of measured development costs, patents and software. They are recognised at acquisition or production cost less accumulated amortisation and impairment.

The main amortisation periods are as follows:

- Software 1-3 years
- Patents duration of legal protection
- Development costs 3 years from market launch
- Other intangible assets 1-5 years

Development costs are only capitalised if they represent a material investment. The main criteria for capitalisation are whether the project is technically feasible, the market has been identified and profitability can be calculated with reasonable reliability. Prior year development costs are never capitalised in subsequent years.

7. Goodwill

Business combinations are recognised in accordance with IFRS 3:

- Acquisition costs are expensed;
- IFRS 3 allows an accounting policy choice, available on a transaction by transaction basis, to measure non-controlling interests (minority interests) at fair value, including the proportionate share of goodwill;

- Changes in the percentage of interest in subsidiaries that do not result in a change of control are recognised directly in shareholders' equity, without giving rise to additional goodwill;
- In the case of business combinations achieved in stages (step acquisitions), the acquirer remeasures any previously held interest at fair value on the date control is obtained and recognises the resulting gain or loss, not in shareholders' equity, but directly in profit or loss for the year.

Goodwill is allocated to the acquiree's identifiable assets, liabilities and contingent liabilities at fair value within 12 months following the acquisition date. Costs to sell are deducted from the value of assets held for sale.

Goodwill is measured as the difference between the cost of the business combination and the proportionate share of shareholders' equity received by the acquirer after appropriation of earnings.

Goodwill is not amortised. It is tested for impairment at least once a year and whenever there is an indication of impairment and, where appropriate, an irreversible impairment loss is recognised.

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recognised at acquisition or production cost less accumulated depreciation and impairment, according to the standard method.

The amount to be depreciated is calculated after deduction of a residual value, which is generally zero as the amount in question is non-material.

Generally speaking, depreciation is calculated on a straight-line basis over the useful life of the asset. Generally applied depreciation periods are as follows:

- Buildings 20-25 years
- Furniture, office fittings and equipment 3-10 years
- Production plant and equipment 3-8 years
- Used items 2-3 years

Surface treatment facilities do not carry a legal obligation to dismantle requiring recognition of a depreciable asset.

9. RIGHT-OF-USE ASSETS - IFRS 16

The Group recognises a lease where the economic benefits attached to the use of an identified asset are substantially transferred to the Group and where the Group has the right to use the asset.

The Group applies both exemptions provided for by the standard, namely in respect of leases with a residual term of no more than 12 months and leases of underlying assets with a value of $5,000 or less when new. Lease payments under these leases continue to be recognised on the income statement under external expenses under operating income.

In the case of Sfpi Group, most leases falling within the scope of IFRS 16 concern buildings, office premises and vehicles.

The value of the asset and corresponding lease liability equals the present value of future lease payments. Lease payments make allowance for fixed rent, or variable rent pegged to an index or rate, where this is known at the lease commencement date.

The lease term is defined individually for each lease and corresponds to the non-cancellable period of the lease, including periods covered by extension and termination options that the Group is reasonably certain to exercise or not. The Group takes all economic aspects of the lease into account, including economic incentives for the lessor or lessee not to terminate the lease.

Discount rates correspond to the weighted average interest rate applicable to borrowings contracted during the same year, adjusted by a country risk coefficient.

Right-of-use assets pertaining to leases are depreciated straight line over the term used to calculate lease liabilities.

Assets acquired under finance leases are capitalised with a matching entry under financial liabilities calculated on the basis of the lease interest rates. These assets are depreciated over the following periods:

- Buildings 20 years
- Production equipment 3-8 years

Presentation:
On the balance sheet, lease liabilities are separated into non-current (due in over 1 year) and current (due in less than 1 year). On the income statement, depreciation charges are recognised under depreciation, amortisation and provisions under recurring operating income. Interest payments on leases are included under financial expense.

10. IMPAIRMENT LOSSES

Goodwill, indefinite life intangible assets and property, plant and equipment are tested for impairment whenever there is an indication of impairment and, in the case of goodwill and indefinite life intangible assets, at least once a year. Impairment testing is conducted on each cash-generating unit (CGU). CGUs correspond to Sfpi Group subsidiaries.

The carrying amount of an asset or CGU is compared to the recoverable amount, which is the higher of an asset's fair value less costs of disposal (net selling price or market value) and its value in use.

Value in use is measured using the discounted cash flow (DCF) method.

The discount rate equals the weighted average cost of permanent capital based on the following assumptions:
- 40% fixed debt bearing interest at the annual average French TEC 10-year Treasury constant maturity rate plus one percentage point, less amounts deductible for tax purposes;
- 60% equity generating interest at the risk-free rate (10-year TEC) plus a published average risk premium augmented by a company beta risk coefficient ranging from 1.3 to 2.5.

Future cash flows are calculated on the basis of the following year's budget multiplied by a probability coefficient based on the ratio between actual and budgeted operating earnings for the previous years. In line with this principle, a so-called "historic" risk premium is applied as opposed to a "prospective" risk premium.

In the absence of specific forecasts, these cash flows are multiplied by inflation (1.1%) for each of the following four years. The terminal value for the fifth year is obtained by dividing cash flow by the weighted average cost of permanent capital without deduction for inflation to reflect the fact that earnings will be reduced by inflation each year.

Calculated in this manner, value in use should cover the amount of non-current assets including goodwill.

If this is not the case, an irreversible impairment loss is first recognised against goodwill. Thereafter, except for land and buildings whose fair market value is higher than the carrying amount, a reversible impairment loss not exceeding the carrying amount is recognised against the other non-current assets.

11. FINANCIAL ASSETS AND LIABILITIES

The measurement and recognition of financial assets and liabilities are defined by IAS 9 "Financial Instruments: Recognition and Measurement".

Financial assets
Financial assets are initially measured at fair value plus transaction costs. In the case of financial assets measured at fair value through profit or loss, transactions costs are excluded from the balance sheet entry value.

The IFRS 9 approach to classifying and measuring financial assets reflects the economic model according to which they are managed, as well as the related contractual cash flows.

Trade receivables, receivables from non-fully consolidated equity investments, financial advances and security deposits are recognised at amortised cost (financial assets where the related cash flows solely represent principal and interest payments). Income and expenses related to loans and receivables consist of interest income and impairment losses.

Financial assets measured at fair value through profit or loss comprise financial assets that the Group has elected to measure accordingly or where the related cash flows do not solely represent principal and interest payments. Cash equivalents comprise highly liquid investments with no significant risk of impairment. Income and expenses related to cash investments include interest and dividend income and fair value remeasurements.

Financial liabilities
IFRS 9 distinguishes between various categories of financial liabilities subject to specific accounting treatment:

- financial liabilities measured at fair value: borrowings are initially measured at the fair value of the amounts received less transaction costs; they are subsequently measured at amortised cost at the effective interest rate.
- other financial liabilities not held for trading. They are measured at amortised cost.

Income and expenses related to financial liabilities mainly consist of interest payments.

12. Cash & cash equivalents

Loans and receivables also include cash, which includes cash at hand, cash in bank and cash equivalents. Cash equivalents are highly liquid investments with terms not exceeding three months, indexed to money-market rates and whose amounts are either known or subject to minimal uncertainty. In the statement of cash flows, cash and cash equivalents include the “Current bank overdrafts” item shown under liabilities.

13. Inventories

Goods and raw materials are measured using the first-in first-out (FIFO) method and, by default, at the last purchase cost which, given the fast rotation of these inventories, gives a value close to the FIFO value.

Finished goods and work in progress are measured at production cost.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Furthermore, probable use of inventories is calculated on the basis of the rotation rate of items created since more than one year ago.

If the probable net realisable value is lower than cost, a provision for impairment is recorded.

Impairment is calculated depending on the rate of rotation, as follows:
- Rotation exceeding 4 years of consumption: full write-off;
- Rotation exceeding 3 years of consumption: 75% write-down;
- Rotation exceeding 2 years of consumption: 50% write-down;
- Rotation exceeding 1 year of consumption: 25% write-down;
- No write-downs are recorded for new products less than 12 months old.

The provision amount calculated accordingly is adjusted depending on the probable use of the product in order to arrive at the net realisable value.

14. Receivables

Receivables are recognised at amortised cost (financial assets where the related cash flows solely represent principal and interest payments). An impairment loss is recorded where the recoverable value falls below the carrying amount, in accordance with the expected loss model prescribed by IFRS 9. Analysis of credit risk is supplemented by a statistical provision calculation method covering all receivables, including non-overdue and 30 days overdue receivables.

Trade receivables are earmarked for provisions on the basis of their age, as follows:
- Provisions are recorded for the full amount of receivables more than a year overdue that are not covered by credit insurance;
- Provisions are recorded for at least 50% of the amount of receivables more than 6 months overdue that are not covered by credit insurance;
- Provisions are recorded for at least 25% of the amount of receivables more than 3 months overdue that are not covered by credit insurance;
- Provisions are recorded for the full amount of receivables covered by credit insurance as soon as the deadline for submission to the insurance company expires;
- Provisions are recorded for the non-insured amount in the case of receivables covered by credit insurance for which a claim has been filed with the insurer.

The provision amount calculated accordingly is adjusted depending on the probability of collecting the outstanding customer debt per individual line.

15. CURRENT AND NON-CURRENT PROVISIONS

A provision is recorded where a legal or constructive obligation towards a third party exists at the balance sheet date, where it is probable that this will result in an outflow of resources to such third party without consideration at least equivalent in terms of economic benefits and where the amount of the obligation can be reliably estimated.

Provisions for guarantees are calculated on the statistical basis of the costs of guarantees assumed during the year, multiplied by the remaining amount of revenues to be guaranteed and divided by the amount of revenues for which the guarantees have expired.

Where there is an obligation to replace a product, the provision is calculated on a statistical basis according to specific estimates for the related product category.

16. RETIREMENT BENEFITS AND LONG-SERVICE AWARDS

Termination payments and long-service awards are qualified as defined benefit plans and as such are recognised in non-current provisions. They are measured using a prospective actuarial method that allocates benefits in proportion to years of service (projected unit credit method). The main assumptions are based on voluntary retirement at 67 for executives and 62 for non-executive staff. Top-up pensions for DOM Germany staff are measured by an independent actuary using the same method.

The provision makes allowance for a percentage of life expectancy and presence in the company on the dates of payment-related triggering events.

IAS 19 prescribes application of the yield on AA-class corporate bonds over periods reflecting the payment schedule as the discount rate. Accordingly, the discount rate applied in 2020 ranged from 0.34% to 1.36% for eurozone companies (0.39% to 1.77% in 2019) and from 2.5% to 3.96% for other companies (2.1% to 3.3% in 2019). Likewise, allowance was made for 1.1% inflation in 2020 (as in 2019) and wage growth due to promotion excluding inflation, which is country-specific, ranging from 1% in the eurozone to 3% elsewhere (as in 2019).

Actuarial gains and losses arising from changes in assumptions regarding termination benefits are recognised directly in comprehensive income and subsequently classified to balance sheet reserves.

17. TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS

Income and expenses denominated in foreign currencies are recognised at their equivalent euro value on the transaction date. Foreign currency receivables and payables are stated on the balance sheet at their equivalent euro value at the year-end closing rate.
Goodwill generated on initial recognition of a business combination is recognised in the foreign currency and subsequently translated at the closing rate.

18. CORPORATE INCOME TAX

The amount of tax effectively owed at the balance sheet date is adjusted for deferred tax calculated using the balance sheet method, i.e. based on temporary differences between the carrying amounts derived from the consolidated financial statements and the corresponding tax bases.

Net deferred tax assets, including tax loss carryforwards, after deduction of deferred tax liabilities are recognised where it is probable that the relevant tax entity will generate future profits.

French CVAE business value added tax, which meets the IAS 12.2 definition of an income tax ("taxes based on taxable profits"), is included under "Income tax".

19. REVENUES

In general, Group revenues are recognised upon transfer of control over the goods and services promised to customers, which generally corresponds to delivery. This fundamental principle is presented in IFRS 15 in the form of a five-step model. The five steps are: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; (v) recognise revenue when (or as) the Group satisfies a performance obligation. First-time application of IFRS 15 had no impact in this respect. Some Group companies recognise revenue over time as and when control over goods and services passes to the customer under major contracts (former percentage of completion method). These contracts meet IFRS 15 requirements in that they relate to custom goods and confer an enforceable right to payment for performance completed to date in the event of termination.

20. DISTINCTION BETWEEN RECURRING AND NET OPERATING INCOME

Recurring operating income is generated by the operations in which the Company is involved as part of its business affairs, as well as by activities that it performs on an ancillary basis as an extension of its normal business activities.
Restructuring costs are shown on a separate line, as are other material non-recurring income and expenses and asset disposals. Likewise, the result of comparing the net book values of companies' assets to their recoverable value is recognised separately under "Change in impairment of goodwill and non-current assets", which includes irreversible impairment of goodwill and changes in impairment losses recorded on other non-current assets.

