2022 Annual Report

Sfpi Group - Spring 2023

Safety for people & industry

2022 Annual Report

Contents

Generate sustainable growth.

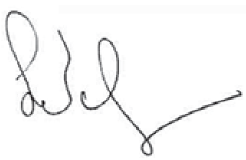
Against a backdrop of sweeping changes, Sfpi Group pursued rapid growth momentum in 2022, driven by its markets for the protection of property, people and the environment.

Our culture of financial strength solidifies the Group and has paved the way for innovation through significant investments in new production facilities. Through building protection and insulation and energy renovation, we embrace the global trend by investing in sustainable, more efficient production methods.

Bolstered by organic growth stimulated and guided by customer satisfaction, the Group also returned to external growth in 2022 by entering new international markets. I would like to welcome WO&WO and Tapkey, who are helping to diversify our product range and European development strategy.

Finally, in order to prepare for the future with serenity and confidence, we must ensure that our transformation plan is firmly entrenched. Called "Time to go Forward", the plan is enforced daily across our subsidiaries by our 150 ambassadors. Through its managerial, commercial, financial and environmental dimensions, the plan reflects the commitment and ingenuity of all our employees. I once again express my gratitude and affirm my trust in them. Our success lies in our innovations and perseverance!

Henri Morel
Chairman and Chief Executive Officer

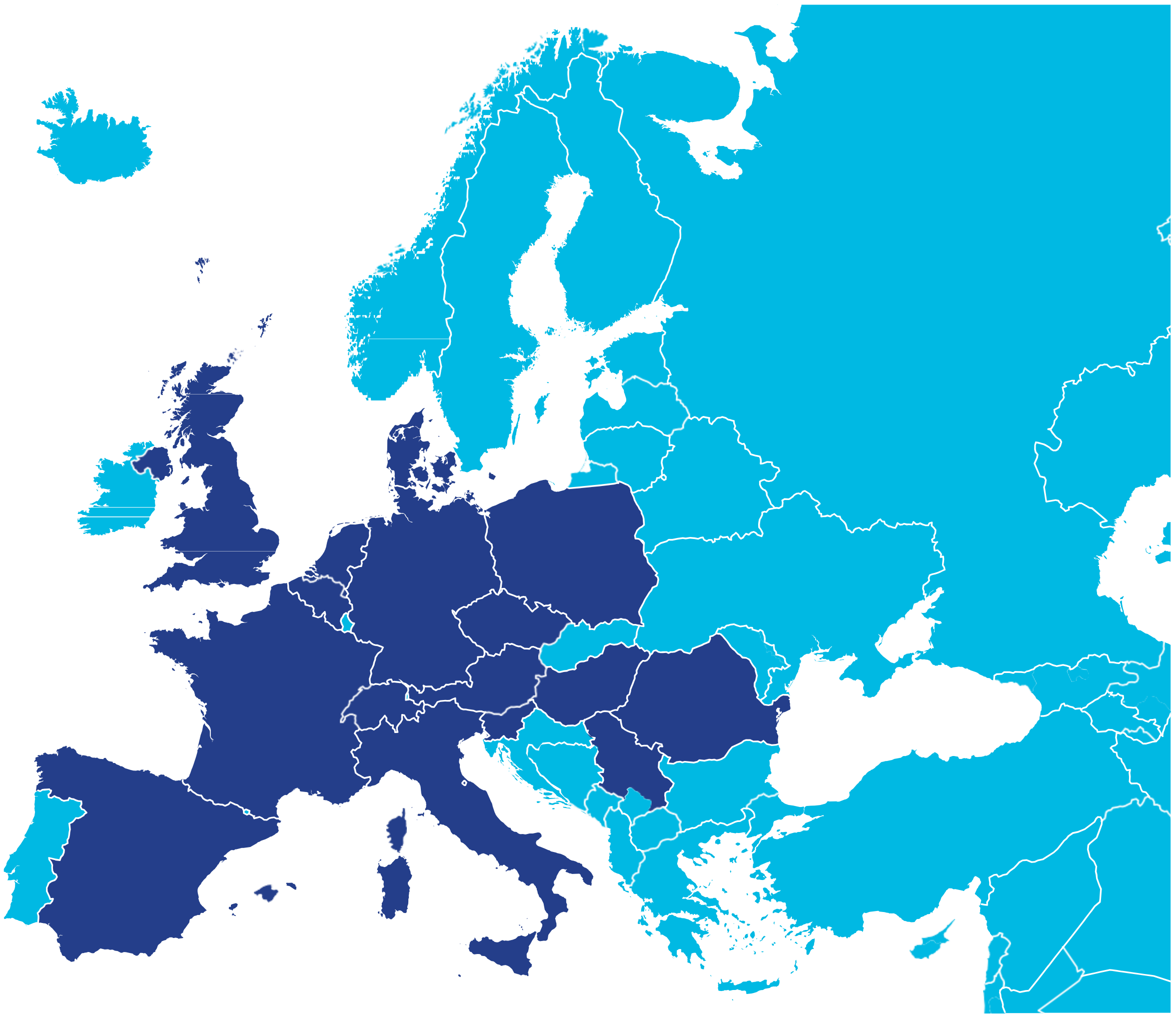


Independent, industrial, international

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 2022, GROUPE SFPI generated €629 million in revenues in the safety industry.
42% of these revenues were generated outside France.

GROUPE SFPI has 4,164 employees, 45% of whom are based outside France.



European presence

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. In 2022, Sfpi Group acquired WO&WO, an Austrian group specialising in solar protection. The MAC companies generate around €232 million in revenues and employ around 1,534 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 1,647 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 solutions that allow their industry customers to fulfil strict health standard requirements while controlling their energy consumption. The companies of the MMD division employ around 282 people and generate annual revenues of €60 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

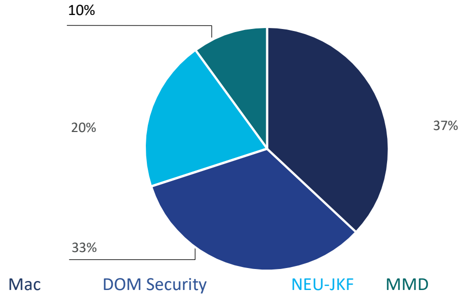
In 2017, the historical NEU division acquired the Danish company JKF and became the NEU-JKF division dedicated to improving air quality in industrial settings. The division's companies design, produce and market systems for dust extraction, air filtration and conditioning, pneumatic conveying and industrial 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.

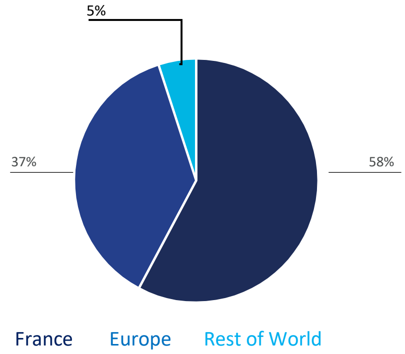
The systems and products distributed by the division meet the strictest regulatory standards and requirements and contribute to protecting the environment, industrial equipment and employee health. They help to improve productivity and performance in industrial facilities.

2022 key figures

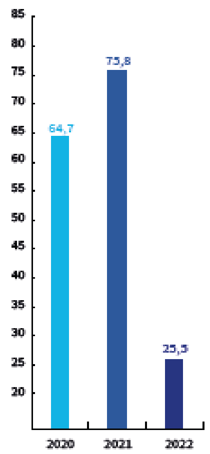
2022 revenues breakdown by division



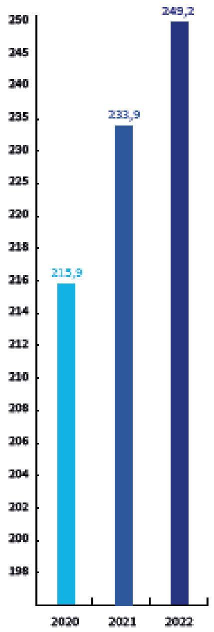
2022 revenues breakdown by region



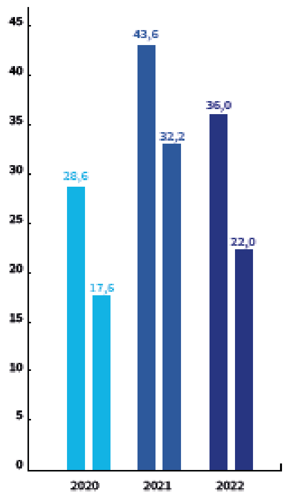
Net cash position
€m



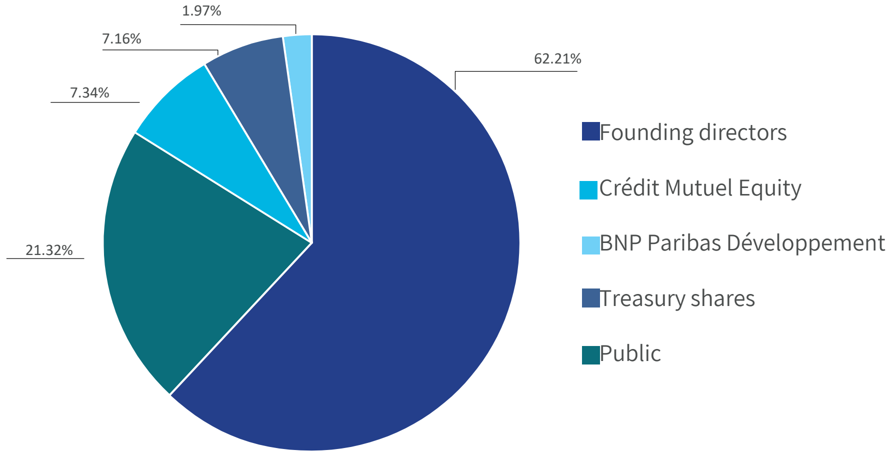
Shareholders' equity
€m



Recurring operating income and net income Group share
€m



Capital structure - December 2022



Data per share

In euros	2020	2021	2022
Net earnings per share Group share	€0.18	€0.34	€0.24
Net dividend	€0.06	€0.08	€0.05
Number of shares (excl. treasury shares)	at 31/12/2020 **96,279,239**	at 31/12/2021 **92,739,430**	at 31/12/2022 **92,205,431**

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

Price at 31/12/2022: €2.22

Market capitalisation:
31/12/2022: €220 million

Share price movements

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**


DOM
DOM


DOM

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 2022, 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 2022

The financial statements for the year ended 31 December 2022 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 net income of €7,533,788 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 €336,000 compared to a €247,000 loss the previous year.

Net financial income came to €6,234,000, down from €12,558,000 the previous year. This drop is due to (i) the decrease in the dividend distributed in 2022 and (ii) the provision related to the impairment of treasury shares.

Net non-recurring income amounted to €222,000 compared to €1,457,000 the previous year.

The main income and expense accounts for the year ended yielded the results shown below as compared to 2021:

	2022	2021
Revenues	6,907,975	6,056,318
Operating income	7,086,851	6,229,230
Operating expenses	7,422,554	6,476,234
NET OPERATING INCOME/(LOSS)	**(335,703)**	**(247,004)**
Financial income	9,930,035	12,657,554
Financial expenses	3,696,442	99,709
NET FINANCIAL INCOME	**6,233,593**	**12,557,844**
EARNINGS BEFORE NON-RECURRING ITEMS	**6,414,207**	**14,816,500**

Non-recurring income	234,421	2,347,752
Non-recurring expenses	12,112	891,148
NET NON-RECURRING INCOME	**222,308**	**1,456,603**
Employee profit-sharing	0	0
Income taxes	-897,272	1,354,637
NET INCOME/(LOSS) FOR THE YEAR	**7,533,788**	**14,918,466**

LEGAL MEASURES

Approval of the 2021 financial statements

At your General Meeting on 17 June 2022, you approved the financial statements for the year ended 31 December 2021 showing net income of €14,918,466, which you have decided to appropriate as follows:

Source:

- Net income for the year: €14,918,466.

Appropriation:

- 5% to the legal reserve: €745,923.
- Dividends: €7,945,432.16, i.e. €0.08 per share.
- Balance of the year's profit, i.e. €6,227,110.84 to 'Other reserves', for which the balance is raised from €45,015,938 to €51,243,048.84.

Agreements

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 2022 financial year

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

Source:

- Net income for the year: €7,533,788.

Appropriation:

- 5% to the legal reserve: €376,689.
- Dividends: €4,965,895.10, i.e. €0.05 per share.
- Balance of the year's profit, i.e. €2,191,203.90 to 'Other reserves', for which the balance is raised from €51,243,050 to €53,434,253.90.

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 23 June 2023.

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
2019	None	
2020	€5,959,074.12	€0.06
2021	€7,945,432.16	€0.08

Non-tax deductible expenditure on luxuries

In accordance with the provisions of Articles 223 quater and 223 quinquies of the French General Tax Code, we hereby inform you that the financial statements for the year ended include expenses and charges that are not deductible from taxable income pursuant to Article 39-4 of said code. These expenses amount to a total of €450 corresponding to corporate vehicle tax.

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 18 April 2023 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 2022 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[1].

Information on outstanding trade payables and receivables

Pursuant to the provisions of Articles L. 441-6-1 and D. 441-6 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	41					**63**
Total amount of invoices concerned (incl. tax)	438,764	13,542	9,148	50	57,230	**79,970**
% of total purchases for the year (incl. tax) (French corporate tax return: *FS+FU+FW)*	6.99	0.22	0.15	0	0.91	**1.27**
(B) INVOICES EXCLUDED FROM (A) RELATING TO INTERCOMPANY PAYABLES						
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)					

[1] Table of results for the past five financial years

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	145					**15**
Total amount of invoices concerned (incl. tax)	1,372,107	9,078	0	0	61,806	**70,884**
% of revenues for the financial year (incl. tax) *(French corporate tax return: FL)*	17.58	0.12	0	0	0.79	**0.91**
(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) X 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 and controlling 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.

In July 2022, GROUPE SFPI subscribed for the entire share capital of the newly formed M.A.A. SAS as part of the acquisition of Austrian group WO&WO. The registered office of M.A.A. SAS is located at 20 rue de l'Arc de Triomphe, Paris 75017.

Equity interests sold during the year

On 27 September 2022, GROUPE SFPI SA sold its minority stake in MOVIRAIL SAS comprising 449 shares representing 44.9% of the share capital to FVP SC.

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
CREDIT MUTUEL EQUITY SCR 28 avenue de l'Opéra - 75002 Paris	7.34
BNP PARIBAS DEVELOPPEMENT SA 20 rue Chauchat - 75009 Paris	1.97

Shares registered in the name of the Company

At 31 December 2022, GROUPE SFPI held 7,112,471 treasury shares (7.16% of the share capital excluding shares assigned to the liquidity contract), including:

- 748,252 shares (0.75% of the share capital) resulting from the merger of S.F.P.I. and EMME,
- 2,290,411 shares (2.31% of the share capital) resulting from the share buyback programme carried out in 2020,
- 3,539,809 shares (3.56% of the share capital) resulting from the share buyback programme carried out in 2021, and
- 533,999 shares (0.54% of the share capital) resulting from the share buyback programme carried out in 2022.

90,839 shares (0.09% of the share capital) were held under the liquidity contract at 31 December 2022.

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 2022, 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 €48,000 in respect of the 2022 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 hereby remind you that GROUPE SFPI has opted to refer to the Middlenext Corporate Governance Code for Small and Mid Caps, a new edition of which was published on 13 September 2021.

The Company subscribes to the following recommendations:

RECOMMENDATION		APPLIED		COMMENTS
		YES	NO	
R 1	Code of Ethics for Board members	**X**		The code of ethics is an essential component of the Board rules of procedure. In this respect, the latest changes will be incorporated into it, in particular the final point which states that each "Board member" must fulfil applicable statutory and regulatory requirements regarding transaction disclosures and closed periods for trading in the Company's securities.
R 2	Conflicts of interest	**X**		The Board ensures that procedures are in place to identify and manage any conflicts of interest. It carries out all reasonable investigations in order to assess the proportionate measures to be taken (clear explanation of the reasons, persons concerned must leave the room, etc.) to ensure that a decision is taken in accordance with the company's interests. "Board members" undertake to disclose, prior to each Board meeting depending on the agenda, any conflicts of interest and to abstain from discussions and voting on any subject that involves a conflict of interest for them.

				With regard to the statutory auditors, it is recommended that, apart from the statements and services provided pursuant to statutory or regulatory provisions, companies entrust services other than the certification of the financial statements to a firm other than that of the company's statutory auditor. All of these procedures are set out in the corporate governance report.
R 3	Board membership Presence of independent members	**X**		The Board comprises eight members, including two independent members and one employee representative.
R 4	Information for Board members	**X**		Before each meeting, the directors receive the necessary information and documentation in sufficient time to prepare for Board meetings.
R 5	Training of Board members	**X**		A three-year training plan (e.g. equivalent to four to six days of training per Board member over this period) tailored to the specific features of the Company is offered to Board members, whether or not they are under an employment contract. The plan will take into account equivalent competencies acquired through experience. From 2022 onwards, the Board will review progress with the training plan and report on this progress in the corporate governance report.
R 6	Organisation of Board and committee meetings	**X**		The Board and the Audit Committee meet whenever the financial statements are due to be approved and whenever necessary otherwise. The Executive Committee meets monthly.
R 7	Establishment of committees	**X**		There are no other committees apart from: - the Audit Committee, chaired by an independent Board member, 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; - the Executive 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 8	Creation of a special committee on Corporate Social Responsibility (CSR Committee)	X		In light of the structure of the Group and its Board of Directors, on 18 April 2023 the Board of Directors decided that the Board would meet for CSR training as often as necessary.
R 9	Implementation of Board rules of procedure	**X**		The rules of procedure were approved and implemented by the Board at its meeting on 13 March 2018. They were revised by the Board on 27 April 2021.
R 10	Selection of Board members	**X**		Each director is appointed under a separate resolution; directors are selected according to their skills and expertise.
R 11	Board members' term of office	**X**		The term of office for Board members is three years.
R 12	Board member remuneration in respect of their office	**X**		The Board 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 13	Introduction of a system for assessing the work of the Board		**X**	The Chairman believes that it is not necessary to carry out an assessment of the work of the Board.
R 14	"Shareholder" relations	**X**		The Chairman meets shareholders so requesting at the end of each General Meeting.
R 15	Company diversity and equity policy	**X**		The transformation plan launched by the Group covering four pillars of responsibility (sales, management, environment and finance) incorporates Recommendation 15. For this purpose, the Board will verify that the gender balance and equity policy is implemented at each level of the Company's hierarchy. In the corporate governance report, the Board will specify the policy implemented and the results obtained during the year.
R 16	Definition and transparency of executive officer remuneration	**X**		See tables included in the corporate governance report. This report also includes the additional equity ratio: comparison with the French minimum wage (SMIC).
R 17	Preparation of "executive officer" succession plans	**X**		This topic is under review.
R 18	Simultaneous employment contract and corporate office	**X**		Deputy Managing Director.
R 19	Severance benefits		**X**	Not applicable.
R 20	Supplementary retirement schemes	**X**		The information relating to retirement schemes established for the Chairman is disclosed in the corporate governance report.

R 21	Stock options and bonus shares	**X**		The 17 June 2022 General Meeting, in its 14th resolution, authorised the Board to allocate bonus shares and stock options to Group executive officers and employees. This authorisation was granted for a term of 38 months, i.e. until 17 August 2025.
R 22	Review of watchpoints	**X**		Each year the Board 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 reality 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 has been replaced by a code of conduct that is currently being signed by all Group executive officers.

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

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

Floating-rate loans represented less than 1% of the Group's borrowings at 31 December 2022.

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 2022

Presentation of the authorisation granted to the Board of Directors

At the Combined General Meeting on 17 June 2022, you authorised the Board of Directors to purchase Company shares over a term of 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 10% of the share capital and that the number of shares held by the Company at any given time did not exceed 9,931,790.

The authorisation granted by the General Meeting on 17 June 2022, currently in effect, is due to expire on 17 December 2023. 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 the new share buyback programme submitted for approval by the Ordinary General Meeting of shareholders**".

Summary table at 2022 balance sheet date

Financial position as at 31 December 2022

% of capital held directly or indirectly as treasury shares	7.16
Number of treasury shares	7,112,471
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 17 June 2022 General Meeting to carry out transactions in Company shares expires on 17 December 2023, 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 31 March 2023, amounting to 7,112,471 shares or 7.16% of the share capital, the maximum number of shares that may be purchased stands at 2,819,319 shares or 2.84% 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 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 17 June 2022 Combined General Meeting, in its 11th resolution, to carry out transactions in Company shares.

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

On 9 March 2023, GROUPE SFPI purchased the entire share capital of Italian company VIRO TRONIC SRL for €6,872,000. VIRO TRONIC SRL owns the premises of Italian company VIRO SPA, acquired on the same date by your divisional subsidiary in Italy, DOM-CR, for €7,250,000.

VIRO SPA manufactures and markets several ranges of locking systems.

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 2022, the Group consolidation scope covered the companies listed in the notes to the consolidated 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, FRANCE INVESTISSEMENT, SCI AVENUE GEORGES NUTTIN, SCI ALU DES DEUX VALLEES, SCI VR DES DEUX VALLEES, SCI STERIMMO, SCI NEU, SCI LA CHAPELLE D'ARMENTIERES, SCI MANCHESTER, SCI LUZECH, SCI IMMOBILIERE DUBOIS, SCI CIPRIANI, SCI DOM.

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

The total workforce of these companies at 31 December 2022 was 4,164 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):

INCOME STATEMENT	**2022**	**% revenues**	**2021**	**% 2022 vs 2021**
Revenues	629,083	N/A	568,970	*+11*
RECURRING OPERATING INCOME	**36,009**	**5.7**	**43,609**	***-17.4***
NET OPERATING INCOME	**32,131**	**5.1**	**44,583**	*N/A*
Net financial income/(expense)	(203)	N/A	(414)	*N/A*
Corporate income tax	(10,207)	N/A	(11,989)	*N/A*
NET INCOME OF CONSOLIDATED COMPANIES	**21,831**	**3.5**	**32,384**	*N/A*
Parent company share	21,992	N/A	32,165	*N/A*
Minority interests	(162)	N/A	219	*N/A*
Consolidated basic and diluted EPS, excluding treasury shares *(€)*	0.24	N/A	0.35	*N/A*

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, 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 divisions (€000):

NEU-JKF	2022	2021
Revenues	129,174	118,454
Recurring operating income	7,974	7,461
Net operating income	7,974	7,368
Net income	5,807	5,271
Net cash and cash equivalents	(5,436)	(9,046)
Consolidated net assets	20,361	14,635

On 31 December 2022, the total workforce of the NEU-JKF division comprised 686 employees.

DOM SECURITY	2022	2021
Revenues	207,629	197,755
Recurring operating income	17,172	23,418
Net operating income	13,382	23,790
Net income	9,035	18,008
Net cash and cash equivalents	36,580	29,313
Consolidated net assets	113,204	110,381

On 31 December 2022, the total workforce of the DOM Security division comprised 1,647 employees.

MMD	2022	2021
Revenues	60,201	59,775
Recurring operating income	6,668	4,671
Net operating income	6,425	4,671
Net income	4,675	3,206
Net cash and cash equivalents	17,447	23,639
Consolidated net assets	35,919	34,045

On 31 December 2022, the total workforce of the MMD division comprised 282 employees.

- Revenues from the design and manufacture of heat exchangers by ASET, BARRIQUAND ECHANGEURS and BATT amounted to €21,308,000 (€35,490,000 including CIPRIANI).
- Revenues from the manufacture of sterilisation autoclaves by STERIFLOW amounted to €24,711,000.

MAC	2022	2021
Revenues	232,348	193,231
Recurring operating income	4,048	8,053
Net operating income	4,203	8,750
Net income	2,511	6,588
Net cash and cash equivalents	13,233	19,075
Consolidated net assets	69,143	59,466

On 31 December 2022, the total workforce of the MAC division comprised 1,534 employees, including 384 at WO&WO.

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 €143,213,000.

Revenues from the manufacture and sale of garage doors, domestic shutters and door and window fittings by FRANCE FERMETURES amounted to €68,557,000.

Revenues from the WO&WO Group, acquired in August 2022, amounted to €20,578,000.

For the sector-based presentation, the WO&WO Group is included in the MAC division.

LONG AND MEDIUM-TERM BORROWINGS

(excluding restated finance leases and consolidated operating leases) (€000)

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

Division	Payables due in < 1 year	Payables due in 1-5 years	Payables due in > 5 years
DOM Security	6,246	15,146	714
NEU-JKF	13,849	9,004	162
MAC	6,793	13,242	759
MMD	1,790	3,747	280
GROUPE SFPI & OTHER	5,697	17,797	5,790
TOTAL	**34,375**	**58,936**	**7,705**

The Group has a net cash surplus of €25,474,000.

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 €715 million for the 2023 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 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.

To set the period during which the Board of Directors may exercise this authorisation at 26 months and accordingly resolve that this authorisation cancels any previous authorisation having the same purpose.

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

Results of the Company over the last five financial years

Item	2018	2019	2020	2021	2022
1 - Closing share capital	12 months	12 months	12 months	12 months	12 months
Share capital	89,386,112	89,386,112	89,386,112	89,386,112	89,386,112
Number of outstanding ordinary shares	99,317,902	99,317,902	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	7,975,256	6,696,684	5,255,211	6,056,319	6,907,975
Income before tax, employee profit-sharing and depreciation, amortisation and provisions	17,492,894	11,591,571	(45,537)	14,186,161	10,168,114
Income after tax, employee profit-sharing, depreciation, amortisation and provisions	16,681,417	9,710,758	(681,128)	14,918,467	7,533,788
Corporate income tax	(964,178)	667,261	1,040,735	1,354,637	(897,272)
Distributed earnings	4,965,895	-	5,959,074	7,945,432	-
3 - Earnings per share (EPS)					
Earnings after tax and employee profit-sharing but before depreciation, amortisation and provisions	0.19	0.11	(0.01)	0.13	0.19
Earnings after tax, employee profit-sharing and depreciation, amortisation and provisions	0.17	0.10	0.01	0.15	0.17
Dividend per share	0.05	-	0.06	0.08	-
Average employee headcount	13	11	9	8	9
Total payroll for the financial year	1,732,242	1,002,499	1,004,560	1,203,337	1,218,242
Total amount paid for social contributions and benefits	691,596	390,619	414,094	485,676	485,617

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;
- update on the progress of the Board member training plan.

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) Regulated agreements.