21. Operating segments

The Group's business activities are divided into a number of divisions:

- DOM Security: locking solutions, security cylinders, access solutions
- NEU-JKF: air-based ventilation systems and solutions, dust extraction and pneumatic conveying
- MMD: heat exchangers and sterilisers
- MAC: windows, shutters, blinds, doors, garage doors, industrial doors
- Other businesses: holding companies

The real estate holding companies (SCI) owned by GROUPE SFPI SA are presented under the operating segments whose property they hold.

The chief operating decision maker analyses operating segment reporting in order to prepare an analysis of Group performance.

22. Statement of cash flows

The cash flow statement shows cash flows from operating, investing and financing activities restated for all internal Group transactions.

23. Changes in consolidation - IFRS 5

Assets held for sale

A non-current asset (or disposal group) is classified as held for sale if its carrying amount is recovered mainly through a sale transaction rather than through continued use. For this purpose, the asset or disposal group must be available for immediate sale in its present state, subject solely to standard market conditions regarding the sale of similar assets, and its sale must be highly probable. Management must be committed to a plan to sell the asset and an active programme to locate a buyer and achieve the plan must be initiated.

In accordance with IFRS 5, assets held for sale, as well as the corresponding liabilities, must be presented separately from other assets and liabilities on the balance sheet. After classification as held for sale, they are measured at the lower of carrying amount and fair value less costs to sell. These assets are no longer subject to depreciation or amortisation.

In 2019, the Group held discussions regarding the sale of all or part of the shares of Neu Railways to the company's director. Accordingly, the company and its subsidiary Neu Inc. were reclassified under assets and liabilities held for sale. However, as the company did not constitute a separate operating segment or main and distinct geographical segment, it did not meet the criteria for discontinued operations.

In February 2020, the Group sold 50% of its shares in Neu Railways. Up to that date, these companies contributed €882,000 to revenues, €508,000 to gross margin and €57,000 to operating income. Both companies are now consolidated under the equity method (see Note 5), with assets and liabilities held for sale amounting to zero.

Other notes to the summary consolidated financial statements

Unless otherwise stated, the amounts below are expressed in euro thousands.

NOTE 1 - GOODWILL

The following amounts of goodwill were assigned to each cash-generating unit (CGU) at 31 December 2020:

	Gross value 31-12-2020	Impairment 31-12-2020	Net value 31-12-2020	Net value 31-12-2019
DOM SECURITY	92,578	(50,648)	41,930	43,608
- PICARD-SERRURES	7,525	(2,588)	4,937	4,937
- Dom Participations - Beugnot	1,248	0	1,248	1,248
- DENY Security	27,814	(10,796)	17,018	17,018
- DOM Group	7,435	(333)	7,102	7,102
- OMNITECH Security	2,696	0	2,696	2,696
- ELIOT et Cie	103	0	103	103
- ANTIPANIC SRL	5,081	(1,859)	3,222	4,900
- HOBERG	5,605	0	5,605	5,605
MMD	4,834	0	4,834	4,834
- Cipriani Phe	4,834		4,834	4,834
NEU-JKF	11,577	(11,577)	0	990
- NEU FEVI	1,003	(1,003)	0	0
- JKF Group	10,574	(10,574)	0	990
Total	108,989	(62,225)	46,764	49,432

As a result of impairment testing prompted by indications of impairment, the JKF group and Antipanic CGUs were further written down by €990,000 and €1,678,000 respectively.

The following discount rates were used for the main CGUs:

Weighted average cost of capital (WACC) used to calculate impairment		
	2020	2019
DOM		
Deny Security	5.58%	5.51%
Dom GmbH	5.56%	5.49%
Dom Participations - Beugnot	5.99%	5.90%
Picard Serrures	5.81%	5.73%
OMNITECH Security	5.99%	5.90%
Dom UK	5.80%	5.73%
Dom Titan	7.73%	7.57%
Antipanic	6.82%	
MAC		
Franciaflex	7.62%	7.39%
NEU-JKF		
Neu Fevi	10.56%	10.19%
MMD		
Cipriani	6.40%	8.66%

A 0.5 percentage point increase in these discount rates would have resulted in additional impairment of €0.3 million on goodwill allocated to the main CGUs listed above. A 0.5 percentage point decrease in these discount rates would have resulted in goodwill impairment of less than €0.3 million. A 5% decrease or increase in EBIT over the entire business plan period would have resulted in no material additional impairment of goodwill allocated to the main CGUs listed above.

NOTE 2 - INTANGIBLE ASSETS

Intangible assets break down as follows:

	2020			2019		
	Gross	Amortisation & impairment	Net	Gross	Amortisation & impairment	Net
Research and development expenditure	1,222	(1,173)	49	1,194	(1,063)	131
Patents, licences & trademarks	62,045	(59,072)	2,973	61,805	(58,344)	3,461
Other non-current assets	6,189	(3,549)	2,640	4,937	(3,261)	1,676
Advances and WIP	165		165	1,032		1,032
Consolidated total	**69,621**	**(63,794)**	**5,827**	**68,968**	**(62,668)**	**6,300**

Changes in net non-current assets are as follows:

	R&D expenditure	Patents, licences & trademarks	Others	Advances and WIP	Total
1 January 2019	**30**	**3,983**	**1,650**	**1,160**	**6,823**
Change in consolidation					0
Capital expenditure	90	608	99	434	1,231
Disposals during the year			(314)	(4)	(318)
Depreciation	(32)	(1,263)	(203)		(1,498)
Impairment (charges)/reversals					0
Foreign exchange gains/(losses)	(1)	1	1		1
IFRS 5 reclassification					0
Other reclassifications	43	134	443	(559)	61
31 December 2019	**130**	**3,463**	**1,676**	**1,031**	**6,300**
Change in consolidation					0
Capital expenditure	26	595	490		1,111
Disposals during the year			(68)		(68)
Depreciation	(76)	(1,103)	(322)		(1,501)
Impairment (charges)/reversals	(34)	(8)			(42)
Foreign exchange gains/(losses)			(3)		(3)
IFRS 5 reclassification					0
Other reclassifications	3	26	867	(866)	30
31 December 2020	**49**	**2,973**	**2,640**	**165**	**5,827**

€7.1 million of research costs and €4.0 million of development costs were recognised under expenses for 2020.

Capital expenditure was mainly incurred in the DOM Security division (€965,000).

Net non-current assets per division break down as follows:

	31-12-2020	31-12-2019
DOM Security	3,379	3,308
NEU-JKF	128	269
MMD	1,384	1,467
MAC	854	1,146
Other businesses	82	110
Consolidated total	**5,827**	**6,300**

Net non-current assets per region break down as follows:

	31-12-2020	31-12-2019
France	3,705	4,319
Overseas	2,122	1,981
Consolidated total	**5,827**	**6,300**

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment breaks down as follows:

	2020			2019		
	Gross	Amortisation & impairment	Net	Gross	Amortisation & impairment	Net
Land and development	16,998	(2,008)	14,990	17,765	(2,219)	15,546
Buildings	111,986	(77,761)	34,225	108,988	(73,999)	34,989
Plant and equipment	224,217	(206,536)	17,681	221,020	(200,950)	20,070
Other non-current assets	36,873	(31,370)	5,503	36,355	(30,690)	5,665
Advances and WIP	6,113	(64)	6,049	4,016	(199)	3,817
Consolidated total	**396,187**	**(317,739)**	**78,448**	**388,144**	**(308,057)**	**80,087**

	Land and development	Buildings	Industrial plant & equipment	Other PP&E	Advances and WIP	Total
1 January 2019	**14,208**	**36,451**	**18,940**	**5,871**	**7,949**	**83,419**
IFRS 16 reclassification	(601)	(3,275)	(313)	(58)		(4,247)
Change in consolidation	288	907	10	75		1,280
Capital expenditure	1,273	1,849	7,964	2,370	2,855	16,311
Disposals during the year	16	(44)	(125)	(75)	(12)	(240)
Depreciation	(16)	(3,871)	(9,055)	(2,170)		(15,112)
Impairment (charges)/reversals		(8)	(1,945)	(367)	(144)	(2,464)
Foreign exchange gains/(losses)	42	68	(9)	3	(6)	98
IFRS 5 reclassification						0
Other reclassifications	335	2,912	4,603	16	(6,824)	1,042
31 December 2019	**15,545**	**34,989**	**20,070**	**5,665**	**3,818**	**80,087**
IFRS 16 reclassification						0
Change in consolidation						0
Capital expenditure	10	1,837	4,854	1,607	5,372	13,680
Disposals during the year	(75)	(1,030)	279	0	(13)	(839)
Depreciation	(19)	(3,775)	(7,926)	(1,866)	(53)	(13,639)
Impairment (charges)/reversals	213	34	(1,047)	119	183	(498)
Foreign exchange gains/(losses)	(90)	(166)	8	(12)	(33)	(293)
IFRS 5 reclassification						0
Other reclassifications	(594)	2,336	1,443	(10)	(3,225)	(50)
31 December 2020	**14,990**	**34,225**	**17,681**	**5,503**	**6,049**	**78,448**

Impairment charges and reversals recorded in the income statement concern DOM Security (+€124,000), MAC (-€273,000) and NEU-JKF (+€647,000).

Net non-current assets per division break down as follows:

	31-12-2020	31-12-2019
DOM Security	35,248	34,735
NEU-JKF	19,227	22,000
MMD	8,694	8,739
MAC	14,958	14,268
Other businesses	321	345
Consolidated total	**78,448**	**80,087**

Capital expenditure breaks down as follows:

	31-12-2020	31-12-2019
DOM Security	6,653	9,678
NEU-JKF	1,578	1,669
MMD	1,553	2,838
MAC	3,801	2,088
Other businesses	95	38
Consolidated total	**13,680**	**16,311**

Net non-current assets per region break down as follows:

	31-12-2020	31-12-2019
France	40,278	40,212
Overseas	38,170	39,875
Consolidated total	**78,448**	**80,087**

NOTE 4 - RIGHT-OF-USE ASSETS AND IFRS 16 IMPACT

Application of IFRS 16 had the following impact on non-current assets:

	Real estate lease	Plant and equipment	Office equipment and hardware	Vehicles and transport equipment	Total
Right-of-use assets at 31-12-2019	**13,598**	**187**	**171**	**4,061**	**18,017**
o/w finance leases	4,840	187	10	0	5,037
New leases signed during the period			122	1,710	1,832
o/w finance leases					0
Lease amendments and termination	(253)	0	164	74	(15)
o/w finance leases	(540)				(540)
Depreciation for the period	(2,065)	(130)	(271)	(2,757)	(5,223)
o/w finance leases	(444)	(126)			(570)
Right-of-use assets at 31-12-2020	**11,280**	**57**	**186**	**3,088**	**14,611**
o/w finance leases	3,856	61	10	0	3,927

IFRS 16 lease liabilities:

	Liabilities 01-01-2020	New liabilities	Repayment	Change in consolidation	Total 31-12-2020	o/w due in <1yr
Lease liabilities	14,006	2,660	(5,291)		11,375	4,005
o/w finance leases	*1,060*		*(345)*		*715*	288

	DOM Security	NEU-JKF	MAC	MMD	SFPI & Others	Total 31-12-2020
Due in <1 yr - operating leases	1,128	750	1,022	169	648	3,717
Due in >1 yr - operating leases	1,667	937	463	148	3,728	6,943
Due in <1 yr - finance leases	85	0	72	131	0	288
Due in >1yr - finance leases	36	0	391	0	0	427
Total	**2,916**	**1,687**	**1,948**	**448**	**4,376**	**11,375**
Restated rent	1,699	1,031	1,337	368	598	5,033
Depreciation recognised	(1,734)	(1,029)	(1,551)	(276)	(633)	(5,223)
Interest	(3)	(2)	(80)	(11)	58	(38)

NOTE 5 - INVESTMENTS IN ASSOCIATES

These comprise investments in TITAN ZAGREB (€144,000), ELZETT-FEK (€695,000) and SPRINGCARD (€210,000) in the DOM division and, since 2020, as explained in Section 23 of the accounting methods, NEU RAILWAYS (€1,758,000), NEU Inc. (-€452,000) and Movirail (€4,000) in the NEU division.

These companies' key financial figures are as follows, after consolidation adjustments allowing for a 100% equity interest:

	ELZETT - FEK		TITAN ZAGREB		SPRINGCARD	
	2020	2019	2020	2019	2019	2018
Total assets	3,485	3,363	790	761	1,299	1,254
Shareholders' equity	1,755	1,915	478	446	619	615
Revenues	9,416	10,048	1,526	1,550	2,288	2,224
Net income	16	17	39	39	4	80

	Neu Railways		Neu Inc.		Movirail
	2020	2019	2020	2019	2020
Total assets	9,172	9,156	618	1,708	10
Shareholders' equity	3,103	2,654	(706)	(794)	10
Revenues	5,711	6,213	1,989	1,314	0
Net income	449	514	30	62	0

Given the late preparation of SPRINGCARD's financial statements, data is provided for the previous two financial years.