(8) 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 and September 2021. 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.sfpi-group.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 22, 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: 2024
  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: 2024
  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: 2024
  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: 2024
  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: 2025
  Number of Company shares held: 45,947,349
- CREDIT MUTUEL EQUITY SCR
  Director
  Represented by Franck Chevreux
  Date of first appointment: 10 November 2015
  End of term of office: 2024
  Number of Company shares held: 7,292,518
- 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: 2024
  Number of Company shares held: 1

- Hélène Laplante
  Employee representative director
  Born 8 October 1962 in Hazebrouck (59 - Nord)
  Date of first appointment: 8 January 2019
  End of term of office: three years, renewable
  Number of Company shares held: 0

(2.2) Composition of the Board and Audit Committee

Board member name and title/role	Independent Board member	Year of first appointment	End of term of office	Audit Committee	Executive Committee
Henri Morel Chairman and Chief Executive Officer	No	2015	2024	No	Member
SPRING MANAGEMENT SAS Board member Represented by **Jean-Bertrand Prot**	No	2018	2024	Member	Chairman
Hervé Houdart Board member	Yes	2015	2024	Chairman	No
CREDIT MUTUEL EQUITY SCR Board member Permanent representative: **Franck Chevreux**	No	2015	2024	Member	No
Valentine Laude Board member	No	2015	2024	Member	No
ARC MANAGEMENT SAS Board member Permanent representative: **Sophie Morel**	No	2019	2025	Member	Member
Marie-Cécile Matar Board member	Yes	2018	2024	Member	No
Hélène Laplante Board member Employee representative	No	2019	2024	Member	No

(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 - 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-METALUX SAS - DENY SECURITY SAS - OMNITECH SECURITY SAS NEU-JFK DELTA NEU SAS - NEU-JFK Process SAS - LA FONCIERE NEU SAS FABER FRANCE SAS - FRANCE FERMETURE SAS - FRANCIAFLEX SAS SIPA MENUISERIES SAS	Chairman of ARC MANAGEMENT SAS, a Company acting as Chairman
MP ASSOCIES SARL - SCI B.G.M. - SCI NEU - SCI DOM - SCI CIPRIANI SCI AVENUE GEORGES NUTTIN - SCI LA CHAPELLE D'ARMENTIERES SCI HOTEL DU CHAMP DU FEU - SCI 1896 - SCI IMMOBILIERE DUBOIS	Manager

Jean-Bertrand Prot	
NEU-JKF SA - MAC SAS	Director
MMD SAS	Chairman of SPRING MANAGEMENT SAS, a Company acting as Chairman
BARRIQUAND ECHANGEURS SAS - SPRING MANAGEMENT SAS - LB SAS	Chairman
STORISTES DE FRANCE SA	Permanent representative on the Board of Directors
SCI ALU DES DEUX VALLEES - SCI STERIMMO - 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 on the Board of Directors
Marie-Cécile Matar	
E4V	Director
Hélène Laplante	None
Franck Chevreux	
CERES (SOGEFA)	Permanent representative CREDIT MUTUEL EQUITY SCR Member of the Supervisory Committee
ETD CONSULTATION SAS (DENTIFREE)	Permanent representative CREDIT MUTUEL EQUITY SCR Member of the Committee
HORIZON 12 SAS (GROUPE PAUL MARGUET)	Permanent representative CREDIT MUTUEL EQUITY SCR Advisory member of the Strategy Committee
IMI (CHEVAL FRÈRES) SA, French limited company with Executive Board and Supervisory Board	Permanent representative CREDIT MUTUEL EQUITY SCR Member of the Supervisory Board
FCPR ALSACE CROISSANCE	Permanent representative CREDIT MUTUEL EQUITY SCR Member of the Consultation Committee
MP GESTION (GROUPE MAISONS PIERRE)	Permanent representative CREDIT MUTUEL EQUITY SCR Member of the Monitoring Committee
Damien Chauveinc	
NEU-JKF SA	Deputy Managing Director
NEU-JKF INTERNATIONAL SAS - NEU-JKF Automation SAS - NEU-JKF Févi SAS	Chairman
MAC SAS	Director and Chief Executive Officer

(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, during 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 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 Board member 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) Selection of Board members

Whenever a Board member 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 Board member is appointed under a separate resolution in accordance with Code Recommendation 10.

(2.9) Director training

Almost all directors took part in a half-day training session organised by Middlenext focusing on "Fundamental information for directors of a listed company in 2023".

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

(3.1) Rules of procedure

In accordance with Code Recommendation 9, 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 and procedure for monitoring 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 Board member 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, 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, Board members 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 new Code Recommendation 7, 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.

In light of the structure of the Group and its Board of Directors, on 18 April 2023 the Board of Directors decided that the Board would meet for CSR training as often as necessary.

(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.
The Board held seven physical meetings and videoconferences in 2022, including two entirely remote meetings to ensure a maximum attendance rate in light of the last-minute planning of said meetings. The attendance rate was 96%.

These Board meetings covered the following matters:

21 January	Presentation of 2021 full-year revenues; 2022 budgets; GROUPE SFPI transformation plan; Review of director appointments; Schedule of upcoming Board meetings; Amendments to the Company's articles of association; Planned acquisitions.
20 April	Signing of the minutes of the Board meetings of 21 September 2021 and 21 January 2022; Review and approval of the parent company financial statements for the year ended 31 December 2021; Appropriation of earnings for the financial year; Review and approval of the consolidated financial statements for the year ended 31 December 2021; Regulated agreements and commitments; Authorisation of a regulated agreement; Agreements entered into in the ordinary course of business and on arm's length terms; Determination of the amount of remuneration allocated to the directors; Status of director appointments; Renewal of the share buyback programme; Allocation of existing or future bonus shares and/or stock options; Preparation of the management and activity report on the parent company and consolidated financial statements for the year ended 31 December 2021; Preparation of the corporate governance report; Decisions to be made for the preparation and convening of the Annual General Meeting called to approve the annual financial statements; Sureties, endorsements and guarantees; Presentation and approval of management forecasts; New September 2021 edition of the Middlenext Code.
9 June	Presentation of planned acquisitions: SUNSHINE, BROWN FINTUBE France SA shares, BROWN FINTUBE France SA assets and business.
17 June	Breakdown of total amount of annual remuneration to be allocated to the members of the Board of Directors; Implementation of the share buyback programme authorised by the 17 June 2022 General Meeting.
26 July	Update on the Group's business as at 30 June 2022; Financing and closing of the WO&WO acquisition; Sale of the interest held by DOM Security SAS in ELZETT-FEK; Planned acquisition of Tapkey; Planned acquisition of VIRO; Recognition of Hélène Laplante's appointment by the Group Works Council as employee representative director on the Board of Directors.
22 September	Presentation of the consolidated financial statements for the six months ended 30 June 2022; Statutory financial publication; Review of regulated agreements; Approval and signing of the Board of Directors rules of procedure; Signing of two loan agreements and a shareholder current account agreement with M.A.A; Capitalisation of M.A.A; Changes in CSR regulations; Update on the energy situation.
25 November	Closing forecasts for GROUPE SFPI SA; Planned acquisition of VIRO Group; Update following the acquisition of the WO&WO Group and the acquisition of an equity stake in Tapkey.

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 and 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 19 and 20.

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 21.

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 2022 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 2022 to corporate officers by the Company, controlled companies and companies that control it are set out in the tables below.

Henri Morel	**2022**	**2021**
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)	11,440.63	10,282.00
TOTAL 1	**311,440.63**	**310,282.00**
Chairman of ARC MANAGEMENT SAS		
Fixed remuneration (1)	186,408.00	186,408.00
Annual variable remuneration	-	-
Exceptional remuneration	-	-
Benefits in kind (2)	40,693.80	39,610.00
TOTAL 2	**227,101.80**	**226,018.00**

(1) On a gross pre-tax basis.
(2) Premiums paid under the executive officer unemployment insurance policy (GSC) - Housing

Damien Chauveinc	2022	2021
Deputy Managing Director	Amount paid	Amount paid
Fixed remuneration (1)	262,307.21	222,803.06
Annual variable remuneration	72,000.00	80,000.00
Exceptional remuneration	-	-
Benefits in kind	2,238.34	2,370.00
TOTAL	**336,545.55**	**305,173.00**

(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 VERSUS	2015		2016		2017		2018		2019		2020		2021		2022	
	Average	Median	Average	Median	Average	Median	Average	Median	Average	Median	Average	Median	Average	Median	Average	Median
CHAIRMAN & CEO	4.62	5.58	4.78	5.34	4.16	5.47	3.94	5.51	4.88	5.35	4.65	5.01	5.10	6.67	4.57	5.76
DEPUTY MANAGING DIRECTOR									3.43	3.76	3.84	4.13	5.02	6.17	4.94	6.22

Table covering head office employees

RATIO VERSUS	2015		2016		2017		2018		2019		2020		2021		2022	
	Average	Median	Average	Median	Average	Median	Average	Median	Average	Median	Average	Median	Average	Median	Average	Median
CHAIRMAN & CEO	3.85	4.95	3.61	4.66	3.92	5.07	3.08	4.84	3.32	4.50	3.15	4.53	3.54	4.81	3.02	5.03
DEPUTY MANAGING DIRECTOR									2.33	3.17	2.59	3.74	3.49	4.73	3.27	5.44

Table of comparison with French minimum wage (SMIC) applicable at period-end

RATIO VERSUS	2015		2016		2017		2018		2019		2020		2021		2022	
	Average	Median	Average	Median	Average	Median	Average	Median	Average	Median	Average	Median	Average	Median	Average	Median
CHAIRMAN & CEO	18.26		18.00		18.02		17.81		17.57		16.24		16.27		15.46	
DEPUTY MANAGING DIRECTOR									12.35		13.39		16.00		16.70	

3. Remuneration paid to non-executive corporate officers

Hervé Houdart	2022	2021
Independent director	Amount paid	Amount paid
Remuneration related to the office of director	12,000	10,000.00
TOTAL	**12,000**	**10,000.00**

Valentine Laude	2022	2021
Director	Amount paid	Amount paid
Remuneration related to the office of director	12,000	10,000.00
TOTAL	**12,000**	**10,000.00**

CREDIT MUTUEL EQUITY SCR Represented by Franck Chevreux	2022	2021
Director	Amount paid	Amount paid
Remuneration related to the office of director	12,000	10,000.00
TOTAL	**12,000**	**10,000.00**
Marie-Cécile Matar	**2022**	**2021**
Independent director	Amount paid	Amount paid
Remuneration related to the office of director	12,000	10,000.00
TOTAL	**12,000**	**10,000.00**

(5) FACTORS LIABLE 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 2022 broke down as follows:

	% interest	% voting rights
ARC MANAGEMENT	46.26	55.97
Henri Morel	4.61	5.58
SPRING MANAGEMENT	11.34	13.72
CREDIT MUTUEL EQUITY	7.34	8.80
BNP PARIBAS DEVELOPPEMENT	1.97	2.39
Public	21.32	13.54
Treasury shares	7.16	N/A
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 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 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 applicable 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:

Purpose of resolution	Maximum amount	Term	Exercise of authorisation in 2022
Authorisation for the buyback of Company shares	10% of the share capital corresponding to 9,931,790 shares. Maximum buyback price: €5.00 euros per share with par value of €0.90.	18 months from 17 June 2022 (11th resolution), i.e. until 17 December 2023.	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 17 June 2022 (12th resolution), i.e. until 17 August 2024.	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 General Meeting of shareholders:

Purpose of resolution	Maximum amount	Term	Exercise of authorisation in 2022
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 17 June 2022 (14th resolution), i.e. until 17 August 2025	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 17 June 2022 (15th resolution), i.e. until 17 August 2025	None

(7) REGULATED AGREEMENTS

It is specified that existing regulated agreements have been previously authorised in accordance with the law and are described in the statutory auditors' special report on regulated agreements. In accordance with Article L. 225-40-1 of the French Commercial Code, agreements entered into and authorised in previous years which continued to operate in 2022 were reviewed at the Board of Directors meeting of 22 September 2022. The directors made no comments regarding these agreements, particularly with regard to their purpose or financial conditions.

(8) ANY OTHER INFORMATION

None.