NOTE 6 - INVENTORIES

Inventories break down as follows:

	31-12-2020			31-12-2019		
	Gross	Impairment	Net	Gross	Impairment	Net
Raw materials	57,150	(13,508)	43,642	57,926	(13,666)	44,260
Work in progress (goods and services)	16,304	(3,082)	13,222	20,009	(3,109)	16,900
Semi-finished and finished goods	12,898	(2,235)	10,663	13,755	(1,948)	11,807
Trade goods	9,657	(3,159)	6,498	10,656	(3,081)	7,575
Total	**96,009**	**(21,984)**	**74,025**	**102,346**	**(21,804)**	**80,542**

NOTE 7 - FINANCIAL ASSETS AND LIABILITIES - BREAKDOWN OF FINANCIAL ASSETS BY CLASS (IFRS 7) AND CATEGORY (IFRS 9)

Note 7.1 - Non-current financial assets

Assets maturing in over 1 year	31-12-2020	31-12-2019
Other financial investments	63	85
Loans, deposits, pension plan assets	4,492	4,273
Other financial assets	1,219	1,011
Consolidated total	**5,774**	**5,369**

Note 7.2 - Trade receivables

Trade receivables:

	31-12-2020	31-12-2019
Gross	99,500	103,141
Impairment	(8,039)	(6,663)
Net	**91,461**	**96,478**

Reversals of impairment provisions on trade receivables were offset by impairment charges on bad debt totalling €610,000.

	<1 month overdue	1-3 months overdue	3-6 months overdue	6-12 months overdue	>12 months overdue	Total
Overdue, not covered by provisions	9,145	4,542	1,529	576	356	16,148
Impairment	467	1,787	679	398	5,623	8,954
Total	**9,612**	**6,329**	**2,208**	**974**	**5,979**	**25,102**

NOTE 8 - OTHER CURRENT FINANCIAL ASSETS

	31-12-2020	31-12-2019
Operating receivables	22,015	26,777
Prepaid expenses	2,898	3,048
Consolidated total	**24,913**	**29,825**

Operating receivables mainly include VAT (€9.1 million) and income tax receivables (€8.4 million).

NOTE 9 - CASH AND CASH EQUIVALENTS

Net cash and cash equivalents break down as follows:

	31-12-2020	31-12-2019
Short-term investments and other cash equivalents	71,813	63,496
Cash	90,778	55,269
Consolidated total	**162,591**	**118,765**

Short-term investments almost entirely consist of certificates of deposit issued by top-tier banks.

NOTE 10 - SHAREHOLDERS' EQUITY AND MINORITY INTERESTS

As at 31 December 2020, the share capital consisted of 99,317,902 shares with a par value of €0.90 each.
The Company holds 3,038,663 treasury shares representing 3.1% of the share capital.

NOTE 11 - NON-CURRENT PROVISIONS

Provisions for contingencies and charges shown on the consolidated balance sheet changed as follows:

	31-12-2020	31-12-2019
Termination payments and long-service awards	64,963	62,835
Representatives' entitlements in Germany	1,493	1,569
Non-current provisions	**66,456**	**64,404**

Changes in provisions for termination and pension payments break down as follows:

	31-12-2020	31-12-2019
Opening provisions for termination and pension payments	**62,835**	**54,883**
Items recognised in the income statement	***527***	***968***
Cost of services provided during the year	2,513	2,288
Financial costs	527	835
Benefits paid/provision reversals	(2,513)	(2,155)
Items recognised in other comprehensive income	***1,601***	***7,031***
Actuarial gains and losses before tax	1,601	7,031
Changes in consolidation	***0***	***(47)***
Closing provisions for termination and pension payments	**64,963**	**62,835**

A 0.3 percentage point increase in the discount rate would have resulted in a €2.9 million reduction in the retirement benefit liability. After tax, this would have been recorded as a €2.0 million increase in other comprehensive income in accordance with Group accounting policies.

A 0.3 percentage point decrease in the discount rate would have resulted in a €3.1 million increase in the retirement benefit liability. After tax, this would have been recorded as a €2.2 million increase in other comprehensive income in accordance with Group accounting policies.

A 0.3 percentage point increase in the inflation rate or promotion rate excluding inflation would have resulted in a €2.5 million increase in the retirement benefit liability. After tax, this would have been recorded as a €1.7 million decrease in other comprehensive income in accordance with Group accounting policies.

A 0.3 percentage point decrease in the inflation rate or promotion rate excluding inflation would have resulted in a €3.4 million decrease in the retirement benefit liability. After tax, this would have been recorded as a €2.5 million increase in other comprehensive income in accordance with Group accounting policies.

NOTE 12 - CURRENT PROVISIONS

	31-12-2019	Change in consolidation	Charges	Reversals (not used)	Reversals (used)	31-12-2020
Trade litigation	1,155		576	(169)	(504)	1,058
Tax litigation	489		15	(146)	(4)	354
Social security litigation	1,087		346	(17)	(457)	959
Provisions for long-term contracts	686		553	(1)	(564)	674
Litigation and provisions for other third parties	595		42	(35)	(396)	206
Provisions for restructuring	5,603		2,158	(571)	(4,916)	2,274
Consolidated total	**9,615**	**0**	**3,690**	**(939)**	**(6,841)**	**5,525**
Provisions for guarantees	4,472		4,314		(4,464)	4,322
Consolidated total	**14,087**	**0**	**8,004**	**(939)**	**(11,305)**	**9,847**

NOTE 13 - LOANS AND BORROWINGS

Loans and borrowings are liabilities recognised at amortised cost. In application of IFRS 16, finance lease liabilities (mainly real estate leases) have been reclassified as lease liabilities (see Note 4).

As at 31 December 2020, they break down as follows by maturity and category:

Loans and borrowings	**Total at 31-12-2020**				**Total 31-12-2019**
	<1 year	**1-5 years**	**>5 years**	**Total**	
Loans and borrowings	20,632	64,475	6,591	91,698	83,948
Short-term bank loans and overdrafts	1,635			1,635	1,883
Due to credit institutions	22,267	64,475	6,591	93,333	85,831
Other financial liabilities	201	3,554		3,755	3,009
Employee profit-sharing	160	647		807	941
Due to other organisations	361	4,201	0	4,562	3,950
Total	**22,628**	**68,676**	**6,591**	**97,895**	**89,781**
Total current and non-current borrowings	22,628	75,267			

Other financial liabilities mainly consist of call options on minority interests.

Liquidity risk:

The foregoing loans and borrowings should be compared against cash and cash equivalents, which amounted to €162,591,000 at 31 December 2020 versus €118,765,000 at 31 December 2019.

Net cash and cash equivalents changed as follows:

	31-12-2020	**31-12-2019**
Cash and cash equivalents	162,591	118,765
Borrowings from credit institutions	(93,333)	(85,831)
Net cash and cash equivalents held at credit institutions	69,258	32,934
Other financial liabilities	(4,562)	(3,950)
Total net cash and cash equivalents	**64,696**	**28,984**

There are no loans and borrowings denominated in currencies other than the euro.

	DOM Security	NEU-JKF	MAC	MMD	SFPI & Others	Total 31-12-2020
Borrowings due in <1 yr	4,286	6,060	3,079	1,921	7,282	22,628
Borrowings due in 1-5 yrs	16,154	22,822	11,023	6,766	11,911	68,676
Due in >5 yrs	3,582	512	1,307	345	845	6,591
Total	**24,022**	**29,394**	**15,409**	**9,032**	**20,038**	**97,895**
Cash and cash equivalents	45,871	19,620	33,356	25,646	38,098	162,591
Total net cash at 31-12-2020	**21,849**	**(9,774)**	**17,947**	**16,614**	**18,060**	**64,696**
Total net cash at 31-12-2019	690	(17,094)	20,325	10,217	14,846	28,984

Interest rate risk:

Sfpi Group only uses interest rate hedging instruments where required pursuant to the loan agreement. A number of interest rate cap and swap agreements were outstanding at 31 December 2020. These were valued at (€11,000) recorded under other financial liabilities. Changes in the fair value of hedging instruments are recorded under other comprehensive income.
The average loan interest rate in 2020 was 0.81% versus 0.84% in 2019.

Security interests:

The following amounts of loans and borrowings are secured by pledges:

	31-12-2020	31-12-2019
Borrowings secured by pledges - current portion	6,128	5,905
Borrowings secured by pledges - non-current portion	26,765	26,403

NOTE 14 - TRADE PAYABLES AND OTHER FINANCIAL LIABILITIES

Trade payables and other financial liabilities are liabilities recognised at amortised cost.

They break down as follows by type:

	31-12-2020	31-12-2019
Trade payables	**55,896**	**53,291**
Current tax liabilities	**3,228**	**2,288**
Social security and tax payables	40,643	41,244
Other payables	5,113	6,836
Advances and down payments received on orders	12,529	13,753
Deferred income	2,364	897
Other financial liabilities	**60,649**	**62,730**

Other financial liabilities mature in less than a year, except for advances and down payments received on orders and deferred income, where maturities may vary depending on contractual terms.

NOTE 15 - DEFERRED TAX

Deferred tax assets arise from:

	31-12-2020	31-12-2019
- temporarily non-deductible expenses	2,772	3,120
- provisions related to asset impairment testing	1,092	1,187
- tax loss carryforwards	1,310	1,005
- the following consolidation adjustments:		
Finance leases	(223)	(74)
Internal margins	578	647
Pensions and retirement benefits	12,464	12,082
Adjustment of foreign company depreciation/amortisation rates and provision policies to Group standards	2,171	2,349
Other	211	
Consolidated total	**20,375**	**20,316**

Deferred tax liabilities mainly relate to the NEU-JKF (€2,770,000) and DOM Security (€2,544,000) divisions. They relate to revaluation of intangible assets and property, plant and equipment and differences between tax depreciation and book depreciation.

Potential deferred tax related to unrecognised tax loss carryforwards amounted to €3.0 million at 31 December 2020. This item mainly concerns tax groups whose future profits are uncertain. Pursuant to current legislation, most of this amount may be carried forward indefinitely.

NOTE 16 - OFF-BALANCE SHEET COMMITMENTS

	DOM Security	NEU-JKF	MAC	MMD	SFPI & Others	Total 31-12-2020	Total 31-12-2019
Guarantees given	0	3,168	0	9,507	0	12,675	11,479
Guarantees received	66	348	1,601		0	2,015	1,047

The Company has received a number of liability guarantees in connection with acquisitions.

NOTE 17 - REVENUES, GROSS MARGIN, OPERATING INCOME

Revenues by operating segment break down as follows:

	Change		2020		2019	
	€000	%	€000	%	€000	%
DOM Security	-19, 972	-10.07%	178,393	35.76%	198,365	35.27%
NEU-JKF	-16,110	-13.76%	101,001	20.25%	117,111	20.82%
MMD	-3,501	-6.21%	52,904	10.61%	56,405	10.03%
MAC	-24,133	-12.66%	166,436	33.37%	190,569	33.88%
Other businesses	+77		77	0.02%	0	0.00%
Consolidated total	**-63,639**	**-11.31%**	**498,811**	**100.00%**	**562,450**	**100.00%**

Revenues by region break down as follows:

	2020		2019	
	France	Overseas	France	Overseas
DOM Security	57,877	120,516	74,270	124,095
NEU-JKF	43,585	57,416	51,922	65,189
MMD	19,629	33,275	24,463	31,942
MAC	161,136	5,300	184,072	6,497
Other businesses	77		0	0
Consolidated total	**282,304**	**216,507**	**334,727**	**227,723**

Income statements per division:

2020	DOM Security	NEU-JKF	MMD	MAC	Others & adjustments	Total
Revenues	178,454	101,104	53,057	166,457	(261)	498,811
Gross margin	123,731	51,612	29,323	90,820	(17)	295,469
as % of production (1)	70.5%	51.3%	55.3%	54.8%		59.7%
as % of revenues	69.3%	51.0%	55.3%	54.6%		59.2%
EBIT	16,190	4,284	5,465	3,167	(547)	28,559
Net operating income	14,405	3,416	5,465	4,295	(546)	27,035
Net financial income/(expense)	1,670	(569)	(35)	(132)	86	1,020
Income tax	(5,363)	(1,301)	(1,698)	(1,881)	(235)	(10,478)
Net income/(loss) of consolidated companies	**10,734**	**1,680**	**3,732**	**2,283**	**(696)**	**17,733**

2019	DOM Security	NEU-JKF	MMD	MAC	Others & adjustments	Total
Revenues	198,550	117,189	56,405	190,592	(286)	562,450
Gross margin	137,590	59,613	30,774	102,651	(265)	330,363
as % of production (1)	68.7%	50.8%	54.9%	53.8%		58.6%
as % of revenues	69.3%	50.9%	54.6%	53.9%		58.7%
EBIT	17,072	3,221	5,521	4,441	299	30,554
Net operating income/(loss)	13,296	(7,031)	5,521	(251)	484	12,019
Net financial income/(expense)	(70)	(347)	(31)	(32)	(46)	(526)
Income tax	(3,812)	(911)	(1,816)	(1,032)	(187)	(7,758)
Net income/(loss) of consolidated companies	**9,461**	**(8,290)**	**3,675**	**(1,315)**	**252**	**3,783**

(1) Percentage of production = Gross margin / (Net revenues + Change in inventories)

"Others & adjustments" include:

- Group holding operations;
- Inter-segment eliminations.

Breakdown of assets and liabilities

The following table shows a breakdown of total assets (net value) and liabilities by division:

	Total assets (net value)		Total non-current liabilities		Total current liabilities	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
DOM Security	222,597	214,251	75,155	73,856	45,767	47,511
NEU-JKF	81,080	88,824	30,936	30,589	39,305	45,388
MMD	63,643	61,264	11,154	11,389	19,047	20,326
MAC	119,231	106,692	20,899	12,934	42,598	41,658
Other businesses	40,597	43,755	16,862	19,332	9,537	10,494
Consolidated total	**527,148**	**514,786**	**155,006**	**148,100**	**156,254**	**165,377**

NOTE 18 - NON-RECURRING INCOME AND EXPENSES

Impairment charges recognised following impairment testing (see Notes 1 and 3) mainly concern the NEU-JKF division (€1.7 million) and DOM Security division (€1.8 million).

NOTE 19 - NET FINANCIAL INCOME/(EXPENSE)

Net financial income/(expense) breaks down as follows:

	2020	2019
Income from investments	344	265
Currency gains	675	689
Other financial income	2,281	698
Interest and similar expenses	(893)	(1,019)
Interest on operating & finance leases	(37)	39
Currency losses	(664)	(395)
Other financial expenses	(686)	(803)
Consolidated total	**1,020**	**(526)**

NOTE 20 - INCOME TAX

Net consolidated income tax breaks down as follows:

	2020	2019
CVAE	(2,087)	(2,363)
Income tax - France	(4,261)	(3,490)
Income tax - overseas	(3,846)	(3,121)
Net deferred tax	-284	1,216
Consolidated net tax	**(10,478)**	**(7,758)**

Changes in the deferred tax account are analysed as follows:

	Assets	Liabilities	Balance
Deferred tax at 31-12-2019	**20,316**	**6,020**	**14,296**
Change over the period			
- change in income statement	*392*	*(108)*	*(284)*
change in items of other comprehensive income	*451*		*451*
- change in consolidation			*0*
Deferred tax at 31-12-2020	**20,375**	**5,912**	**14,463**

Corporate income tax breaks down as follows:

	2020	2019
Earnings before tax	28,211	11,542
CVAE (included in income tax)	(2,087)	(2,363)
Tax credit (included under grants)	(745)	(733)
Goodwill impairment	2,671	9,728
Taxable income	28,050	18,174
Theoretical tax charge (31% rate applicable to consolidating parent company)	**8,696**	**5,634**
CVAE	2,087	2,363
Tax rate differences	(535)	(557)
Impact of unrecognised tax losses	170	231
Impact of permanent differences	344	(357)
Impact of changes in tax rates	480	(45)
Impact of prior year adjustments	(186)	489
Other (tax presented net under "Non-recurring income")	(578)	
Effective tax charge	**10,478**	**7,758**
%	**37.35%**	**42.69%**

All foreign tax rates are lower than the French rate and range between 9% (Hungary) and 30.9% (Germany).

Note 21 - Earnings per share

	2020	2019
Number of shares outstanding	99,317,902	99,317,902
Treasury shares	3,038,663	2,098,253
Number of shares outstanding (excl. treasury shares)	96,279,239	97,219,649
Earnings per share (basic and diluted) (€)	**0.18**	**0.04**

Earnings per share is calculated by dividing net income Group share by the weighted average number of ordinary shares outstanding, excluding treasury shares.

The Company has not issued any dilutive securities.

Note 22 - Headcount

Year-end headcount breaks down as follows:

	France		Overseas		Total	
	31-12-2020	31-12-2019	31-12-2020	31-12-2019	31-12-2020	31-12-2019
DOM Security	568	584	1,099	1,092	1,667	1,676
NEU-JKF	303	361	338	369	641	730
MMD	229	228	43	47	272	275
MAC	1,137	1,183	22	29	1,164	1,212
Other businesses	14	15	0		14	15
Consolidated total	**2,251**	**2,371**	**1,502**	**1,537**	**3,758**	**3,908**

Average Sfpi Group headcount for the year amounted to 3,910 FTE employees.

NOTE 23 - INFORMATION ON RELATED PARTIES

A list of the Group's main subsidiaries and associates is given before the section entitled "*Accounting policies, valuation methods and IFRS options adopted*".

Transactions between parent and subsidiaries and among subsidiaries are eliminated in the consolidated financial statements and are not presented in these notes.
Transactions and balances with related parties and associates are shown below:

	Income		Expenses		Receivables		Liabilities	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Controlling related parties	0	8	449	343	21	12	0	0
Associates (equity accounted)	989	998	615	703	254	256	67	59
Other related parties	0	0	1,417	1,450	0	0	148	80
Total	**989**	**1,006**	**2,481**	**2,496**	**275**	**268**	**215**	**139**

Key management personnel as defined by IAS 24 receive short-term compensation in the following amounts:

	2020	**2019**
Short-term compensation excluding employer social security charges	588	586
Employer social security charges	249	241

NOTE 24 - PROPOSED DIVIDENDS

A dividend of €0.06 per share will be proposed for approval by the General Meeting of shareholders on 18 June 2021.

NOTE 25 - STATUTORY AUDITORS' FEES

2020	**KPMG**	**DELOITTE**
Financial statement certification	328	370
Other services	19	

The services provided in addition to the certification of the financial statements at the request of the controlled entity, primarily including tax services, had no impact on the independence of the statutory auditors.

NOTE 26 - CONTINGENT LIABILITIES

An obligation constitutes a contingent liability if the amount cannot be measured reliably or if payment is not probable. Contingent liabilities are commitments on the part of the Group and are not recognised on the balance sheet unless they have been identified in relation to an acquisition. In such case, they are included among recognised identifiable items.

There were no material contingent liabilities as at 31 December 2020.

NOTE 27 - POST BALANCE SHEET EVENTS

The situation with the COVID-19 pandemic at the end of March was less severe in 2021 than in 2020. Business has almost returned to 2019 levels for the building divisions, while year-to-date revenues in the industry sector were down 11% versus 2019 but up 23% versus 2020.

STATUTORY AUDITORS' REPORTS

on the financial statements for the year ended 31 December 2020

DELOITTE & ASSOCIES
Tour Majunga
6 place de la Pyramide
92908 Paris-La Défense Cedex

SAS with share capital of €2,188,160

572 028 041 Nanterre Trade & Companies Register

Statutory auditors registered with the Versailles and Centre Institute of Statutory Auditors

KPMG SA
Tour Eqho
2 avenue Gambetta - CS60055
92066 Paris-La Défense Cedex

SA with share capital of €5,497,100

775 726 417 Nanterre Trade & Companies Register

Statutory auditors registered with the Versailles and Centre Institute of Statutory Auditors

To the General Meeting of GROUPE SFPI,

Opinion

In accordance with the engagement entrusted to us by your General Meeting, we have audited the company financial statements of GROUPE SFPI for the year ended 31 December 2020, which are appended to this report.

We hereby certify that, in accordance with French accounting rules and principles, the company financial statements give a true and fair view of the results of the Company's operations for the financial year ended and the Company's financial position, assets and liabilities at the end of said financial year.

The opinion expressed above is consistent with the terms of our report to the Audit Committee.

Bases of opinion

Terms of reference
We conducted our audit in accordance with professional standards applicable in France. We consider that the evidence that we have gathered is sufficient and appropriate to form the basis for our opinion.

Our responsibilities in accordance with these standards are set out in the section of this report entitled "Statutory auditors' responsibilities regarding the audit of the company financial statements".

Independence
We have performed our audit in compliance with the rules of independence provided for by the French Commercial Code and the French Code of Ethics for statutory auditors for the period running from 1 January 2020 to the date of issue of our report. In particular, we have not provided services prohibited under Article 5, paragraph 1, of Regulation (EU) No. 537/2014.

Justification of our assessments - Key audit matters

The global crisis related to the COVID-19 pandemic has resulted in particular conditions for preparing and auditing the financial statements for this year. Indeed, this crisis and the exceptional measures implemented as part of the state of health emergency have had numerous consequences for companies, particularly for their business and financing, besides increasing uncertainty regarding the outlook for the future. Some of these measures, such as travel restrictions and remote work, have also impacted companies' internal organisation and audit procedures.

In view of these complex and changing circumstances, pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code on the justification of audit assessments, we hereby draw your attention to the key audit matters relating to the risk of material misstatements which, in our professional judgement, have been the most significant for the audit of the company financial statements and to our responses with regard to these risks.

These assessments were made as part of our audit of the company financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed herein. We express no opinion on individual items comprising these company financial statements taken in isolation.

<table>
<tr><th>Key audit matter</th><th>Audit response</th></tr>
<tr><td colspan="2">Valuation of equity investments at a net value of €128 million

(Paragraph entitled “Long-term investments” in the section entitled “Accounting principles and policies”, Note II - Intangible assets - property, plant and equipment - long-term investments” and the table of subsidiaries and affiliates)</td></tr>
<tr><td>As at 31 December 2020, equity investments are carried on the balance sheet at a net value of €128 million compared to a balance sheet total of €188 million.

They are initially recognised at cost and subsequently written down to their value in use, as calculated at each balance sheet date, where this is lower than the carrying amount.

Value in use is estimated by management on the basis of historical data (proportionate share of shareholders’ equity at the balance sheet date) or forward-looking information, as appropriate.

Estimating value in use requires management to exercise judgement in selecting the information to be taken into account for each equity investment. Depending on the investment in question, such information may comprise historical information (shareholders’ equity) or forward-looking information (profit forecasts).

Given the materiality of equity investments in the company financial statements and the judgements and assumptions required to estimate their value in use, we consider the valuation of equity investments to be a key audit matter.</td><td>We have obtained the results of impairment testing conducted by the Company and have reviewed the procedure whereby these tests are conducted.

In the case of equity investments in each subsidiary, we:
• verified that the amounts of shareholders’ equity adopted for impairment testing matched the amounts recorded in the accounts of the audited entities;
• verified that the profit forecasts adopted for impairment testing were consistent with the operating cash flow forecasts drawn up under the oversight of senior management and approved by the Board of Directors in relation to the operations of the entities in question;
• compared prior year forecasts with the corresponding actual figures in order to assess the achievement of previous targets.</td></tr>
</table>

Specific testing

In accordance with professional standards applicable in France, we also carried out the specific testing required by statutory and regulatory provisions.

Information provided in the management report and in the other documents sent to shareholders regarding the Company’s financial position and financial statements

We have no matters to report regarding the fair presentation of the information provided in the Board of Directors’ management report and in the other documents sent to shareholders regarding the Company’s financial position and financial statements or on the consistency of this information with the company financial statements.

We hereby certify the fair presentation of the information regarding outstanding payments referred to in Article D. 441-6 of the French Commercial Code and the consistency of such information with the company financial statements.

Information on corporate governance

We hereby certify that the corporate governance section of the Board of Directors' management report contains the information required under Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code.

We have checked the consistency of the information provided, in accordance with Article L. 22-10-9 of the French Commercial Code, on the remuneration and benefits paid or awarded to corporate officers and on the commitments granted in their favour with the financial statements or with the underlying data used to prepare the financial statements and, where appropriate, with the information gathered by your Company from companies controlled by it which are included in the consolidation scope. We hereby certify the accuracy and fair presentation of this information on the basis of this work.

Regarding information concerning factors that your Company has considered liable to have an impact in the event of a public tender or exchange offer, which is provided in application of Article L. 22-10-11 of the French Commercial Code, we have verified the consistency of such information with the documents from which it was derived and which were forwarded to us. On the basis of our work, we have no matters to report regarding this information.

Other information

As required by law, we verified that the management report sent to you contains the requisite disclosures on the identity of holders of equity interests and voting rights.

Other verifications and disclosures required by statutory and regulatory provisions

Presentation format of the company financial statements to be included in the annual financial report

In accordance with Article 222-3 (III) of the AMF General Regulation, your Company's management has notified us of its decision to postpone application of the single electronic reporting format as defined by Delegated European Regulation No. 2019/815 of December 17, 2018 to financial years beginning on or after 1 January 2021. This report therefore presents no findings regarding compliance with this format in the presentation of the company financial statements to be included in the annual financial report referred to in Article L. 451-1-2 (I) of the French Monetary and Financial Code.

Appointment of statutory auditors

We, KPMG SA and Deloitte & Associes, were appointed statutory auditors of GROUPE SFPI by your General Meeting on 18 June 2015.

As at 31 December 2020, KPMG SA and Deloitte & Associes were in the sixth consecutive year of their engagement.

Responsibilities of management and persons involved in corporate governance with regard to the company financial statements

It is management's responsibility to prepare company financial statements presenting a true and fair view in accordance with French accounting rules and principles and to establish the internal control procedures it deems necessary for the preparation of company financial statements that are free of material misstatements, whether due to fraud or error.

In preparing the company financial statements, management is required to assess the Company's ability to continue its operations, to present, in these statements, where applicable, the requisite information with regard to continuity of business and to apply the going concern principle, unless there is the intention to liquidate the Company or discontinue its operations.

It is the responsibility of the Audit Committee to monitor the process for the preparation of financial information and the effectiveness of internal control and risk management systems, and, where applicable, of the internal audit system, as regards the procedures relating to the preparation and processing of accounting and financial information.

The company financial statements were approved by the Board of Directors.