The Board of Directors

Statement of non-financial performance

Contents

I. GROUP KEY FIGURES

Specialised in the property, personal and environmental protection industry

ACTIVITY

« Building »
Security and comfort

€ 442 M
70 % of 2022 Group Sales

DOM Security
Locking and access control equipment and systems

Sales : 209 M€
Employees: 1 647
17 production sites

MAC
Joinery, blinds and closures for the home and commercial sector

Sales : 233 M€
Employees: 1 534
16 production sites

ACTIVITY

« Industry » Air treatment and energy management

€ 190 M
30 % of 2022 Group Sales

NEU-JFK
Air treatment in industrial environments

Sales : 130 M€
Employees : 686
5 production sites

MMD
Heat exchange and sterilisation equipment and systems

Sales : 60 M€
Employees: 282
4 Production sites

Holding
Employees : 15
Paris - France

3

€ 630 M
Of Sales

+ 90
Companies in the world

+ 20
Countries

+ 4100
employees

+ 62%
Family owned*

Other shareholders:
Public 21%
Treasury shares 7,5%
Financial partners 9%

II. 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.

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:

Increased 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:

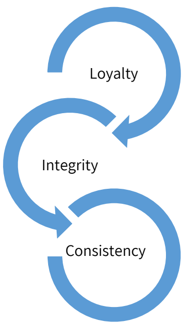
Improve working conditions and skills

Improve employer appeal and staff retention

Investors:

Generate sustainable long-term growth with minimal risks

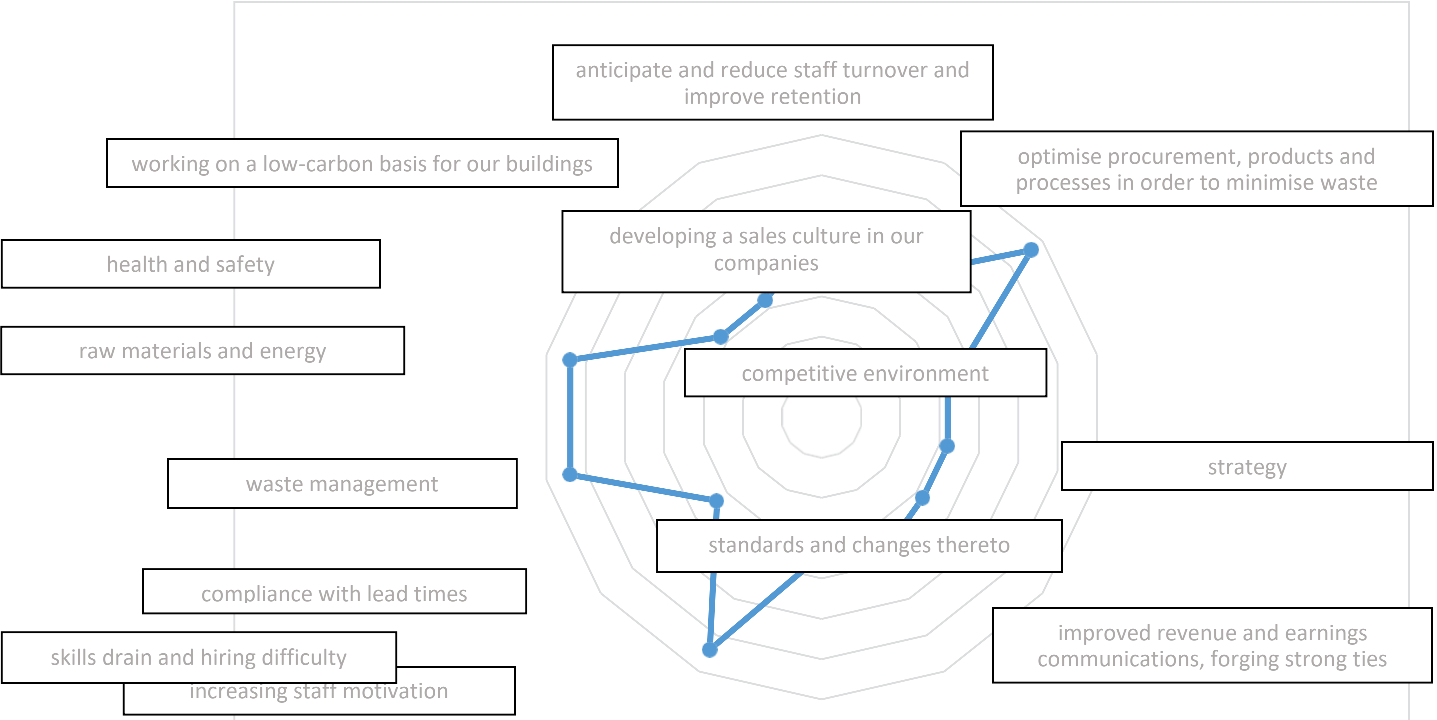
Based on shared values



III. 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.



In line with our CSR risk assessment, a transformation plan was launched in 2020 focusing on industrial responsibility as defined above.

This plan is based on four pillars corresponding to our risk management strategy. The entire process is set out below.

IV. RISK MANAGEMENT

1. *Governance risks:*

RISKS	Sfpi Group has defined three major governance risks, namely: - inappropriate company and Group management at current scope and through any acquisitions carried out; - mismanagement on the part of executive officers; - risk to the Group's image or reputation through disregard of ethical, corruption or societal issues.

The management of this risk has resulted in the structuring and coordination of operational management bodies, within which high-quality information is regularly shared and discussed. The financial pillar of the transformation plan also aims to establish shared standards, tools and reference frameworks. As such, in addition to monthly Management Board meetings within the largest contributing subsidiaries or in three out of four divisions, the Group has structured strategic committees, known as "G10", aimed at discussing strategic topics at least three times a year. During these meetings, financial results, objectives and strategic and regulatory topics are shared. The material and logistical organisation of these meetings enables widespread and fluid communication between executive officers. Furthermore, in 2022, other documents on Group structuring or functioning were completed and circulated, including the guide to Sfpi Group values, the Group toolbox and the whistleblowing platform.	**TANGIBLE POLICIES AND INITIATIVES**

KPIS AND TARGETS

Policy effectiveness requires maintaining the frequency of these meetings, along with a high attendance rate and the sharing of quality content.

- Number of G10 and Executive and Strategic Committee (EXCOS) meetings per year and attendance rate:

	2020	2021	2022	2023 target	
Number of EXCOS meetings	11	11	11	11/yr	☺
Attendance rate	100%	98.7%	95.5%	95%	☺
Number of G10 meetings	2	3	3	3/yr	☺
Attendance rate	94%	94.4%	100%	95%	☺

- Starting in 2023, processing 95% of alerts via the platform within 8 weeks.

2023 ACTION PLAN

The 2023 action plan to manage this risk is based on the following areas:

- Widespread sharing of non-financial matters (CSR, transformation plan, etc.) at all levels of the Company, including shareholders, employees, directors, managers and customers. This will mainly involve two annual Board meetings dedicated to these issues;
- Creation of the position of non-financial controller;
- Drafting of the new Code of Conduct for Sfpi Group executive officers and managers, reaffirming our values and rules and leading to the roll-out of Group practices and tools.

2. *Managerial risks:*

RISKS

Sfpi Group has defined three major human resources risks, namely:

- Skills drain;
- Hiring difficulties;
- Employee health and safety issues.

TANGIBLE POLICIES AND INITIATIVES

The action plan aimed at attracting and retaining employees has resulted in the establishment of a central human resources department.

In addition to daily initiatives, the human resources department is in charge of the transformation plan's managerial pillar, which aims to strengthen managers' roles in order to improve talent retention and anticipate staff turnover.

In 2022, the Group circulated a document outlining the four fundamentals for an Sfpi manager, defining the role and associated assignments. This document was accompanied by team training initiatives, with a particular focus on managing team motivation, spreading enthusiasm and providing support for self-assessment.

Furthermore, a recruitment officer position was created to improve hiring efficiency and limit the costs incurred by engaging external service providers.

KPIs AND TARGETS

Policy effectiveness is measured by monitoring voluntary departure rates, turnover rates, frequency rates (FR1 and FR2) and severity rates (SR).

	2019	2020	2021	2022	Targets	
Voluntary departure rate	NM	28.1%	32.8%	50.8%	20%	☹
Staff turnover rate	14.2%	9.5%	14.6%	15%	12%	☹
FR1	22.5	21.4	22.4	20.1	17	☹
FR2	37.5	33.4	33.9	27.5	30	☺
SR	0.76	0.64	0.62	0.74	0.6	☹

The 2023 action plan to manage this risk is based on the following areas: - Ongoing training and support for managers; - Development of internal mobility with greater potential for promotions for all our employees; - Completion of job sheets in line with the new metallurgy collective bargaining agreement; - Selection and initial roll-out of a Human Resources Information System (HRIS).	**2023 ACTION PLAN**

3. *Business risks:*

RISKS

Sfpi Group has defined two major risks in terms of sales policy, namely:

- Our ability to measure up to the competition;
- Our ability to anticipate market expectations and meet customer demand.

TANGIBLE POLICIES AND INITIATIVES

This risk management is reflected in the implementation of a plan based on commercial responsibility aimed at enhancing customer knowledge and culture at all levels of our companies in order to improve customer satisfaction.

In 2022, the Group implemented satisfaction indicators - Net Promoter Score (NPS) and On Time In Full (OTIF) - to assess customer satisfaction and compliance with quality requirements and deadlines. These indicators are used at over 90% of subsidiaries.

The introduction of these indicators required a release of funds to conduct surveys and at least one employee per subsidiary to monitor the subject.

KPIs AND TARGETS

Policy effectiveness is measured in terms of NPS and OTIF indicators.

	2022	2023 target	
NPS	35.5	30 or 50	☹
OTIF	78.2	90%	☹

2023 ACTION PLAN

The 2023 action plan to manage this risk is based on the following areas:

- Organisation of meetings and training sessions to raise awareness of the customer culture;
- Local initiatives to step up NPS to the next level (reaching 30 or 50 points);
- OTIF reliability and achievement of a score of 90%.

4. *Environmental risks:*

RISKS

Sfpi Group has defined three major environmental risks, namely:

- Control of energy costs and availability;
- Management of raw material supply and waste disposal;
- Measurement of the environmental impact of our activities.

This risk management involves implementing a plan based on environmental responsibility aimed at improving performance. In 2022, the Group carried out an initial carbon assessment at each facility and consolidated the results. This initial assessment covered Scopes 1, 2 and 3 across all entities. Emission calculations will be made more reliable in 2023. In addition, several initiatives to improve energy performance have been rolled out at company and country level, including relamping, insulation work and the installation of measurement tools. Finally, we have started an inventory of our supplies and waste. These initiatives have resulted in the release of funds for diagnostic purposes, investments and the appointment of ambassadors.	**TANGIBLE POLICIES AND INITIATIVES**

KPIs AND TARGETS

Environmental policy effectiveness is measured through the following indicators:

	2020	2021	2022	2023 target	
Electricity consumption *KWh/€m revenues*	49,468	48,004	42,962	42,048	☹
Gas consumption *KWh/€m revenues*	46,909	51,913	47,212	39,872	☹
Quantity of recyclable waste	n/a	n/a	71.27%	90%	☹

- Increased reliability of the Group's carbon assessment and the reduction of emissions (tCO2e 2022: 326,327 t - uncertainty <25%)

The 2023 action plan to manage this risk is based on the following areas: - Further actions to improve energy efficiency; - Implementation of a Group decarbonisation strategic plan.	**2023 ACTION PLAN**

V. Taxonomy

In accordance with the European Taxonomy Regulation, the statement of non-financial performance incorporates below the indicators for the 2022 financial year relating to the proportion of revenues and capital expenditure (CapEx) that is associated with environmentally sustainable economic activities.

The portion relating to operating expenses (OpEx) is now recognised under 'Other purchases and external expenses', which are currently deemed non-material (<5%).

Brief summary

Revenues:

- The proportion of revenues ("turnover") eligible for environmentally sustainable activities is 38.5%.
- The proportion of revenues aligned with environmentally sustainable activities is 29.7%.

CapEx:

- The capital expenditure (CapEx) incurred on aligned and eligible activities amounted to 35% and 16% of total Group capital expenditure respectively.
- Capital expenditure presenting sustainable environmental characteristics among our non-eligible activities accounted for 5% of total capital expenditure.

Therefore, nearly 56% of Group capital expenditure involved eligible activities or were "green" in nature at the very least.

REVENUES

				Substantial contribution criteria		Do No Significant Harm criteria (DNSH)										
	Activity code	Total revenues	% of revenues	Climate change mitigation	Climate change adaptation	Climate change adaptation	Climate change mitigation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and restoration of biodiversity and ecosystems	Minimum safeguards	Share of revenues aligned with 2022 Taxonomy	Share of 2021 revenues aligned	Enabling activity	Transitional activity
		€000	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
Economic activities																
A. ACTIVITIES ELIGIBLE UNDER THE TAXONOMY																
A.1 Environmentally sustainable activities (Taxonomy-aligned)																
Production of energy-efficient equipment for building construction	3.5	178,000	28.2%	100%	100%	N/A	N/A	N/A	YES	YES	N/A	YES				
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	7.5	4,000	0.6%	100%	100%	N/A	N/A	N/A	YES	YES	N/A	YES				
Revenues from environmentally sustainable activities (i.e. Taxonomy-aligned) (A.1)		*182,000*	*29.7%*													
A.2 Activities eligible under the Taxonomy but not environmentally sustainable (not Taxonomy-aligned)																
Production of energy-efficient equipment for building construction	3.5	9,000	1.5%													
Installation, maintenance and repair of energy efficiency equipment	7.5	51,000	8%													
Revenues from activities eligible under the Taxonomy but not environmentally sustainable (not Taxonomy-aligned) (A.2)		*60000*	*9.5%*													
TOTAL (A.1 + A.2)		242000	38.5%													
B. ACTIVITIES NOT ELIGIBLE UNDER THE TAXONOMY																
Revenues from activities not eligible under the Taxonomy (B)		387,000	61.5%													
TOTAL (A + B)		629000														

CapEx

				Substantial contribution criteria		Do No Significant Harm criteria (DNSH)										
	Activity code	Total CapEx	% of CapEx	Climate change mitigation	Climate change adaptation	Climate change adaptation	Climate change mitigation	Sustainable use and protection of water and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and restoration of biodiversity and ecosystems	Minimum safeguards	Share of CapEx aligned with the 2022 Taxonomy	Share of 2021 CapEx aligned	Enabling activity	Transitional activity
		€000	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
Economic activities																
A. ACTIVITIES ELIGIBLE UNDER THE TAXONOMY																
A.1 Environmentally sustainable activities (Taxonomy-aligned)																
Production of energy-efficient equipment for construction	3.5	23,068,000	34.40%	100%	100%	N/A	N/A	N/A	YES	YES	N/A	YES				
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	7.5	23,068,000	0.02%	100%	100%	N/A	N/A	N/A	YES	YES	N/A	YES				
CapEx from environmentally sustainable activities (i.e. Taxonomy-aligned) (A.1)																
A.2 Activities eligible under the Taxonomy but not environmentally sustainable (not Taxonomy-aligned)																
Production of energy-efficient equipment for construction	3.5	23,068,000	0.50%													
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	7.5	23,068,000	16%													
CapEx from activities eligible under the Taxonomy but not environmentally sustainable (not Taxonomy-aligned) (A.2)																
TOTAL (A.1 + A.2)		23,068,000	50.90%													
B. ACTIVITIES NOT ELIGIBLE UNDER THE TAXONOMY																
CapEx from activities not eligible under the Taxonomy (B)		23,068,000	5%													
TOTAL (A + B)		23,068,000	55.90%													

VI. 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.

In line with previous years, the Company has decided to prepare its report covering the entire Group consolidation scope, which comprised 56 companies with at least one employee at 31 December 2022. The consolidation scope covers over 4,150 employees. Only Tapkey (contributing revenues of €250,000 in 2022 and comprising 10 employees) was excluded from the 2022 report.

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.

Furthermore, the analysis conducted by GROUPE SFPI did not identify any material risks regarding:

- prevention of food waste,
- prevention of food insecurity,
- defence of animal well-being,
- a responsible, fair and sustainable food system,
- promotion of physical exercise and sport.

With regard to the management of industrial relations, anti-discrimination, the promotion of diversity, particularly in terms of disability, and collective agreements and their impact on economic performance and employee working conditions, the Group ensures that these issues are tackled at each subsidiary in accordance with their specific characteristics.

List and calculation of KPIs included in the statement of non-financial performance:

- ***Executive and Strategic Committee (EXCOS) and G10 attendance rate:*** (number of people present / number of theoretical persons) x 100.
- ***Voluntary departure rate:*** (number of voluntary departures (termination of probation period at employee's initiative + voluntary retirement + resignation) / total number of departures) x 100.
- ***Staff turnover rate:*** (number of new hires + number of departures) / 2 / workforce at 31 December year N).
- ***Frequency rate 1 (FR1):*** (number of lost-time accidents / hours worked) x 1,000,000.
- ***Frequency rate 2 (FR2):*** (total number of accidents / hours worked) x 1,000,000.
- ***Severity rate (SR):*** (number of days lost / hours worked) x 1,000.
- ***Consolidated OTIF (On Time In Full):*** OTIF of each subsidiary weighted by subsidiary's revenues.
- ***NPS (Net Promoter Score):*** NPS score of each subsidiary weighted by subsidiary's revenues.
- ***Electricity or gas consumption:*** (kWh consumed over the year / consolidated revenues in €m) x 100.
- ***Quantity of recyclable waste:*** (tonnes of recyclable waste / tonnes of waste generated) x 100.

PARENT COMPANY FINANCIAL STATEMENTS - FY 2022

Balance sheet

ASSETS

€000	Net	Net
	31-12-2022 12 months	31-12-2021 12 months
Intangible assets	59	103
Property, plant and equipment, IT	159	243
Long-term investments	172,137	147,137
Total non-current assets	172,355	147,483
Inventories and work in progress	-	-
Trade receivables	2,673	1,666
Other receivables	12,293	22,408
Cash and cash equivalents	14,148	14,672
Prepaid expenses	461	382
Total current assets	29 575	39,127
Total ASSETS	**201,930**	**186,610**

EQUITY & LIABILITIES

€000	31-12-2022 12 months	31-12-2021 12 months
Share capital	89,386	89,386
Additional paid-in capital	5,593	5,593
Reserves and retained earnings	56,621	49,074
Net income	7,534	14,918
Shareholders' equity	159,134	158,970
Provisions for contingencies and charges	-	-
Borrowings	29,284	12,759
Trade payables	812	638
Other payables	12,700	14,242
Payables	42 796	27,640
Total EQUITY & LIABILITIES	**201,930**	**186,610**

Income statement

€000	31-12-2022 12 months	31-12-2021 12 months
Net revenues	6,908	6,056
Other operating income	110	112
Provision reversals and expense reclassification	69	61
Operating income	7 087	6,229
Purchases of goods and raw materials	-	-
Change in inventory	-	-
External charges	(5,332)	(4,371)
Taxes and duties	(113)	(119)
Staff costs	(1,704)	(1,689)
Depreciation, amortisation and provisions	(224)	(257)
Other expenses	(50)	(41)
Operating expenses	(7,423)	(6,476)
NET OPERATING INCOME/(LOSS)	(336)	(247)
Joint operations	517	2,506
NET FINANCIAL INCOME	6,234	12,558
EARNINGS BEFORE TAX AND NON-RECURRING ITEMS	6,414	14,817
NET NON-RECURRING INCOME	222	1,457
Corporate income tax	897	(1,355)
NET INCOME	**7,534**	**14,919**

Notes

Notes to the balance sheet before appropriation of earnings for the year ended 31 December 2022, showing a total of €201,930,000, and the income statement presented in list format and showing net income of €7,534,000.

The reporting period is a 12-month financial year running from 1 January to 31 December 2022.

The notes and tables presented below form an integral part of the company financial statements for the year ended 31 December 2022.

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	***Term (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 4.23% and an inflation rate of 3.5% 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 63 for executives and 61 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 amount corresponding to the tax savings achieved thanks to the tax losses of consolidated subsidiaries is currently €9,532,000, which is treated as a theoretical future tax liability under balance sheet liabilities.

The following companies are included in the tax consolidation scheme headed by GROUPE SFPI: NEU PROCESS, NEU-JKF SA, NEU AUTOMATION, DELTA NEU, NEU-JKF WOOD INDUSTRY, LA FONCIERE NEU, NEU FEVI, MMD, BARRIQUAND SAS, FINANCIERE BARRIQUAND, ASET, STERIFLOW, BATT, BARRIQUAND ECHANGEURS, DATAGROUPE, DENY 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

During the year, the Company acquired WO&WO, an Austrian group specialising in blinds. Sfpi Group created a company called M.A.A. for the purposes of this transaction, taking out two loans with BNP and CIC, which it then lent to M.A.A. to enable this company to acquire the group. The €20,500,000 increase in the loan line item in the table below reflects this transaction, in addition to the €6,502,000 M.A.A. capital increase recorded under equity investments.

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

Intangible assets and property, plant & equipment

Gross	31-12-2021	Increase	Decrease	31-12-2022
Intangible assets	1,401	5	0	1,406
Property, plant and equipment	2,112	34	0	2,146
Total	**3,513**	**39**	**0**	**3,553**
Depreciation, amortisation and impairment	3,167	167	0	3,334
Net	**346**			**218**

Long-term investments

	31-12-2021	Increase	Decrease	31-12-2022
Equity investments	128,305	6,502	5	134,802
Other long-term securities	1,080			1,080
Loans and other long-term investments	246	20,641	376	20,511
Treasury shares	17,552	1,620		19,172
Total	**147,183**	**28,763**	**381**	**175 565**
Provisions	45	3,382		3,427
Net	**147,137**	**25,380**	**381**	**172,138**

In view of the GROUPE SFPI share price of €2.22 at 31 December 2022, below the average purchase price of €2.70, the Company booked a €3,382,000 impairment provision for treasury shares. The charge was recorded under net financial income/(expense). The unchanged €45,000 provision relates to impairment on a construction-related loan.

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 2022, the Company held 7,112,471 treasury shares.

	31-12-2021	Movements	Appropriation of earnings	Dividend distribution	31-12-2022
Share capital	89,386				89,386
Merger premium	5,593				5,593
Legal reserve	3,762		746		4,507
Regulated reserves	20				20
Other reserves	45,016		6,227		51,243
Retained earnings	276			575	851
Prior year earnings	14,918		(6,973)	(7,945)	0
Net income for the year		7,534			7,534
Shareholders' equity	**158,970**	**7,534**	**0**	**(7,370)**	**159,134**

IV - Loans and borrowings

Loans and borrowings break down as follows:

Credit institutions	31-12-2022	*< 1 year*	*1-5 years*	*> 5 years*
Bank loans	29,283	5,725	17,794	5,765

GROUPE SFPI took out two new loans in 2022 to finance the purchase of WO&WO shares:
- one €10.5 million loan from BNP repayable over seven years;
- one €10 million loan from CIC repayable over seven years.

There are two loans outstanding (including one contracted by DOM Security SA, which was merged into GROUPE SFPI in 2018), namely:
- the €18.3 million loan contracted for the purposes of the public tender offer, the balance of which amounted to €8.35 million at the closing date;
- the €0.7 million balance of the €1 million loan contracted in 2021 with LCL to finance the acquisition of SC Dubois, the company that owns the industrial building occupied by MAC subsidiary Faber.

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 €1,778,000 was deferred until maturity under each loan.

At 31 December 2022, the Company held cash and cash equivalents of €14,121,000.

V - Receivables and payables

Receivables	**31-12-2022**	**< 1 year**	**> 1 year**
Trade receivables	2,802	2,649	153
Staff and related payables	7	7	0
Government – Income tax	0	0	0
Government - VAT	400	400	0
Other taxes	0	0	0
Group and shareholders	11,728	11,728	0
Other receivables	240	240	0
Prepaid expenses	461	461	0
Total	**15,638**	**15,484**	**153**

GROUPE SFPI made a €3.4 million current account advance to M.A.A. for the purposes of the WO&WO acquisition.

The values shown above are gross values.

Payables	31-12-2022	< 1 year	> 1 year
Trade payables	812	812	
Staff and related payables	191	191	
Social security payables	171	171	
Government – Income tax	10,626	1,580	9,046
Government - VAT	265	265	
Government - Other	69	69	
Group and shareholders	995	995	
Other payables	383	383	
Total	**13,512**	**4,466**	**9,046**

'Government – Income tax' includes the Group's tax liabilities under the tax consolidation scheme. They consist of the net tax liability owed to the French government, which amounts to €177,000, and the tax savings recognised on tax loss carryforwards of companies included in the tax consolidation scheme, which are treated as a theoretical future tax liability to be paid by GROUPE SFPI as and when the companies in the tax group generate taxable profits. The tax consolidation scheme provides for a neutral effect on the subsidiaries compared to separate taxation. As such, the savings generated by the parent company's use of tax losses do not give rise to the recognition of a profit or expense. In accordance with earnings forecasts for companies reporting tax losses, the Company estimates that the portion to be returned to them after more than one year amounts to €9,046,000.

Under 'Group and shareholders', GROUPE SFPI:

- holds receivables against subsidiaries totalling €500,000 under the tax consolidation scheme, and
- owes subsidiaries €735,000 in respect of advance payments made in excess of their final tax liability.

Receivables and payables with Group companies break down as follows:

Trade receivables	2,609	
Other receivables	11,728	Including €500,000 under the tax consolidation scheme
Trade payables	362	
Other payables	995	Including €735,000 under the tax consolidation scheme

VI - Provisions for impairment of receivables

Changes in this item are as follows:

	31-12-2021	**2022 balance**
Receivables	228	211
Total	**228**	**211**

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

VII - Breakdown of balance sheet accrued expenses

Trade payables	398
Tax and social security payables	312

VIII - Prepaid expenses and deferred income

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

IX - Short-term investments

Opening value	Change	Gain/(loss)	Closing value
12,972	**(1,961)**	**74**	**11,085**

The Company signed a liquidity contract with Gilbert Dupont on 1 July 2017. The Company holds €196,000 in shares assigned to the liquidity contract.

X - Revenues

Breakdown by region:

France	4,923
EU	1,985
Non-EU	
Total	**6,908**

Breakdown by business line:

	Total	Group share
Provision of services	6,908	6,908
Total	**6,908**	**6,908**

Revenues are only generated internally within the Group. The Company earns revenues from services provided to its subsidiaries. In 2021, 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 cross-chargeable 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 division holding companies, which in turn invoice their own subsidiaries.

In 2022, GROUPE SFPI invoiced a total of €5,785,000 under this new agreement. Furthermore, GROUPE SFPI invoiced the French subsidiaries €386,000 under the car fleet insurance policy, for which the balance corresponds to expenses incurred on behalf of the subsidiaries.

XI - Net financial income

Dividends	9,715
Income from investments	215
Capital loss	(95)
Interest expense	(219)
Impairment of treasury shares	(3,382)
Total	**6 234**

Following the valuation of the shares held under the liquidity contract at €2.22 on the last trading day, GROUPE SFPI recorded a €95,000 loss over the year.