Statutory Auditors' responsibilities regarding the audit of the company financial statements

Audit objective and approach

It is our responsibility to prepare a report on the company financial statements. Our goal is to obtain reasonable assurance that these company financial statements, taken as a whole, are free of material misstatements. Reasonable assurance corresponds to a high level of assurance, without, however, the guarantee that an audit performed in accordance with professional standards enables systematic detection of all material misstatements. Misstatements may result from fraud or error and are deemed material when they may reasonably be expected, when taken either individually or together, to influence economic decisions taken by users of the financial statements on the basis thereof.

As specified in Article L. 823-10-1 of the French Commercial Code, our engagement to certify the financial statements does not consist in guaranteeing the viability or quality of your Company's management.

Within the scope of an audit performed in accordance with professional standards applicable in France, the statutory auditor exercises his or her professional judgement throughout the duration of this audit. In addition:

- the auditor identifies and assesses the risks that the company financial statements contain material misstatements, whether resulting from fraud or error, defines and implements audit procedures to address these risks, and gathers the elements the auditor deems necessary and appropriate upon which to base the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is more serious than the risk of not detecting a material misstatement resulting from error, since fraud may involve collusion, falsification, deliberate omission, false representations or the circumvention of internal control;
- the auditor examines the aspects of the internal control system that are relevant to the audit, in order to define the audit procedures appropriate in the circumstances but not for the purpose of expressing an opinion on the efficacy of the internal control system;
- the auditor assesses the appropriateness of the accounting methods adopted and the reasonableness of the accounting estimates made by management, as well as the related information provided in the company financial statements;
- the auditor assesses the appropriateness of management's application of the going concern principle and, according to the information gathered, the existence or absence of material uncertainty regarding events or circumstances liable to jeopardise the company's ability to continue its operations. This assessment is based on information gathered up until the date of the auditor's report, provided, however, that any subsequent circumstances or events could jeopardise business continuity.
- If the auditor finds that material uncertainty exists, the auditor draws the attention of the readers of the auditor's report to the information provided in the company financial statements regarding this uncertainty or, if such information is not provided or is irrelevant, issues certification with reservations or refuses to certify;
- the auditor assesses the presentation of the company financial statements, taken as a whole, and assesses whether they reflect the underlying transactions and events in such a way as to give a true and fair view thereof.

Report to the Audit Committee

We submit a report to the Audit Committee defining the scope of the audit work and the audit programme implemented, as well as the findings based on our work. We also draw the Committee's attention to any material internal control deficiencies we have identified, as regards procedures relating to the preparation and processing of accounting and financial information.

The report submitted to the Audit Committee also contains information on the risks of material misstatements that we deemed to have been the most significant for the audit of the company financial statements and which therefore constitute key audit matters, which we are required to set out herein.

We also submit to the Audit Committee the declaration set out in Article 6 of Regulation (EU) No. 537-2014 confirming our independence, within the meaning of the rules applicable in France as defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and the French Code of Ethics for statutory auditors. If necessary, we discuss with the Audit Committee the risks to our independence and the safeguards applied.

Paris-La-Défense, 30 April 2021

The Statutory Auditors

Deloitte & Associes	KPMG SA
Antoine Labarre	Nahid Sheikhalishahi

On regulated agreements

DELOITTE & ASSOCIES	KPMG SA
Tour Majunga	Tour Eqho
6 place de la Pyramide	2 avenue Gambetta - CS60055
92908 Paris-La Défense Cedex	92066 Paris-La Défense Cedex
SAS with share capital of €2,188,160	SA with share capital of €5,497,100
572 028 041 Nanterre Trade & Companies Register	775 726 417 Nanterre Trade & Companies Register
Statutory auditors registered with the Versailles and Centre Institute of Statutory Auditors	Statutory auditors registered with the Versailles and Centre Institute of Statutory Auditors

To the General Meeting of GROUPE SFPI,

In our capacity as statutory auditors of your Company, we hereby submit our report on regulated agreements.

It is our responsibility to inform you, on the basis of the information provided to us, of the essential terms and conditions of the agreements of which we have been informed or which we have discovered during the course of our audit, as well as the reasons justifying the Company's interest in said agreements and commitments, without having to express an opinion on their usefulness or appropriateness or to seek out the existence of other agreements. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code, to evaluate the interest in entering into these agreements, in order to approve them.

It is also our responsibility to report to you any information specified under Article R. 225-31 of the French Commercial Code relating to the operation, during the year ended, of agreements previously approved by the General Meeting.

We carried out the work we considered necessary pursuant to professional standards of the French National Auditors Association relating to this engagement. This work consisted in verifying that the information provided to us was consistent with the source documents from which it was taken.

Agreements submitted for approval by the General Meeting

Agreements authorised and entered into during the year ended

We have not been informed of any agreement authorised and entered into during the year ended and requiring to be submitted to the General Meeting for approval pursuant to the provisions of Article L. 225-38 of the French Commercial Code.

Agreements previously authorised by the General Meeting

Agreements approved in prior years that continued to operate during the year ended

Pursuant to Article R. 225-30 of the French Commercial Code, we have been notified of the following agreements approved by the General Meeting in prior years that continued to operate during the year ended.

SERVICE AGREEMENT BETWEEN GROUPE SFPI SA AND ITS SUBSIDIARIES

Persons and companies concerned:

Henri Morel, Chairman and CEO of GROUPE SFPI SA and NEU-JKF SA, director of NEU FEVI SA and Chairman of ARC MANAGEMENT SAS, which is a director of GROUPE SFPI SA and Chairman of DENY SECURITY SAS and DOM-METALUX SAS.

Damien Chauveinc, Deputy Managing Director of GROUPE SFPI SA and NEU-JKF SA and Chairman of the Board of Directors of NEU FEVI.

Nature and purpose:

On 15 November 2019 your Company signed an agreement with its direct and indirect subsidiaries, for an indefinite term with effect from 1 January 2019, for the provision of assistance in the following areas: definition, implementation and control of strategy, operational management, administration, finance, accounting and taxation, legal affairs, information technology, corporate policy and CSR, human resources, and management and accounting treatment of dividends.

Terms:

- Fees are calculated on the basis of a declining scale applied to monthly revenues, excluding tax and intercompany sales, generated outside the scope of the commission agreement.
  Accordingly, on the 5th of each month, the divisional subsidiaries forward their respective division holding company a statement of their revenues, excluding tax and intercompany sales, generated during the previous month outside the scope of the commission agreement.
- The division holding companies such as NEU-JKF SA calculate the amounts owed to GROUPE SFPI SA, setting out on their statement the amounts they have invoiced the divisional subsidiaries in respect of the services, adding 1.5% of their revenues as defined above and subtracting any amounts directly invoiced to them by ARC MANAGEMENT or SPRING MANAGEMENT for the same services.
- At year-end, an additional fee amount may be paid if the contractual fee fails to cover all of GROUPE SFPI SA's operating expenses;
- If GROUPE SFPI SA's operating earnings were positive, it would refund the divisional subsidiaries the portion of fees paid exceeding €50,000 by means of a credit note. This refund would be distributed among the divisional subsidiaries in proportion to the amount of annual fees they have paid to GROUPE SFPI SA.

The income recognised for the year ended 31 December 2020 in respect of this agreement, for the indirect subsidiaries for which the agreement is considered as a regulated agreement, breaks down as follows:

Subsidiary	**Amount (€)**
DENY SECURITY SAS	85,408
DOM-METALUX SAS	152,489
NEU-JKF SA	469,002
NEU FEVI SA	113,755
Total	**820,654**

SERVICE AGREEMENT BETWEEN GROUPE SFPI SA AND ITS SUBSIDIARY ELIOT ET CIE SAS

Company concerned:

ARC MANAGEMENT SAS, represented by Henri Morel and Chairman of PICARD SERRURES SAS, which holds a 70% equity stake in ELIOT ET CIE SAS.

Nature and purpose:

Service agreement whereby GROUPE SFPI SA undertakes to provide its subsidiary ELIOT ET CIE SAS with assistance and advice in the following areas: definition, implementation and control of strategy, operational management, administration, finance, accounting and taxation, legal affairs, information technology, corporate policy and CSR, human resources, and management and accounting treatment of dividends.

The agreement was signed on 15 October 2018 for an indefinite term with effect from 1 June 2018 and amended via amendment no. 1 dated 15 November 2019 with effect from 1 January 2019. This amendment modified the services provided by GROUPE SFPI SA. Fee terms remained unchanged.

Terms:

Fees amount to 1% of ELIOT ET CIE SAS's annual revenues excluding tax.

The income recognised in respect of this agreement for the year ended 31 December 2020 was €21,980 excluding tax.

SERVICE AGREEMENT BETWEEN GROUPE SFPI SA AND ITS SUBSIDIARY JKF INDUSTRI A/S

Persons concerned:

Henri Morel, Chairman and CEO of GROUPE SFPI SA and Chairman of JKF INDUSTRI A/S.

Damien Chauveinc, Deputy Managing Director of GROUPE SFPI SA and member of the Board of Directors of JKF INDUSTRI A/S.

Nature and purpose:

Service agreement whereby GROUPE SFPI SA undertakes to provide its subsidiary JKF INDUSTRI A/S with assistance and advice in the following areas: definition, implementation and control of strategy, operational management, administration, finance, accounting and taxation, legal affairs, information technology, corporate policy and CSR, human resources, and management and accounting treatment of dividends.

The agreement was signed on 14 December 2017 for an indefinite term with effect from 1 October 2017 and amended via amendment no. 1 dated 15 November 2019 with effect from 1 January 2019. This amendment modified the services provided by GROUPE SFPI SA. Fee terms remained unchanged.

Terms:

Fees amount to 1% of JKF INDUSTRI A/S's annual revenues excluding tax, after deduction of sales of products and services within the NEU-JKF division and to other NEU-JKF division companies.

The income recognised in respect of this agreement for the year ended 31 December 2020 was €211,692 excluding tax.

SERVICE AGREEMENT BETWEEN GROUPE SFPI SA AND ITS SUBSIDIARY ANTIPANIC SPA

Persons concerned:

Henri Morel, Chairman and CEO of GROUPE SFPI SA and director of ANTIPANIC SPA.

Sophie Morel, director of ANTIPANIC SPA and permanent representative of ARC MANAGEMENT SAS, which is a director of GROUPE SFPI SA.

Nature and purpose:

Service agreement whereby GROUPE SFPI SA undertakes to provide its subsidiary ANTIPANIC SPA with assistance and advice in the following areas: marketing strategy, administration, finance, accounting, legal affairs and information technology.

The agreement was entered into on 14 December 2018 for an indefinite term with effect from 1 October 2018.

Terms:

Fees amount to 1% of ANTIPANIC SPA's annual revenues excluding tax, after deduction of sales of products and services within the DOM Security division and to other DOM Security division companies.

The income recognised in respect of this agreement for the year ended 31 December 2020 was €58,960 excluding tax.

SERVICE AGREEMENT BETWEEN GROUPE SFPI AND DATAGROUPE

Persons concerned:

GROUPE SFPI SA, majority shareholder of DATAGROUPE SA.

Sophie Morel, permanent representative of GROUPE SFPI SA, which is a director of DATAGROUPE, and permanent representative of ARC MANAGEMENT SAS, which is a director of GROUPE SFPI SA.

Nature and purpose:

Service agreement for an indefinite term dated 31 October 2000 and its amendments no. 1 dated 4 April 2001, no. 2 dated 12 March 2002, no. 3 dated 26 June 2005, no. 4 dated 4 July 2007, no. 5 dated 15 February 2008, no. 6 dated 26 July 2016 and no. 7 dated 26 March 2019, whereby DATAGROUPE SA undertook to provide GROUPE SFPI SA with advice and assistance in the following areas: finance and accounting, sales, HR, management and information technology.

Amendment no. 7 dated 26 March 2019 amended the fees paid under the agreement, which were increased to €1,170,000 excluding tax, i.e. €97,500 excluding tax per month, and the annual flat-rate amount of success fees paid, which increased to €80,000 excluding tax.

Terms:

The expense recognised in respect of this agreement for the year ended 31 December 2020 was €1,250,000 excluding tax.

SERVICE AGREEMENT BETWEEN ARC MANAGEMENT SAS AND GROUPE SFPI

Persons concerned:

Henri Morel, director, Chairman and CEO of GROUPE SFPI SA and Chairman of ARC MANAGEMENT SAS.

Sophie Morel, permanent representative of ARC MANAGEMENT SAS, which is a director of GROUPE SFPI SA, and Chief Executive Officer of ARC MANAGEMENT SAS.

Nature and purpose:

On 2 April 2019, your Company entered into an agreement for the provision of assistance, services and advice in the following areas: administration, organisation and chairmanship of the G10, corporate policy and corporate social responsibility, human resources and specific services (finance and contract negotiation). This agreement was entered into for an indefinite term beginning on 1 April 2019.

The forecast annual base for invoicing is €220,000 for 2020.

Subsequently, on 31 October 2019 your Company signed amendment no. 1 to this agreement, with effect from 1 September 2019, which extended the scope of services provided by GROUPE SFPI SA and increased the annual fees from €221,000 to €241,000.

Terms:

The expense recognised in respect of this agreement and its amendment for the year ended 31 December 2020 was €220,000 excluding tax.