XII - Net non-recurring income/(expenses)

	Expenses	Charges	Income	Reversals	Net
Long-term securities	-	-	-	-	-
Treasury shares	-	-	-	-	-
Merger expenses		-	-	-	-
Sale of non-current assets	(4)	-	4	-	-
Social security and tax disputes	-	-	224	-	224
Other items	(8)	-	-	6	(2)
Total	**(12)**	**-**	**228**	**6**	**222**

XIII - Other information

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

Provision of services	6,255
Cross-charging of expenses	653
Rent	96
Operating income	**7,004**
External charges	(1,643)
Operating expenses	**(1,518)**
SCI earnings	534
Dividends	9,715
Financial income	141
Disposal of non-current assets	-

XIV - Calculation of income tax

	Gross	Adjustment	Total	Base at +25%	Income tax
Net operating income/(loss)	(336)	-	(336)	(336)	84
Joint operations	516	(52)	464	464	(116)
Net financial income/(expense)	6,234	(9,618)	(3,384)	(3,384)	846
Net non-recurring income/(expenses)	222	(224)	(2)	(2)	-
Additional tax	-	-	-	-	-
Tax credits	-	-	-	-	-
Dom GmbH tax					144
Tax group	-	-	-	-	(61)
Total income tax	**-**	**-**	**-**	**-**	**897**

The tax consolidation scheme gave rise to an additional tax charge related to the 3.3% additional contribution.

Increases and reductions in future tax liability

None.

XVI - Off-balance sheet commitments

The retirement benefit obligation amounted to €114,000 at 31 December 2022.

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 €202,000.

XIX - Average headcount

	Employees	External personnel	Secondment	TOTAL
Managers	5.6	-	-	5.6
Employees	3.6	-	-	3.6
Total	**9.2**	**-**	**-**	**9.2**

At 31 December 2022, the Company had ten employees.

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

GROUPE SFPI SA is not impacted by the war between Russia and Ukraine. The Group has no direct or indirect subsidiaries in these two countries. The Group's business in Russia, Belarus and Ukraine is negligible.
On 9 March 2023, GROUPE SFPI purchased the entire share capital of VIRO TRONIC, which owns the real estate complex that houses the operations of VIRO, an Italian company acquired by the DOM Security division.

Parent company financial statements

TABLE OF SUBSIDIARIES AND AFFILIATES - ARTICLE L. 233-1 OF THE 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 2022	Net income/(loss) for last FY ended	Revenues from last FY ended
Consolidated equity investments											
NEU-JKF SA	6,285 419,036	15,667	99.97% 418,940	20,652	-	-	-	-	-	3,684	1,132
DOM SECURITY SAS	73,127 7,312,748	14,817	100.00% 7,312,748	76,727	-	-	-	15	6,581	7,829	4,465
INACTIV SAS	188 12,500	64	99.99% 12,497	253	-	-	-	-	-	(11)	-
MMD SAS	1,798 119,853	12,004	100.00% 119,847	6,256	-	-	-	-	2,996	3,515	606
MAC SAS	4,109 4,325	40,538	99.88% 4,320	24,282	-	-	-	-	-	5,232	2,510
M.A.A. SAS	6,502 650,200	(176)	100% 650,200	6,502	-	-	23,530	-	-	(176)	-
DATAGROUPE SA	45 3,000	580	95.37% 2,861	42	-	-	-	234	137	181	1,400
SCI NEU	10 500	-	99.80% 499	10	-	-	-	4	-	-	-
SCI LA CHAPELLE D'ARMENTIERES	10 500	67	99.80% 499	10	-	-	1,379	-	-	67	263
SCI GEORGE NUTTIN	10 500	129	99.80% 499	10	-	-	998	-	-	129	256
SCI VR des 2 VALLEES	10 500	62	99.80% 499	10	-	-	977	-	-	62	192
SCI ALU des 2 VALLEES	10 500	-	99.80% 499	10	-	-	-	5	-	-	-
SCI STERIMMO	10 500	33	99.80% 499	10	-	-	410	-	-	33	146
SCI LUZECH	10 500	84	99.80% 499	10	-	-	598	-	-	84	152
SCI MANCHESTER	10 500	17	99.80% 499	10	-	-	157	-	-	17	67
SCI CIPRIANI	10 500	34	99.80% 499	10	-	-	212	-	-	34	91
SC DUBOIS	1 1,000	(40)	99.90% 999	1,028	-	-	146	-	-	(40)	116
SCI DOM	1 1,000	180	99.90% 999	10	-	-	1,631	-	-	180	507
Other investments Miscellaneous		NM	NM	41	-	-	-	-	-	NM	NM

NM: non-material

CONSOLIDATED FINANCIAL STATEMENTS - FY 2022

Balance sheet

€000	Note	31/12/2022	31/12/2021
Goodwill	1	71,466	46,764
Intangible assets	2	2,591	4,204
Property, plant and equipment	3	85,277	79,110
Right-of-use assets	4	24,293	13,680
Investments in associates	5	3,093	2,988
Other non-current financial assets	6	6,378	5,307
Deferred tax assets	7	16,445	19,146
Total non-current assets		209,543	171,199
Inventories and work in progress	8	139,426	103,070
Trade receivables	9	106,207	90,801
Other current assets	10	23,566	21,055
Cash and cash equivalents	11	126,490	155,858
Total current assets		395,689	370,784
Total assets		**605,232**	**541,983**

€000	Note	31/12/2022	31/12/2021
Share capital		89,386	89,386
Consolidated reserves / Group share		137,649	110,987
Net income / Group share		21,992	32,165
Shareholders' equity / Group share	12	249,027	232,538
Minority interests		140	1,352
Total consolidated shareholders' equity	12	249,167	233,890
Non-current provisions	13-14	55,004	62,131
Non-current borrowings	15	66,641	59,808
Non-current lease liabilities	4	15,415	6,708
Deferred tax liabilities	7	6,178	5,623
Total non-current liabilities		143,238	134,270
Current provisions	13	13,248	12,201
Current borrowings	15	34,375	20,287
Current lease liabilities	4	5,483	3,422
Trade payables	16	67,649	65,173
Current tax liabilities	16	2,554	3,188
Other current liabilities	16	89,518	69,552
Total current liabilities		212,827	173,823
Total equity and liabilities		**605,232**	**541,983**

Income statement

€000	Note	2022	2021
Net revenues	18	629 083	568 970
Change in inventories		7 129	5 534
Purchases consumed including subcontracting		-274 845	-236 004
Gross margin	18	361 367	338 500
as % of production		56,8%	58,9%
as % of revenues		57,4%	59,5%
Other operating income and grants		3 910	2 754
Net provision (charges)/reversals		-2 834	-2 145
External charges		-96 626	-85 143
Taxes and duties		-4 610	-4 222
Staff costs		-201 328	-185 293
Depreciation		-21 352	-18 444
Other expenses		-2 518	-2 398
RECURRING OPERATING INCOME	18	36 009	43 609
as % of revenues		5,7%	7,7%
Restructuring costs		234	696
Other non-recurring income and expenses		-108	
Change in impairment of goodwill and non-current assets		-4 004	278
NET OPERATING INCOME		32 131	44 583
as % of revenues		5,1%	7,8%
Cash and cash equivalents		385	358
Gross cost of debt		-1 060	-846
Net cost of debt	19	-675	-488
Other financial income and expenses	19	472	74
EARNINGS BEFORE TAX		31 928	44 169
Income tax	20	-10 207	-11 989
Share of earnings of associates		110	204
NET INCOME OF CONSOLIDATED COMPANIES		**21 831**	**32 384**
as % of revenues		3,5%	5,7%
- Group share		21 992	32 165
- Minority interests		-161	219
Basic and diluted net earnings per share (excl. treasury shares) - consolidation scope (€)	21	0,24	0,35

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

€000	Note	2022	2021
Net income for the year		21,831	32,384
Items subsequently reclassified to profit or loss:			
Translation differences arising from foreign subsidiaries' financial statements		-573	48
Financial instruments, revaluation surplus			-352
Related tax			
Items not subsequently reclassified to profit or loss:			
Financial instruments		-3,232	
Actuarial gains and losses on retirement benefit obligations	14	10,764	2,825
Related tax	20	-3,288	-574
Share of earnings of associates recognised directly in equity			0
Total gains and losses recognised directly in equity		3,671	1,947
Net income and gains and losses recognised directly in equity		25,502	34,331
Group share		25,646	34,100
Minority interests		-144	231

Statement of cash flows

€000	Note	2022	2021
Consolidated net income		**21 831**	**32 384**
Elimination of non-cash items:			
- Depreciation and amortisation of operational assets		16 078	14 112
- Depreciation and amortisation of operating and finance leases		5 273	4 332
- Change in operating, financial and non-current provisions		2 130	-787
- Change in provisions for goodwill impairment		3 925	-278
- Gains or losses on asset disposals		-97	-253
+/- Share of earnings of associates		-109	-204
Gross operating cash flow after net cost of debt and tax		*49 031*	*49 306*
+ Net cost of debt		675	488
+/- Tax charge	20	10 207	11 989
Gross operating cash flow before net cost of debt and tax		*59 913*	*61 783*
Change in working capital:			
- Change in inventories and work in progress	8	-25 142	-29 037
- Change in trade receivables, advances and down payments and deferred		5 703	8 109
- Change in trade payables and prepaid expenses		-3 984	8 204
- Change in tax receivables and payables		-669	3 563
- Change in other receivables and payables		672	2 344
- Taxes paid		-10 099	-11 623
Net cash flow from operating activities		**26 394**	**43 343**
Disposal of non-current assets		317	252
Disposal of consolidated securities		0	0
Purchase of consolidated securities, net of cash acquired		-33 801	-406
Purchase of intangible assets and PP&E	2-3	-22 672	-10 737
Purchase of financial assets		-237	-268
Net cash flow from investing activities		**-56 393**	**-11 159**
Increase in borrowings from credit institutions	15	31 186	3 569
Increase in other borrowings		87	491
Operating and finance lease payments		-5 124	-4 218
Repayment of borrowings from credit institutions	15	-17 362	-21 878
Repayment of other borrowings		-392	-601
Net cost of debt		-675	-488
Purchase of GROUPE SFPI SA shares		-1 620	-9 975
Dividends paid by GROUPE SFPI SA		-7 370	-5 683
Dividends paid to minority shareholders of subsidiaries		-162	-167
Net cash flow from financing activities		**-1 432**	**-38 950**
Impact of changes in exchange rates		-240	271
Recorded change in cash and cash equivalents since the previous balance sheet date		**-31 671**	**-6 495**
Closing cash and cash equivalents consists of the following:			
Cash and cash equivalents	11	126 490	155 858
Overdrafts and short-term loans	15	-3 514	-1 211
Net cash and cash equivalents		*122 976*	*154 647*

Statement of changes in shareholders' equity

	Share capital	Treasury shares	Consolidated reserves and earnings	Gains and losses recognised directly in equity	Shareholders' equity - Group share	Shareholders' equity - minority interests	Total shareholders' equity
Balance at 01-01-2021	89 386	-7 577	148 598	-16 167	214 240	1 648	215 888
Dividends paid			-5 683		-5 683	-167	-5 850
Capital transactions					0		0
Treasury share transactions		-9 975			-9 975	0	-9 975
Change in consolidation scope			-144		-144	-360	-504
Net income for the year			32 165		32 165	219	32 384
Gains and losses recognised directly in equity		0		1 935	1 935	12	1 947
Net income and gains and losses recognised directly in equity	*0*	*0*	*32 165*	*1 935*	*34 100*	*231*	*34 331*
Balance at 31-12-2021	89 386	-17 552	174 936	-14 232	232 538	1 352	233 890
Dividends paid			-7 370		-7 370	-162	-7 532
Capital transactions					0		0
Treasury share transactions		-1 620			-1 620	0	-1 620
Change in consolidation scope			-167		-167	-906	-1 073
Net income for the year			21 992		21 992	-161	21 831
Gains and losses recognised directly in equity		0		3 654	3 654	17	3 671
Net income and gains and losses recognised directly in equity	*0*	*0*	*21 992*	*3 654*	*25 646*	*-144*	*25 502*
Balance at 31-12-2022	89 386	-19 172	189 391	-10 578	249 027	140	249 167

Notes

INTRODUCTION

On 18 April 2023, the Board of Directors of the public limited company ("société anonyme") GROUPE SFPI approved the accounts and authorised the publication of the GROUPE SFPI consolidated financial statements for the year ended 31 December 2022.
The consolidated financial statements are drawn up in euros. Unless otherwise specified, amounts are stated in thousands of euros.

HIGHLIGHTS

On 1 August 2022, GROUPE SFPI purchased the entire share capital of WO&WO, an Austrian group specialising in high-end solar protection systems for buildings. Consisting of seven companies, the group comprises three industrial sites (two in Austria and one in the Czech Republic) and three sales subsidiaries in Germany, France and Switzerland. The group was acquired at a price of €29 million financed by a €20.5 million seven-year loan. The group posted 2022 revenues of €59 million and employed 384 people at 31 December 2022. WO&WO contributed €20.6 million to 2022 consolidated revenues. Its financial aggregates are included in the MAC division financial statements.

On 21 October 2022, through its German subsidiary Dom Sicherheitstechnik GmbH & Co KG (DOM division), GROUPE SFPI acquired a 60% stake in another Austrian company, Tapkey GmbH. Comprising ten employees, Tapkey specialises in cloud solutions with electronic keys for the building and mobility markets. The acquisition cost €3 million and was financed from shareholders' equity. Tapkey posted 2022 revenues of €1 million and contributed €0.15 million to 2022 consolidated revenues.

The Russia-Ukraine war has no major impact on Sfpi Group. The Group has no direct or indirect subsidiaries in these two countries. The Group's business in Russia, Belarus and Ukraine is negligible.

LIST OF CONSOLIDATED COMPANIES

F.C. - FULL CONSOLIDATION; E.M. - EQUITY METHOD

Name	Country	% interest		Siren no.	Activity	Conso. method
		31/12/2022	31/12/2021			
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-Metalux	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	99.43	99.42	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.
Dom MCM	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	33.90	33.9	429,665,482	Security systems	E.M.
Invissys	France	95.00	75.0	802 367 458	Security systems	F.C.
DIS	Austria	66.7	66.7		Locking systems	F.C.
Eliot et Cie	France	100.00	85.0	629,027,899	Locking systems	F.C.
Antipanic Srl	Italy	76.58	73.9		Locking systems	F.C.
Revilo	Belgium	0.00	100.00		Locking systems	F.C.
Keytech	Belgium	0.00	100.00		Locking systems	F.C.
Hoberg	Belgium	100.00	100.00		Locking systems	F.C.
Tapkey	Austria	60.00	0		Locking systems	F.C.

Name	Country	% interest		Siren no.	Activity	Conso. method
		31/12/2022	31/12/2021			
NEU-JKF SA (former NEU SA)	**France**	**99.98**	**99.98**	**454 500 315**	**Division holding company**	**F.C.**
Neu Railways	France	45.00	45.00	351 221 361	Air treatment	E.M.
Neu Inc.	USA	50.00	50.00		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	N/A (*)	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	100.00	70.00		Air treatment	F.C.
JKF Industri A/S	Denmark	98.16	98.16		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.
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.
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.

(*) NEU FEVI was fully transferred to FEVI SAS

Name	Country	% interest		Siren no.	Activity	Conso. method
		31/12/2022	31/12/2021			
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	Doors	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	0.00	100.00		Doors	F.C.
BOSTORE	Belgium	99.46	99.46		Doors	F.C.
VETTENBURG	Belgium	100.00	100.00		Doors	F.C.
MAA	**France**	**100.00**			**Holding**	**F.C.**
WO&WO Sonnenlichtdesign GmbH & Co KG	Austria	100.00			Doors	F.C.
WO&WO Swiss GmbH	Switzerland	100.00			Doors	F.C.
WO&WO Stinici Technika	Czech Republic	100.00			Doors	F.C.
WO&WO Sonnenlichtdesign GmbH	Germany	100.00			Doors	F.C.
WO&WO France	France	100.00			Doors	F.C.
WO&WO Holding GmbH	Germany	100.00			Holding	F.C.
WO&WO Sonnenlichtdesign GmbH	Austria	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.
Movirail	France	0	45.00	883 319 899	Real estate	E.M.
SCI DOM	France	100.00	100.00	817 484 405	Real estate	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.

ACCOUNTING POLICIES, VALUATION METHODS AND IFRS OPTIONS ADOPTED

1. ACCOUNTING STANDARDS

The consolidated financial statements cover the 12-month periods ended 31 December 2022 and 2021.

The Sfpi Group consolidated financial statements for the year ended 31 December 2022 have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted within the European Union as at 31 December 2022.

These include IAS and IFRS international accounting standards and SIC and IFRIC interpretations of mandatory application as at 31 December 2022.

The IFRS adopted by the European Union as at 31 December 2022 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 2022 consolidated financial statements are the same as those applied in the preparation of the consolidated financial statements for the year ended 31 December 2021, except for new standards, amendments and interpretations applicable from 1 January 2022.

IFRS amendments published by the IASB and applicable from 1 January 2022 had no impact on the financial statements.

The Group did not apply in advance any standards, amendments or interpretations published by the IASB which were not mandatory as of 1 January 2022.

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.

The preparation of the financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities, income and expenses for the period and to take into account any contingencies existing at the balance sheet date.

Depending on changes in the assumptions in question or in economic conditions compared to those prevailing at the balance sheet date, the amounts that appear in the Group's future financial statements may differ significantly from current estimates.

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, except as explained above in the section entitled "Accounting Standards".

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:

	2022 closing rate	2022 average rate	2021 closing rate	2021 average rate
CHF (Switzerland)	0.98	1.00	1.03	1.08
GBP (UK)	0.89	0.85	0.84	0.86
HUF (Hungary)	400.87	391.27	369.19	359.01
PLN (Poland)	4.68	4.68	4.60	4.57
RON (Romania)	4.95	4.94	4.95	4.92
RSD (Serbia)	117.33	117.43	117.65	117.61
CZK (Czech Republic)	24.12	24.56	24.86	25.69
HRK (Croatia)	7.54	7.54	7.52	7.53
BRL (Brazil)	5.64	5.47	6.31	6.38
MAD (Morocco)	11.16	10.69	10.47	10.65
CNY (China)	7.36	7.08	7.19	7.64
HKD (Hong Kong)	8.32	8.27	8.83	9.21
USD (USA)	1.07	1.06	1.13	1.19
DKK (Denmark)	7.44	7.44	7.44	7.44
SGD (Singapore)	1.43	1.45	1.53	1.59
IDR (Indonesia)	16,519.82	15,674.50	16,100.42	16,945.92
MYR (Malaysia)	4.70	4.63	4.72	4.89

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. Deferred taxes are recognised under the impact of these entries in the income statement.

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 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 (see section 14 below).

Financial liabilities

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

- Financial liabilities measured at fair value through other comprehensive income (see Note 15);
- Other financial liabilities not held for trading, which are measured at amortised cost. 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.

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

12. Cash and cash equivalents

Cash and cash equivalents include 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 risk of change in value. 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 or, otherwise, 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

Retirement benefits and long-service awards are qualified as defined benefit plans. They are recognised under non-current provisions, except for the portion to be paid within 12 months following the balance sheet date, which is recorded under 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 63 for executives and 61 for non-executive staff in France. Top-up pensions for DOM Germany staff are measured by an independent actuary using the same method. Similarly, in Austria, retirement bonuses and long-service awards are valued by an external actuary.

The provision makes allowance for 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 2022 ranged from 3.1% to 4.1% for eurozone companies (0.56% to 1.48% in 2021) and from 5.5% to 7.1% for other companies (4.5% to 5.7% in 2021). Likewise, allowance was made for a eurozone inflation rate of 2.5% in 2022 (1.1% in 2021) and a country-specific wage growth rate due to promotion excluding inflation ranging from 0.5% to 1% in the eurozone and from 5% to 9.5% elsewhere (1% in the eurozone and 5.5% elsewhere in 2021).

Actuarial gains and losses arising from changes in assumptions regarding retirement benefit obligations and experience adjustments are recognised directly in comprehensive income and presented under 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

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.

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/WO&WO: shutters, windows, 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.

Acquired during the financial year, the WO&WO Group is presented under the MAC division and Tapkey under the DOM division.

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

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

The main impacts of the WO&WO Group acquisition on the income statement are as follows (€000):

Contributory income statement (€000)	Included in SFPI consolidation scope (5 months)	2022
Net revenues	20,578	59,095
Gross margin	10,411	26,552
as % of revenues	50.6%	44.9%
Recurring operating income/(loss)	-1,220	276
Net operating income/(loss)	-1,220	276
Net income/(loss)	-805	169

The main impacts of the Tapkey acquisition on the income statement are as follows (€000):

Contributory income statement (€000)	Included in SFPI consolidation scope (2 months)	2022
Net revenues	148	977
Gross margin	136	718
as % of revenues	91.9%	73.5%
Recurring operating income/(loss)	-163	-324
Net operating income/(loss)	-163	-324
Net income/(loss)	-175	-404

Note 1 - Goodwill

The following amounts of goodwill were assigned to each cash-generating unit (CGU) at 31 December 2021:

	Gross value 31-12-2022	Impairment 31-12-2022	Net value 31-12-2022	Net value 31-12-2021
DOM SECURITY	96,562	-50,752	45,810	41,930
- DENY Security	*27,814*	*-10,796*	*17,018*	*17,018*
DOM + TAPKEY Group	*11,418*	*-333*	*11,085*	*7,102*
HOBERG	*5,605*	*0*	*5,605*	*5,605*
PICARD-SERRURES	*7,525*	*-2,588*	*4,937*	*4,937*
ANTIPANIC SRL	*5,081*	*-1,859*	*3,222*	*3,222*
OMNITECH Security	*2,696*	*0*	*2,696*	*2,696*
Dom Participations - Beugnot	*1,248*	*0*	*1,248*	*1,248*
ELIOT et Cie	*103*	*-103*	*0*	*103*
MMD	4,834	0	4,834	4,834
Cipriani Phe	*4,834*		*4,834*	*4,834*
NEU-JKF	*11,583*	*-11,583*	0	0
MAC	20,822	0	20,822	
WO&WO	*20,822*	*0*	*20,822*	
Goodwill	**133,801**	**-62,335**	**71,466**	**46,764**

In 2022, following the acquisition of the WO&WO Group and Tapkey GmbH, the Group recorded provisional goodwill of €20.8 million and €4 million respectively.

As a result of impairment testing prompted by indications of impairment, the Group's CGUs were further written down by €0.1 million in the DOM division.

The following discount rates were used for the main CGUs:

Weighted average cost of capital (WACC before tax) used to calculate impairment	2022	2021
DOM		
Dény Security	*8,44%*	*5,71%*
Dom GmbH	*8,37%*	*5,69%*
Dom Security - Beugnot	*8,86%*	*6,12%*
Picard Serrures	*8,67%*	*5,94%*
OMNITECH Security	*8,86%*	*6,12%*
Dom UK	*8,74%*	*5,94%*
Dom Titan	*10,86%*	*7,87%*
Antipanic	*9,64%*	*6,95%*
Hoberg	*8,44%*	*5,71%*
NEU-JKF		
Fevi SAS / Neu Fevi	*13,24%*	*10,67%*
MMD		
Cipriani	*9,23%*	*6,53%*

2022 discount rates were impacted by the increase in the risk-free interest rate.

Sensitivity to assumptions:

	Impact on the value of asset impairment	
€000	**Goodwill**	**Other non-current assets**
5% EBIT increase over the entire plan term	0	-50
5% EBIT decrease over the entire plan term	170	120
0.5 pp increase in discount rate	160	850
0.5 pp reduction in discount rate	0	-100

Note 2 - Intangible assets

Intangible assets break down as follows:

	31/12/2022			**31/12/2021**		
	Gross	**Amortisation & impairment**	**Net**	**Gross**	**Amortisation & impairment**	**Net**
Research and development expenditure	1,306	-1,236	70	1,289	-1,197	92
Patents, licences & tradema	31,836	-29,362	2,474	27,886	-25,162	2,724
Other non-current assets	6,306	-6,305	1	6,343	-5,094	1,249
Advances and WIP	46		46	139		139
Intangible assets	**39,494**	**-36,903**	**2,591**	**35,657**	**-31,453**	**4,204**

Changes in net intangible assets are as follows:

	R&D expenditure	**Patents, licences & trademarks**	**Other non-current assets**	**Advances and WIP**	**Total**
1 January 2021	**49**	**2,973**	**2,640**	**165**	**5,827**
Change in consolidation					0
Capital expenditure	67	424	197	109	797
Disposals during the year		-8	-43		-51
Amortisation	-24	-777	-1,547		-2,348
Impairment (charges)/reversals		-21			-21
Foreign exchange gains/(losses)					0
Reclassification		133	2	-135	0
31 December 2021	**92**	**2,724**	**1,249**	**139**	**4,204**
Change in consolidation		398			398
Capital expenditure	18	613	85		716
Disposals during the year	3		-115		-112
Amortisation	-43	-1,068	-473		-1,584
Impairment (charges)/reversals		-230	-800		-1,030
Foreign exchange gains/(losses)		-1			-1
Reclassification		38	55	-93	0
31 December 2022	**70**	**2,474**	**1**	**46**	**2,591**

€8.4 million of research costs and €4.0 million of development costs were recognised under expenses for 2022.

Capital expenditure was mainly incurred in the DOM Security division (€303,000) and MMD division (€165,000).

Net intangible assets per division break down as follows:

	31-12-2022	31-12-2021
DOM Security	468	2,045
NEU-JKF	63	82
MMD	1,291	1,299
MAC	710	675
Other businesses	59	103
Net intangible assets	**2,591**	**4,204**
WO&WO Group	*314*	

Net intangible assets per region break down as follows:

	31-12-2022	31-12-2021
France	2,002	3,439
Overseas	589	765
Net intangible assets	**2,591**	**4,204**

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment breaks down as follows:

	31/12/2022			31/12/2021		
	Gross	Depreciation & impairment	Net	Gross	Depreciation & impairment	Net
Land and development	17,604	-2,062	15,542	17,182	-2,065	15,117
Buildings	117,548	-85,041	32,507	115,861	-80,373	35,488
Plant and equipment	244,567	-222,075	22,492	229,614	-209,423	20,191
Other non-current assets	42,972	-35,916	7,056	37,958	-31,612	6,346
Advances and WIP	8,745	-1,065	7,680	2,133	-165	1,968
Property, plant and equipment	**431,436**	**-346,159**	**85,277**	**402,748**	**-323,638**	**79,110**

	Land and development	Buildings	Plant and equipment	Other non-current assets	Advances and WIP	Total
1 January 2021	**14,990**	**34,225**	**17,681**	**5,503**	**6,049**	**78,448**
Change in consolidation						
Capital expenditure	133	831	4,944	2,700	1,332	9,940
Disposals during the year	-4	287	-64	-49	-43	127
Depreciation	-54	-2,866	-5,905	-871	-100	-9,796
Impairment (charges)/reversals			342	-43		299
Foreign exchange gains/(losses)	58	54	-8	2	-14	92
Reclassification	-6	2,957	3,201	-896	-5,256	0
31 December 2021	**15,117**	**35,488**	**20,191**	**6,346**	**1,968**	**79,110**
Change in consolidation	40	71	818	299	727	1,955
Capital expenditure	394	1,262	9,118	3,247	7,938	21,959
Disposals during the year	7	-9	-88	-103		-193
Depreciation	-14	-4,503	-7,510	-2,475	5	-14,497
Impairment (charges)/reversals			-1,643	-315	-913	-2,871
Foreign exchange gains/(losses)	-2	-108	-29	-16	-31	-186
Reclassification		306	1,635	73	-2,014	0
31 December 2022	**15,542**	**32,507**	**22,492**	**7,056**	**7,680**	**85,277**

Impairment charges recorded in the income statement concern the following divisions: DOM Security (€2,549,000), MMD (€243,000) and MAC (€79,000).