STRATEGY ASSISTANCE AGREEMENT BETWEEN GROUPE SFPI SA AND SPRING MANAGEMENT SAS

Person concerned:

Jean-Bertrand Prot, permanent representative of SPRING MANAGEMENT SAS, director of GROUPE SFPI SA and Chairman of SPRING MANAGEMENT SAS.

Nature and purpose:

The agreement governs the assistance provided by SPRING MANAGEMENT SAS to GROUPE SFPI SA, through the Executive Committee, in establishing the acquisitions policy and steering the Group's national and international growth, in order to develop future industrial and commercial synergies, in the organisation and management of the Executive Committee in the role of coordinator, and via active involvement in strategic and financial functions and participation in periodic G10 meetings. This agreement cancels and supersedes the consultancy agreement entered into on 15 June 1999 including all amendments thereto.

The compensation awarded to SPRING MANAGEMENT SAS amounts to a fixed monthly sum of €40,000 excluding tax, payable from 17 April 2019, identical to the compensation awarded under the previous consultancy agreement.

Terms:

The expense recognised in respect of this agreement for the year ended 31 December 2020 was €480,000 excluding tax.

COMMERCIAL LEASE BETWEEN GROUPE SFPI SA AND SCI BGM

Person concerned:

Henri Morel, Manager of SCI BGM and director, Chairman and CEO of GROUPE SFPI SA.

Nature and purpose:

Lease of an office building located at 20 rue de l'Arc de Triomphe, Paris (75017).

Commercial lease signed on 30 January 2019 cancelling and superseding the agreement dated 29 June 2007, as amended by amendments no. 1 dated 19 December 2012 and no. 2 dated 30 December 2015, the term of which had been rendered indefinite following the 30 June 2016 contractual expiry date.

The new agreement has been entered into for a term of nine full and consecutive years ending 31 December 2027.

Terms:

The expense recognised in respect of this agreement for the year ended 31 December 2020 was €598,000 excluding tax (annual rent excluding taxes and charges).

SUBLEASE AGREEMENT BETWEEN GROUPE SFPI SA AND ARC MANAGEMENT SAS

Persons concerned:

Henri Morel, director, Chairman and CEO of GROUPE SFPI SA and Chairman of ARC MANAGEMENT SAS.

Sophie Morel, permanent representative of ARC MANAGEMENT SAS, which is a director of GROUPE SFPI SA, and Chief Executive Officer of ARC MANAGEMENT SAS.

Nature and purpose:

Sublease by GROUPE SFPI SA to ARC MANAGEMENT SAS of a 55 m^2 office on the first floor of its premises at 20 rue de l'Arc de Triomphe, Paris 17th district.

Commercial lease signed on 25 October 2019 with effect from 1 October 2019. The term of this sublease agreement is equal to the term of the commercial lease entered into between GROUPE SFPI SA and SCI BGM, i.e. until 31 December 2027.

The annual flat-rate rent amounts to €30,000 including charges and excluding tax, payable quarterly in arrear.

Terms:

The income recognised in respect of this agreement for the year ended 31 December 2020 was €30,000 excluding tax.

Paris-La-Défense, 30 April 2021

The Statutory Auditors

Deloitte & Associes
Antoine Labarre

KPMG SA
Nahid Sheikhalishahi

On the consolidated financial statements

DELOITTE & ASSOCIES	KPMG SA
Tour Majunga 6 place de la Pyramide 92908 Paris-La Défense Cedex	Tour Eqho 2 avenue Gambetta - CS60055 92066 Paris-La Défense Cedex
S.A.S with share capital of €2,188,160	SA with share capital of €5,497,100
572 028 041 Nanterre Trade & Companies Register	775 726 417 Nanterre Trade & Companies Register
Statutory auditors registered with the Versailles and Centre Institute of Statutory Auditors	Statutory auditors registered with the Versailles and Centre Institute of Statutory Auditors

To the General Meeting of GROUPE SFPI,

Opinion

In accordance with the engagement entrusted to us by your General Meeting, we have audited the consolidated financial statements of GROUPE SFPI for the year ended 31 December 2020, which are appended to this report.

We hereby certify that, with regard to IFRS as adopted within the European Union, the consolidated financial statements give a true and fair view of the results of the operations of the group comprising the persons and entities included in the consolidation scope during the year ended and the financial position, assets and liabilities of said group at the end of the year.

The opinion expressed above is consistent with the terms of our report to the Audit Committee.

Bases of opinion

Terms of reference

We conducted our audit in accordance with professional standards applicable in France. We consider that the evidence that we have gathered is sufficient and appropriate to form the basis for our opinion.

Our responsibilities in accordance with these standards are set out in the section of this report entitled "Statutory auditors' responsibilities regarding the audit of the consolidated financial statements".

Independence

We have performed our audit in compliance with the rules of independence provided for by the French Commercial Code and the French Code of Ethics for statutory auditors for the period running from 1 January 2020 to the date of issue of our report. In particular, we have not provided services prohibited under Article 5, paragraph 1, of Regulation (EU) No. 537/2014.

Justification of our assessments - Key audit matters

The global crisis related to the COVID-19 pandemic has resulted in particular conditions for preparing and auditing the financial statements for this year. Indeed, this crisis and the exceptional measures implemented as part of the state of health emergency have had numerous consequences for companies, particularly for their business and financing, besides increasing uncertainty regarding the outlook for the future. Some of these measures, such as travel restrictions and remote work, have also impacted companies' internal organisation and audit procedures.

In view of these complex and changing circumstances, pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code on the justification of audit assessments, we hereby draw your attention to the key audit matters relating to the risk of material misstatements which, in our professional judgement, have been the most significant for the audit of the consolidated financial statements and to our responses with regard to these risks.

These assessments were made as part of our audit of the consolidated financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed herein. We express no opinion on individual items comprising these consolidated financial statements taken in isolation.

<table>
<tr><th>Key audit matter</th><th>Audit response</th></tr>
<tr><td colspan="2">Subsequent valuation of goodwill, intangible assets, property, plant & equipment and right-of-use assets at respective net values of €47 million, €6 million, €78 million and €15 million

(Paragraphs 6, 7, 8 and 9 of the section entitled “Accounting policies, valuation methods and IFRS options adopted” and Notes 1 - Goodwill, 2 - Intangible assets, 3 - Property, plant and equipment and 4 - Right-of-use assets and IFRS 16 impact)</td></tr>
<tr><td>As at 31 December 2020, goodwill, intangible assets, property, plant & equipment and right-of-use assets are stated on the balance sheet at a total amount of €146 million and represent 28% of consolidated net assets.
These assets are tested for impairment whenever there is an indication of impairment and, in the case of goodwill and indefinite life intangible assets, at least once a year. For the purposes of impairment testing, these assets are allocated to cash-generating unit (CGUs) which correspond to the subsidiaries of GROUPE SFPI.
An impairment loss is recorded where the recoverable amount of these assets is less than the carrying amount. Recoverable amount equals the higher of fair value less costs to sell and value in use. Value in use is measured using the discounted cash flow (DCF) method.
The calculation of the recoverable amount depends on judgements made by management, particularly with regard to cash flow forecasts and the discount rate applied to them.
Accordingly and in view of their materiality in the consolidated financial statements, we consider the measurement of goodwill, intangible assets, property, plant & equipment and right-of-use assets to be a key audit matter.</td><td>We have obtained the results of impairment testing conducted by the Group and have reviewed the procedure whereby these tests are conducted.

We have verified the compliance of the methods applied by the Group and the model used to value each CGU with applicable accounting standards, with the help of our financial valuation experts.
Our work focused on:
• assessing the process of drawing up budget forecasts and procuring their approval by Group management;
• checking the completeness and due allocation of the elements comprising the carrying amount of the assets to be tested to each CGU;
• reconciling future cash flows with management estimates as part of the 2021 financial year budget process;
• assessing the calculation of the probability coefficient applied to future cash flows by reconciling the data used with actual performance and budget forecasts;
• comparing discount rates applied with external sources and our own databases, with the help of our financial valuation experts;
• measuring the sensitivity of impairment test results.</td></tr>
</table>

Key audit matter	Audit response
Valuation of retirement benefits and long-service awards at €65 million ***(Paragraph 16 "Retirement benefits and long-service awards" of the section entitled "Accounting policies, valuation methods and IFRS options adopted" and Note 11 - Non-current provisions)***	
As at 31 December 2020, retirement benefits and long-service awards, which are recognised under non-current provisions, are stated on the balance sheet at a value of €65 million compared to a balance sheet total of €527 million. Retirement benefits and long-service awards are measured using the projected unit credit method. Group management enlists the services of an independent actuary to measure the obligations of the German subsidiary Dom GmbH. Meanwhile, the value of other subsidiaries' obligations is measured by the Group. The procedures for carrying out these measurements therefore largely involve estimates and assumptions focusing on: • wage growth projections excluding inflation; • the long-term inflation rate; • life expectancy and the probability of employees' presence at the subsidiary upon retirement and at the date on which termination benefits and pensions are paid; • the discount rate applied. A change in these assumptions would be liable to have a material impact on the value of recognised liabilities as well as on the Group's consolidated earnings and shareholders' equity. Given the materiality of retirement benefits and long-service awards in the consolidated financial statements, the judgements and assumptions required to estimate their amounts and the corresponding sensitivity, we consider the valuation of retirement benefits and long-service awards to be a key audit matter.	We have ascertained the process whereby the Group measures retirement benefits and long-service awards and defines actuarial and demographic assumptions. We have also analysed the compliance of the methods used with applicable accounting standards, assessed the competency and independence of the independent actuary enlisted to estimate the value of Dom GmbH pensions and assessed the work performed by this person. Furthermore, we carried out sample testing to assess the completeness and validity of the individual databases used for the purposes of these valuations. Drawing on the expertise of our actuarial specialists, we: • assessed the consistency between the discount rates applied and the corresponding periods as estimated for each subsidiary with regard to the calendar of payments, as well as the reasonableness of these rates in view of market conditions; • compared the inflation rate and mortality table applied with market benchmark indices; • assessed the consistency between (i) the assumptions regarding wage growth and probability of presence and (ii) specific conditions applicable to each subsidiary and national benchmarks; • analysed the compliance of entitlement calculations with the stipulations of the applicable collective bargaining agreements; • carried out sample testing on the accuracy of the Group's calculations. Lastly, we verified management's analyses of sensitivity to changes in the main assumptions applied.

Specific testing

In accordance with the professional standards applicable in France, we also performed the specific testing required by statutory and regulatory provisions regarding information on the Group contained in the Board of Directors' management report.

We have no matters to report regarding the fair presentation of said information and its consistency with the consolidated financial statements.

We certify that the consolidated statement of non-financial performance required under Article L. 225-102-1 of the French Commercial Code is included in the management report, on the understanding that, in accordance with Article L. 823-10 of the same code, we have not verified the fair presentation of the information set out in this statement or its consistency with the consolidated financial statements, which must be covered by a report issued by an independent third-party body.

Other verifications and disclosures required by statutory and regulatory provisions

Presentation format of the consolidated financial statements to be included in the annual financial report

In accordance with Article 222-3 (III) of the AMF General Regulation, your Company's management has notified us of its decision to postpone application of the single electronic reporting format as defined by Delegated European Regulation No. 2019/815 of December 17, 2018 to financial years beginning on or after 1 January 2021. This report therefore presents no findings regarding compliance with this format in the presentation of the consolidated financial statements to be included in the annual financial report referred to in Article L. 451-1-2 (I) of the French Monetary and Financial Code.

Appointment of statutory auditors

We, KPMG SA and Deloitte & Associes, were appointed statutory auditors of GROUPE SFPI by your General Meeting on 18 June 2015.

As at 31 December 2020, KPMG SA and Deloitte & Associes were in the sixth consecutive year of their engagement.

Responsibilities of management and persons involved in corporate governance with regard to the consolidated financial statements

It is management's responsibility to prepare consolidated financial statements that present a true and fair view, in accordance with IFRS as adopted in the European Union, and to implement the internal control system it deems necessary to ensure the preparation of consolidated financial statements that are free of material misstatements, whether the result of fraud or error.

In preparing the consolidated financial statements, management is required to assess the Company's ability to continue its operations, to present, in these statements, where applicable, the requisite information with regard to continuity of business and to apply the going concern principle, unless there is the intention to liquidate the Company or discontinue its operations.

It is the responsibility of the Audit Committee to monitor the process for the preparation of financial information and the effectiveness of internal control and risk management systems, and, where applicable, of the internal audit system, as regards the procedures relating to the preparation and processing of accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

Statutory auditors' responsibilities regarding the audit of the consolidated financial statements

Audit objective and approach

It is our responsibility to prepare a report on the consolidated financial statements. Our goal is to obtain reasonable assurance that these consolidated financial statements, taken as a whole, are free of material misstatements. Reasonable assurance corresponds to a high level of assurance, without, however, the guarantee that an audit performed in accordance with professional standards enables systematic detection of all material misstatements. Misstatements may result from fraud or error and are deemed material when they may reasonably be expected, when taken either individually or together, to influence economic decisions taken by users of the financial statements on the basis thereof.

As specified in Article L. 823-10-1 of the French Commercial Code, our engagement to certify the financial statements does not consist in guaranteeing the viability or quality of your Company's management.

Within the scope of an audit performed in accordance with professional standards applicable in France, the statutory auditor exercises his or her professional judgement throughout the duration of this audit. In addition:

the auditor identifies and assesses the risks that the consolidated financial statements contain material misstatements, whether resulting from fraud or error, defines and implements audit procedures to address these risks, and gathers the elements the auditor deems necessary and appropriate upon which to base the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is more serious than the risk of not detecting a material misstatement resulting from error, since fraud may involve collusion, falsification, deliberate omission, false representations or the circumvention of internal control;

- the auditor examines the aspects of the internal control system that are relevant to the audit, in order to define the audit procedures appropriate in the circumstances but not for the purpose of expressing an opinion on the efficacy of the internal control system;
- the auditor assesses the appropriateness of the accounting methods adopted and the reasonableness of the accounting estimates made by management, as well as the related information provided in the consolidated financial statements;

- the auditor assesses the appropriateness of management's application of the going concern principle and, according to the information gathered, the existence or absence of material uncertainty regarding events or circumstances liable to jeopardise the company's ability to continue its operations. This assessment is based on information gathered up until the date of the auditor's report, provided, however, that any subsequent circumstances or events could jeopardise business continuity. If the auditor finds that material uncertainty exists, the auditor draws the attention of the readers of the auditor's report to the information provided in the consolidated financial statements regarding this uncertainty or, if such information is not provided or is irrelevant, issues certification with reservations or refuses to certify;
- the auditor assesses the presentation of the consolidated financial statements, taken as a whole, and assesses whether they reflect the underlying transactions and events in such a way as to give a true and fair view thereof;
- concerning financial information regarding the businesses or entities included in the consolidation scope, the auditor gathers the information the auditor deems sufficient and appropriate in order to express an opinion on the consolidated financial statements. The auditor is responsible for the management, supervision and performance of the audit of the consolidated financial statements as well as the opinion expressed on said financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee defining the scope of the audit work and the audit programme implemented, as well as the findings based on our work. We also draw the Committee's attention to any material internal control deficiencies we have identified, as regards procedures relating to the preparation and processing of accounting and financial information.

The report submitted to the Audit Committee also contains information on the risks of material misstatements that we deemed to have been the most significant for the audit of the consolidated financial statements and which therefore constitute key audit matters, which we are required to set out herein.

We also submit to the Audit Committee the declaration set out in Article 6 of Regulation (EU) No. 537-2014 confirming our independence, within the meaning of the rules applicable in France as defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and the French Code of Ethics for statutory auditors. If necessary, we discuss with the Audit Committee the risks to our independence and the safeguards applied.

Paris-La-Défense, 30 April 2021

The Statutory Auditors

Deloitte & Associes Antoine Labarre	KPMG SA Nahid Sheikhalishahi

On the share capital reduction

DELOITTE & ASSOCIES
Tour Majunga
6 place de la Pyramide
92908 Paris-La Défense Cedex

S.A.S with share capital of €2,188,160

572 028 041 Nanterre Trade & Companies Register

Statutory auditors registered with the Versailles and Centre Institute of Statutory Auditors

KPMG SA
Tour Eqho
2 avenue Gambetta - CS60055
92066 Paris-La Défense Cedex

SA with share capital of €5,497,100

775 726 417 Nanterre Trade & Companies Register

Statutory auditors registered with the Versailles and Centre Institute of Statutory Auditors

To the General Meeting of GROUPE SFPI,

In our capacity as statutory auditors of your Company and in execution of the engagement provided for in Article L. 22-10-62 of the French Commercial Code in the event of a capital reduction by cancellation of shares purchased, we have drawn up this report in order to provide you with our assessment of the causes and conditions of the planned capital reduction.

Your Board of Directors proposes that you grant it full powers, for a 24-month term beginning on the day of this General Meeting, to cancel shares purchased pursuant to the authorisation for your Company to buy back its own shares in accordance with the aforementioned article, subject to a limit of 10% of the share capital per 24-month period.

We carried out the work we considered necessary pursuant to professional standards of the French National Auditors Association relating to this engagement. This work involved reviewing the validity of the causes and conditions of the planned capital reduction, which is not liable to compromise shareholder equality.

We have no matters to report regarding the causes and conditions of the planned capital reduction.

Paris-La-Défense, 20 May 2021

The Statutory Auditors

Deloitte & Associes
Antoine Labarre

KPMG S.A.
Nahid Sheikhalishahi

INDEPENDENT THIRD-PARTY BODY REPORT ON THE STATEMENT OF NON-FINANCIAL PERFORMANCE

Financial year ended 31 December 2020

To the Shareholders,

In our capacity as an independent third-party body authorised by COFRAC under number 3-1055 (the scope of this authorisation may be consulted on www.cofrac.fr), we hereby submit to you our report on the statement of non-financial performance for the year ended 31 December 2020 (the "Statement"), as presented in the management report in accordance with the statutory and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

The Company's responsibility

It is the responsibility of the Board of Directors to prepare a Statement in accordance with statutory and regulatory provisions, including presentation of the business model, a description of the principal non-financial risks, presentation of the policies applied in respect of these risks and the effects of these policies, including key performance indicators.

The Statement has been drawn up by applying the entity's internal procedures.

Independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code. In addition, we have introduced a quality control system including documented policies and procedures designed to ensure compliance with applicable statutory and regulatory provisions.

Responsibility of the independent third-party body

It is our responsibility, on the basis of our work, to establish a substantiated opinion expressing a conclusion regarding:

- the compliance of the Statement with the provisions of Article R. 225-105 of the French Commercial Code;
- the fair presentation of the information provided in application of Article R. 225-105 I (3) and II of the French Commercial Code, namely the results of the policies, including key performance indicators, and the measures taken in response to the main risks (the "Information").

It is not our responsibility, however, to issue an opinion on the entity's compliance with other applicable statutory and regulatory provisions, including those regarding the vigilance plan and the prevention of corruption and tax evasion, or on whether products and services comply with applicable regulations.

Nature and scope of the work

Our diligences as set out below were conducted in accordance with the provisions of Articles A. 225-1 et seq. of the French Commercial Code:

- We familiarised ourselves with the activity of all the companies included in the consolidation scope and the explanation of the main risks;
- We verified that the Statement covers each category of information referred to in Article L. 225-102-1 (III) of the French Commercial Code in terms of social and environmental responsibility as well as human rights and the prevention of corruption and tax evasion;
- We verified that the Statement presents the information provided for in Article R. 225-105 (II) of the French Commercial Code, where relevant with regard to the main risks, and, where applicable, that it includes an explanation of the reasons for the omission of information required under the second paragraph of Article L. 225-102-1 (III);

- We verified that the Statement presents the business model and a description of the main risks related to the activity of all the companies included in the consolidation scope, including, where relevant and proportionate, the risks generated by its business relations, products or services, as well as the policies, measures and effects, including key performance indicators related to the main risks;
- We consulted documentary sources and held interviews to:
  - assess the process of selecting and approving the main risks and the consistency of key performance indicators with regard to the main risks and policies presented;
  - corroborate the qualitative information (measures and results) that we deemed most significant[1]. In the case of certain risks (governance, markets and consumers, ethics and compliance), our work was carried out on the consolidating entity. For other risks (human resources, environment), work was carried out on the consolidating entity and a selection of entities[1];
- We verified that the Statement covers the consolidation scope, i.e. all the companies included in the scope of consolidation pursuant to Article L. 233-16 of the French Commercial Code subject to the limits set out in the Statement;
- We reviewed the internal control and risk management procedures applied by the entity and we assessed the Information collection process with regard to its completeness and fair presentation;
- We implemented the following procedures in respect of key performance indicators and a selection of the other quantitative results that we deemed most significant:
  - analytical procedures to verify the due consolidation of the data collected and the consistency of comparative data;
  - sample tests to verify the due application of definitions and procedures and reconcile the data contained in the supporting documentation. This work was carried out on a selection of contributing entities and covers between 28% and 100% of the data selected for these tests;
- We assessed the consistency of the Statement as a whole in light of our knowledge of all of the companies included in the consolidation scope.

Means and resources

Our review was conducted by three people over a total period of 21 weeks between November 2020 and April 2021. We held around twenty interviews with the persons responsible for preparing the Statement, most of them representatives of senior management and the administration and finance, risk management, compliance, human resources, health and safety, environmental and purchasing departments.

[1] DENY SECURITY, DELTA NEU, PICARD SERRURES, CIPRIANI, FRANCIAFLEX, FRANCE FERMETURES

Conclusion

Based on our work, we identified no material misstatements liable to call into question the fact that the statement of non-financial performance complies with the applicable regulatory provisions and that the Information, taken as a whole, is fairly presented.

Comments

Without prejudice to the foregoing conclusion and in accordance with Article A. 225-3 of the French Commercial Code, we hereby issue the following comments:

- We draw the reader's attention to the scope set out in paragraph entitled "Note on methodology".
- We also draw the reader's attention to the information provided throughout the Statement regarding policies and key performance indicators, particularly with regard to risks related to markets and consumers whose performance indicators have yet to be produced.

We noted the continuous improvement of Sfpi Group's CSR practices.

Toulouse, 27 April 2021

THE INDEPENDENT THIRD-PARTY BODY

SAS CABINET DE SAINT FRONT

Pauline de Saint Front

Chairman

COMBINED ORDINARY AND EXTRAORDINARY GENERAL MEETING OF 18 JUNE 2021

Draft resolutions

RESOLUTIONS TO BE SUBMITTED TO THE ORDINARY GENERAL MEETING

First resolution

Approval of the full-year company financial statements

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, having reviewed the Board of Directors' management and business report and the statutory auditors' report on the parent company financial statements for the year ended 31 December 2020, hereby approves said financial statements as presented to it, showing a net loss of €681,128, as well as the transactions recorded in said financial statements or summarised in said reports.

The General Meeting duly notes that the financial statements for the year ended do not take into account expenses not deductible from taxable earnings with regard to Article 39-4 of the French General Tax Code.

Second resolution

Appropriation of earnings for the financial year

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, hereby approves the proposed appropriation of earnings that was presented to it by the Board of Directors.

As a result, the loss for the year amounting to €681,128 is appropriated as follows:

Source:

- Net loss for the year: (€681,128).

Appropriation:

The €681,128 net loss for the year is allocated to retained earnings, for which the balance is reduced from €353,564 to (€327,564).

The General Meeting duly notes that the dividend paid out in respect of the past three financial years was as follows:

Year	Dividend distributed	Dividend per share
2017	€5,398,191.72	€0.06
2018	€4,965,895.10	€0.05
2019	None	

Third resolution

Clearance of retained earnings account

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, hereby resolves to clear the retained earnings account, which shows a negative balance of €327,564 after appropriation of earnings for the year, by deducting this amount from 'Other reserves'.

Following this operation, the balance of the retained earnings account will be reduced to zero, while the 'Other reserves' account will be reduced from €51,302,577 to €50,975,013.

Fourth resolution

Dividend distribution

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, hereby resolves to distribute a dividend of €5,959,074.12 corresponding to €0.06 per share. This amount shall be deducted from 'Other reserves', the balance of which following clearance of the retained earnings account will be reduced from €50,975,013 to €45,015,938.88.

The General Meeting duly notes that, since 1 January 2018, dividends received by an individual taxpayer have been automatically subject to a single 30% flat-rate withholding tax (*prélèvement forfaitaire unique* or PFU) comprising 12.80% income tax and 17.20% social security contributions. However, taxpayers may expressly request that their dividends be taxed according to the income tax sliding scale.
The cash dividend will be paid on 24 June 2021.

If the Company holds treasury shares at the time the dividend is paid, the distributable profit corresponding to the unpaid dividends attached to such shares shall be allocated to the retained earnings account.

Fifth resolution
Approval of agreements and commitments within the meaning of Articles L. 225-38 et seq. of the French Commercial Code, authorised during past years, which continued to operate during the year ended

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, having heard the statutory auditors' special report on agreements and commitments governed by Articles L. 225-38 et seq. of the French Commercial Code which continued to operate during the year ended, hereby approves the findings of said report and the agreements and commitments referred to therein.

The shareholders concerned are not entitled to vote for this resolution and their shares will be excluded from calculation of quorum and majority.

Sixth resolution
Approval of agreements and commitments within the meaning of Article L. 225-38 et seq. of the French Commercial Code entered into during the year ended

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, having heard the statutory auditors' special report on agreements governed by Articles L. 225-38 et seq. of the French Commercial Code, hereby approves the findings of said report witnessing the absence of agreements and commitments entered into during the year ended.

The shareholders concerned are not entitled to vote for this resolution and their shares will be excluded from calculation of quorum and majority.

Seventh resolution
Approval of the full-year consolidated financial statements

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, having heard the Board of Directors' management and business report and the statutory auditors' report on the consolidated financial statements for the financial year ended 31 December 2020, hereby approves the consolidated financial statements for the financial year ended 31 December 2020 as presented, showing net income of consolidated companies of €17,733,000, as well as the transactions recorded in the said financial statements or summarised in the management and business report.
Net income Group share after minority interests amounted to €17,622,000.

Eighth resolution
Approval of the information referred to Article L. 22-10-9 (I) of the French Commercial Code

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, and pursuant to Article L. 22-10-34 (I) of the French Commercial Code, hereby approves the information referred to in Article L. 22-10-9 (I) of the French Commercial Code as provided in paragraph (4) of the corporate governance report presented in the Board of Directors' management and business report.

Ninth resolution
Determination of total amount of annual remuneration to be allocated to the members of the Board of Directors

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, at the recommendation of the Board of Directors, hereby resolves to set the total amount of annual remuneration to be distributed among the directors in consideration for the performance of their duties during the 2020 financial year at €40,000.00.

The General Meeting hereby grants the Board of Directors full powers to set the conditions for distributing said remuneration among the directors.

Tenth resolution

Approval of fixed, variable and exceptional items comprising the total remuneration and benefits of all kind paid or awarded to the Company's Chairman and Chief Executive Officer for the financial year ended 31 December 2020

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Ordinary General Meetings and in accordance with the provisions of Article L. 22-10-34 of the French Commercial Code, having reviewed the corporate governance report, hereby approves the fixed items comprising the total remuneration and benefits of all kind paid or awarded to Henri Morel, Chairman and Chief Executive Officer of the Company, for the financial year ended 31 December 2020, as described in the corporate governance report (section 4.3).

Eleventh resolution

Approval of fixed, variable and exceptional items comprising the total remuneration and benefits of all kind paid or awarded to the Company's Deputy Managing Director for the financial year ended 31 December 2020

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Ordinary General Meetings and in accordance with the provisions of Article L. 22-10-34 of the French Commercial Code, having reviewed the corporate governance report, hereby approves the fixed and variable items comprising the total remuneration and benefits of all kind paid or awarded to Damien Chauveinc, Deputy Managing Director of the Company, for the financial year ended 31 December 2020, as described in the corporate governance report (section 4.3).

Twelfth resolution

Reappointment of Henri Morel as director

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Ordinary General Meetings and noting that Henri Morel's term of office as director expires at the end of this meeting, hereby resolves to renew said appointment for a further term of three (3) years until the close of the General Meeting called in 2024 to approve the financial statements for the 2023 financial year.

Thirteenth resolution

Reappointment of Hervé Houdart as director

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Ordinary General Meetings and noting that Hervé Houdart's term of office as director expires at the end of this meeting, hereby resolves to renew said appointment for a further term of three (3) years until the close of the General Meeting called in 2024 to approve the financial statements for the 2023 financial year.

Fourteenth resolution

Reappointment of Valentine Laude as director

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Ordinary General Meetings and noting that Valentine Laude's term of office as director expires at the end of this meeting, hereby resolves to renew said appointment for a further term of three (3) years until the close of the General Meeting called in 2024 to approve the financial statements for the 2023 financial year.

Fifteenth resolution

Reappointment of Marie-Cécile Matar as director

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Ordinary General Meetings and noting that Marie-Cécile Matar's term of office as director expires at the end of this meeting, hereby resolves to renew said appointment for a further term of three (3) years until the close of the General Meeting called in 2024 to approve the financial statements for the 2023 financial year.

Sixteenth resolution

Reappointment of SPRING MANAGEMENT SAS as director

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Ordinary General Meetings and noting that SPRING MANAGEMENT SAS's term of office as director expires at the end of this meeting, hereby resolves to renew said appointment for a further term of three (3) years until the close of the General Meeting called in 2024 to approve the financial statements for the 2023 financial year.

Seventeenth resolution

Reappointment of CRÉDIT MUTUEL EQUITY SCR as director

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Ordinary General Meetings and noting that CRÉDIT MUTUEL EQUITY SCR's term of office as director expires at the end of this meeting, hereby resolves to renew said appointment for a further term of three (3) years until the close of the General Meeting called in 2024 to approve the financial statements for the 2023 financial year.

Eighteenth resolution

Reappointment of Deloitte et Associes as regular statutory auditor

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Ordinary General Meetings and noting that Deloitte et Associes' term of office as regular statutory auditor is due to expire at the end of this meeting, hereby resolves, having heard the Board of Directors' management and business report, not to renew said term of office and to appoint Grant Thornton, a French simplified joint-stock company with share capital of €2,297,184, whose registered office is located at 29 rue du Pont, Neuilly-sur-Seine (92200), registered in the Nanterre Trade and Companies Register under number 632 013 843, as replacement for a term of six (6) financial years ending at the close of the General Meeting called in 2027 to approve the financial statements for the 2026 financial year.

Nineteenth resolution

Reappointment of KPMG SA as regular statutory auditor

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Ordinary General Meetings and noting that KPMG SA's term of office as regular statutory auditor is due to expire at the end of this meeting, hereby resolves, having heard the Board of Directors' management and business report, not to renew said term of office and to appoint Ernst & Young Audit, a French simplified joint-stock company with variable capital of €1,200,000, whose registered office is located at Paris La Défense 1, 1-2 place des Saisons, Courbevoie (92400), registered in the Nanterre Trade and Companies Register under number 344 366 315, as replacement for a term of six (6) financial years ending at the close of the General Meeting called in 2027 to approve the financial statements for the 2026 financial year.

Twentieth resolution

Reappointment of BEAS as alternate statutory auditor

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Ordinary General Meetings and noting that BEAS's term of office as alternate statutory auditor is due to expire at the end of this meeting, hereby resolves, having heard the Board of Directors' management and business report, not to renew said term of office and to appoint Institut de Gestion et d'Expertise Comptable (IGEC), a French simplified joint-stock company with share capital of €46,000, whose registered office is located at 22 rue Garnier, Neuilly-sur-Seine (92200), registered in the Nanterre Trade and Companies Register under number 662 000 512, as replacement for a term of six (6) financial years ending at the close of the General Meeting called in 2027 to approve the financial statements for the 2026 financial year.

Twenty-first resolution

Reappointment of Salustro Reydel as alternate statutory auditor

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Ordinary General Meetings and noting that Salustro Reydel's term of office as alternate statutory auditor is due to expire at the end of this meeting, hereby resolves, having heard the Board of Directors' management and business report, not to renew said term of office and to appoint Auditex, a French simplified joint-stock company with share capital of €2,328,672, whose registered office is located at Paris La Défense 1, 1-2 place des Saisons, Courbevoie (92400), registered in the Nanterre Trade and Companies Register under number 377 652 938, as replacement for a term of six (6) financial years ending at the close of the General Meeting called in 2027 to approve the financial statements for the 2026 financial year.

Twenty-second resolution

Reappointment of BNP Paribas Developpement as Board adviser (*censeur*)

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Ordinary General Meetings and noting that BNP Paribas Developpement's term of office as Board adviser expires at the end of this meeting, hereby resolves to renew said appointment for a further term of three (3) years ending at the close of the General Meeting called in 2024 to approve the financial statements for the 2023 financial year.

Twenty-third resolution

(Authorisation to be granted to the Board of Directors to carry out transactions in the Company's shares)

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, having reviewed the Board of Directors' report, hereby authorises the Board of Directors, with the option of further delegation, in accordance with the provisions of Article L. 22-10-62 of the French Commercial Code, Articles L. 241-2 et seq. of the General Regulation of the French Financial Markets Authority (**AMF**) and European Parliament Regulation no. 596/2014 of 16 April 2014 on market abuse, to purchase or arrange the purchase of Company shares for the purpose of:

(i.) ensuring the Company share's market liquidity by means of an investment services provider acting independently pursuant to a liquidity contract in accordance with the AMAFI code of ethics and best market practices as recognised by the French Financial Markets Authority (AMF); or

(ii.) holding the shares for subsequent tendering as consideration or in exchange in respect of a potential acquisition, in accordance with market practices authorised by the French Financial Markets Authority (AMF); or

(iii.) allocating or selling the shares to employees and/or executive officers of the Company and/or related companies or companies that will be related under the terms and conditions provided for by law, in particular via allocation of stock options or under an employee profit-sharing scheme; or

(iv.) allocating bonus shares to employees and/or executive officers of the Company and/or related companies or companies that will be related to it in the future in accordance with the provisions of Article L. 22-10-59 of the French Commercial Code, on the understanding that the shares may be assigned to an employee savings scheme pursuant to the provisions of Article L. 3332-14 of the French Employment Code; or

(v.) cancelling the shares purchased via a capital reduction, in particular in order to increase earnings per share or improve return on equity; or

(vi.) implementing all current and future market practices recognised by the AMF and, more generally, for any other purpose authorised by applicable legal and regulatory provisions.

This programme is also designed to allow the Company to carry out transactions in Company shares for all other current or future purposes authorised by law and regulations in effect.

The Company may purchase treasury shares subject to the following limits:

- the number of shares purchased by the Company during the term of the buyback programme may not exceed 10% of the shares comprising the Company's share capital, at any time, this percentage applying to the share capital as adjusted for any transactions impacting it after this General Meeting; in accordance with the provisions of Article L. 22-10-62 of the French Commercial Code, when the shares are repurchased to promote share liquidity under the conditions defined by the regulations in force, the number of shares taken into account for the calculation of the 10% cap corresponds to the number of shares purchased less the number of shares sold during the term of the authorisation; and
- the number of shares held by the Company at any given time may not exceed 10% of the Company's total share capital.

The purchase, sale, transfer, tendering or exchange of these shares may be carried out on one or more occasions and by any means whatsoever that are authorised by current or future regulations in force. Such means include over-the-counter transactions, block trading, repurchase agreements and the use of any derivative financial instrument, traded on a regulated market or over-the-counter and the implementation of option strategies (purchase and sale of put and call options and any combination thereof in compliance with applicable regulations). The portion of the buyback programme that may be implemented via block trades is equivalent to the entire share repurchase programme.

These transactions may be carried out at such times as the Board of Directors shall determine; however, during a public tender offer, the shares may only be repurchased if such buybacks:

- allow the Company to comply with commitments it has undertaken prior to the opening of the offer period;
- are carried out in continuation of a buyback programme already underway;
- fall under the objectives listed above under points (i) to (v); and
- are not liable to thwart the public tender offer.

The Board of Directors may also reallocate previously repurchased shares (including under a previous authorisation) to another objective, in compliance with applicable statutory and regulatory provisions, or sell them on or off the market.

The General Meeting hereby sets the maximum purchase price per share at €5.00 excluding acquisition costs.

The General Meeting grants the Board of Directors, with the option of further delegation in compliance with applicable statutory provisions, in the event of transactions in the Company's share capital, including in the event of a change in the share par value, a capital increase by capitalisation of reserves, an allocation of bonus shares, a share split or reverse share split, the power to adjust the aforementioned maximum purchase price in order to take into account the impact of these transactions on the value of the share.

The General Meeting grants the Board of Directors full powers, with the option of further delegation in accordance with applicable statutory provisions, to decide upon and exercise this authorisation, to set the terms and conditions thereof, where necessary, with the option of further delegating the execution of the buyback programme in accordance with applicable statutory provisions, and in particular to place all trading orders and enter into all agreements for the purpose of keeping registers of share purchases and sales, to make all declarations, in particular to the AMF and any other authority substituted in its place, to complete all formalities and, in general, to do whatever is necessary.

This authorisation is granted for a term of eighteen (18) months from the date of this General Meeting, i.e. until 18 December 2022, and, from the time the Board of Directors decides to exercise it, shall cancel the unused part of the authorisation granted to the Board of Directors to carry out transactions in Company shares by the General Meeting of 16 June 2020 under its ninth resolution.

RESOLUTIONS TO BE SUBMITTED TO THE EXTRAORDINARY GENERAL MEETING

Twenty-fourth resolution

Authorisation to be granted to the Board of Directors to reduce the share capital through cancellation of treasury shares within the limit of 10% of the Company's share capital

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Extraordinary General Meetings, having reviewed the Board of Directors' report and the statutory auditors' special report:

- hereby authorises the Board of Directors to cancel, at its sole discretion, on one or more occasions, within the limit of 10% of the share capital as calculated at the date of the decision to cancel, less any shares cancelled during the previous twenty-four (24) months, shares that the Company holds or subsequently purchases as a result of buybacks carried out pursuant to Article L. 22-10-62 of the French Commercial Code, as well as to reduce the share capital in accordance with applicable statutory and regulatory provisions;
- hereby sets the term of this authorisation to perform the transactions required for such cancellations and corresponding capital reductions, amend the Company's articles of association accordingly and complete all required formalities at twenty-four (24) months from the date of this General Meeting;
- hereby resolves that the difference between the buyback value of the cancelled shares and the par value shall be appropriated to "Additional paid-in capital" or any available reserve account, including the legal reserve, subject to a cap of 10% of the share capital reduction carried out;
- hereby grants the Board of Directors, with the option of further delegation within the limits set by law and the articles of association, full powers to perform the transactions required for such cancellations and corresponding capital reductions, amend the Company's articles of association accordingly and complete all required formalities.

Twenty-fifth resolution

Powers for formalities

The General Meeting hereby grants full powers to the bearer of an original, copy or certified true extract of the minutes of this meeting to complete all statutory and administrative formalities and carry out all filings and publications required by applicable legislation.

LET'S CREATE SHARED VALUE.

Safety for people & industry