Net property, plant and equipment per division breaks down as follows:

	31-12-2022	31-12-2021
DOM Security	34,050	36,786
NEU-JKF	18,774	18,564
MMD	8,586	8,167
MAC	23,708	15,350
Other businesses	159	243
Net property, plant and equipment	**85,277**	**79,110**
WO&WO Group	*2,044*	

Capital expenditure breaks down as follows:

	31-12-2022	31-12-2021
DOM Security	6,426	4,023
NEU-JKF	2,986	1,587
MMD	2,376	1,081
MAC	10,132	3,215
Other businesses	39	34
Purchase of property, plant and equipment	**21,959**	**9,940**

Net property, plant and equipment per region breaks down as follows:

	31-12-2022	31-12-2021
France	44,614	39,383
Overseas	40,663	39,727
Net property, plant and equipment	**85,277**	**79,110**

NOTE 4 - RIGHT-OF-USE ASSETS

Right-of-use assets break down as follows:

	Real estate lease	Plant and equipment	Office equipment and hardware	Vehicles and transport equipment	Total
Right-of-use assets at 31-12-2021	**9,729**	**26**	**683**	**3,242**	**13,680**
o/w finance leases	*3,595*	*19*	*10*	*0*	*3,624*
First-time consolidation	*11,155*	*331*	*13*	*510*	12,009
New leases signed during the period	409	25	28	2,246	2,708
o/w finance leases					*0*
Lease amendments and termination	247	90	23	809	1,169
o/w finance leases					*0*
Depreciation for the period	-2,263	-83	-320	-2,607	-5,273
o/w finance leases	*-261*				*-261*
Right-of-use assets at 31-12-2022	**19,277**	**389**	**427**	**4,200**	**24,293**
o/w finance leases	*3,334*	*19*	*10*	*0*	*3,363*

In application of IFRS 16, finance lease liabilities have been reclassified as lease liabilities.

	Liabilities 01-01-2022	New liabilities	Repayment	Change in consolidation	Total 31-12-2022	o/w due in <1yr
Lease liabilities	10,130	3,897	-5,124	11,995	20,898	5,483
o/w finance leases	*94*		*-94*		*0*	0

	DOM Security	NEU-JKF	MAC	MMD	SFPI & Others	Total 31-12-2022
Due in < 1 yr - operating leases	1,174	934	2,676	67	632	5,483
Due in > 1 yr - operating leases	1,713	516	10,693	38	2,455	15,415
Total	**2,887**	**1,450**	**13,369**	**105**	**3,087**	**20,898**
Restated rent	1,387	1,128	1,762	130	598	5,005
Depreciation recognised	-1,447	-1,123	-1,857	-213	-633	-5,273
Interest	1	-9	25	-1	42	58

NOTE 5 - INVESTMENTS IN ASSOCIATES

These comprise investments in TITAN ZAGREB (€185,000), ELZETT-FEK (€644,000) and SPRINGCARD (€294,000) in the DOM division and NEU RAILWAYS (€1,970,000) and NEU Inc. (€0) 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	
	2022	2021	2022	2021	2021	2020
Total assets	4,941	3,896	1,485	1,259	1,655	1,751
Shareholders' equity	1,620	1,747	613	533	867	852
Revenues	12,305	10,056	1,645	1,403	1,636	1,746
Net income	12	17	96	50	15	233

	Neu Railways		Neu Inc.	
	2022	2021	2022	2021
Total assets	9,098	8,786	1,649	1,055
Shareholders' equity	3,507	3,308	-776	-735
Revenues	5,940	4,778	1,504	1,705
Net income	195	189	4	43

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

NOTE 6 - NON-CURRENT FINANCIAL ASSETS

Assets maturing in over 1 year	31-12-2022	31-12-2021
Other financial investments	39	133
Loans, deposits and other long-term investments	6,339	5,174
Non-current financial assets	**6,378**	**5,307**
WO&WO Group	*1,252*	

NOTE 7 - DEFERRED TAX

Deferred tax assets arise from:

	31-12-2022	31-12-2021
- temporarily non-deductible expenses	2,991	2,753
- provisions related to asset impairment testing	1,756	990
- tax loss carryforwards	984	1,623
- the following consolidation adjustments:		
Finance leases	-188	-200
Internal margins	928	724
Pensions and retirement benefits	8,860	11,885
Adjustment of foreign company depreciation/amortisation rates and provision policies to Group standards	1,058	1,291
Other items	56	80
Deferred tax assets	**16,445**	**19,146**
WO&WO Group	*481*	

Deferred tax liabilities mainly relate to the NEU-JKF (€2,618,000) and DOM Security (€2,133,000) divisions. They relate to revaluation of intangible assets and property, plant and equipment and differences between tax depreciation and book depreciation.

Deferred tax related to tax loss carryforwards not recognised due to the uncertainty of profitability or subject to a recovery period of over ten years amounted to €2.1 million at 31 December 2022.

NOTE 8 - INVENTORIES

Inventories break down as follows:

	31-12-2022			31-12-2021		
	Gross	Impairment	Net	Gross	Impairment	Net
Raw materials	94,393	-16,596	77,797	72,061	-13,839	58,222
Work in progress (goods and services)	30,214	-3,266	26,948	25,376	-3,367	22,009
Semi-finished and finished goods	21,939	-2,800	19,139	15,967	-2,149	13,818
Trade goods	18,739	-3,197	15,542	12,248	-3,227	9,021
Inventories	**165,285**	**-25,859**	**139,426**	**125,652**	**-22,582**	**103,070**
WO&WO Group	*11,540*	*-1,598*	*9,942*			

NOTE 9 - TRADE RECEIVABLES

Trade receivables:

	31-12-2022	31-12-2021
Gross	112,136	97,349
Impairment	-5,929	-6,548
Net	**106,207**	**90,801**
WO&WO Group	*2,719*	

WO&WO is the only CGU to use factoring. The amount financed totalled €1,796,000 at year-end.

Reversals of impairment provisions on trade receivables were offset by impairment charges on bad debt totalling €827,000.

	< 1 month	1-3 months overdue	3-6 months overdue	6-12 months overdue	> 12 months overdue	Total
Overdue, not covered by provisions	13,102	3,741	549	788	889	19,069
Overdue, covered by provisions	299	557	698	776	4,447	6,777
Total	**13,401**	**4,298**	**1,247**	**1,564**	**5,336**	**25,846**

NOTE 10 - OTHER CURRENT ASSETS

	31-12-2022	31-12-2021
Tax receivables	3,685	4,770
Other operating receivables	15,971	13,166
Prepaid expenses	3,910	3,119
Other current assets	**23,566**	**21,055**
WO&WO Group	*1,393*	

Other operating receivables mainly include VAT receivables totalling €10.5 million.

NOTE 11 - CASH AND CASH EQUIVALENTS

Net cash and cash equivalents break down as follows:

	31-12-2022	31-12-2021
Cash equivalents	58,060	80,078
Cash	68,430	75,780
Cash and cash equivalents	**126,490**	**155,858**
WO&WO Group	*2,564*	

Cash equivalents almost entirely consist of time deposits issued by top-tier banks repayable at any time.

NOTE 12 - SHAREHOLDERS' EQUITY AND MINORITY INTERESTS

As at 31 December 2022, the share capital consisted of 99,317,902 shares with a par value of €0.90 each. The Company holds 7,112,471 treasury shares representing 7.2% of the share capital.

NOTE 13 - NON-CURRENT AND CURRENT PROVISIONS

Non-current provisions break down as follows:

	31-12-2022	31-12-2021
Retirement benefits and long-service awards - Non-current portion	53,139	60,175
Representatives' entitlements in Germany	1,512	1,486
Provision for subsidiary risk	353	470
Non-current provisions	**55,004**	**62,131**
WO&WO Group	*2,155*	

Current provisions break down as follows:

	31-12-2021	Change in consolidation	Charges	Reversals (not used)	Reversals (used)	31-12-2022
Trade litigation	2,310		2,048	-1,055	-667	2,636
Tax litigation	425		250	-340	-38	297
Social security litigation	642		1,009	-152	-182	1,317
Other contingencies and charges	333		115		-146	302
Litigation and provisions for other third parties	140		697	-81	-21	735
Provisions for restructuring	641		64	-261	-278	166
Provisions for guarantees	4,908	629	4,300		-4,836	5,001
Retirement benefits and long-service awards - Current portion	2,802		-8			2,794
Current provisions	**12,201**	**629**	**8,475**	**-1,889**	**-6,168**	**13,248**

NOTE 14 - PROVISIONS FOR RETIREMENT BENEFITS AND LONG-SERVICE AWARDS (IAS 19)

Changes in provisions for retirement benefits and long-service awards break down as follows:

	31-12-2022	31-12-2021
Retirement benefits and long-service awards b/fwd	**62,976**	**64,963**
Items recognised in the income statement	***1,042***	***838***
Cost of services provided during the year	2,522	2,954
Financial costs	591	402
Benefits paid/provision reversals	-2,071	-2,294
Reclassification		-224
Items recognised in other comprehensive income	***-10,764***	***-2,825***
Actuarial gains and losses before tax	-10,764	-2,825
Changes in consolidation	***2,682***	***0***
Retirement benefits and long-service awards c/fwd	**55,936**	**62,976**

The 2021 reclassification corresponds to the deduction of the prior pension plan assets recognised under non-current financial assets (€770,000) and the addition of German long-service awards recognised previously under social security liabilities (€546,000).

The benefits break down as follows: €3,279,000 in long-service awards, €19,201,000 in retirement benefits and €33,456,000 of retirement benefits for Germany alone.

Actuarial gains and losses break down as follows:

Gains and losses on actuarial assumptions	-13,456
Gains and losses arising from experience adjustments	2,692
Actuarial gains/(losses)	**-10,764**

Sensitivity to actuarial assumptions:

	Impact of retirement benefits and long-service awards	
	Gross	**Net**
0.3 pp increase in discount rate	-1 937	-1 357
0.3 pp reduction in discount rate	2 155	1 521
0.3 pp increase in inflation or promotion rate	1 788	1 683
0.3 pp reduction in inflation or promotion rate	-1 634	-1 157

These amounts would have been recorded in other comprehensive income in accordance with Group accounting policies.

NOTE 15 - LOANS AND BORROWINGS

Loans and borrowings are liabilities recognised at amortised cost.

As at 31 December 2022, they break down as follows by maturity and category:

Loans and borrowings	Total at 31-12-2022				Total
	< 1 year	**1-5 years**	**> 5 years**	**Total**	**31-12-2021**
Loans and borrowings	28 737	53 289	7 705	89 731	74 095
Short-term bank loans and overdrafts	3 510			3 510	1 211
Due to credit institutions	32 247	53 289	7 705	93 241	75 306
Other financial liabilities	1 885	5 171		7 056	4 004
Employee profit-sharing	243	476		719	785
Due to other organisations	2 128	5 647	0	7 775	4 789
Loans and borrowings	**34 375**	**58 936**	**7 705**	**101 016**	**80 095**
Current and non-current	34 375	66 641			

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 €126,490,000 at 31 December 2022 versus €155,858,000 at 31 December 2021.

Net cash and cash equivalents changed as follows:

	31-12-2022	**31-12-2021**
Cash and cash equivalents	126 490	155 858
Borrowings from credit institutions	-93 241	-75 306
Net cash and cash equivalents held at credit institutions	33 249	80 552
Borrowings from other third parties	-7 775	-4 789
Net cash surplus	**25 474**	**75 763**
WO&WO Group	*490*	

There are no loans and borrowings denominated in non-EU currencies.

	DOM Security	**NEU-JKF**	**MAC**	**MMD**	**SFPI & Others**	**Total 31-12-2022**
Borrowings due in < 1 yr	6 246	13 849	6 793	1 790	5 697	34 375
Borrowings due in 1-5 yrs	15 146	9 004	13 242	3 747	17 797	58 936
Borrowings due in > 5 yrs	714	162	759	280	5 790	7 705
Loans and borrowings	**22 106**	**23 015**	**20 794**	**5 817**	**29 284**	**101 016**
Cash and cash equivalents	36 580	17 579	34 027	23 264	15 040	126 490
2022 net cash surplus	**14 474**	**-5 436**	**13 233**	**17 447**	**-14 244**	**25 474**
2021 net cash surplus	29 313	-9 046	19 074	23 639	12 783	75 763

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 2022. These were valued at €1,000 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 2022 was 0.84% versus 0.84% in 2021. With a few exceptions, borrowings are contracted at fixed rates.

Security interests:

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

	31-12-2022	31-12-2021
Borrowings secured by pledges - current portion	12,110	5,116
Borrowings secured by pledges - non-current portion	8,897	20,361

All mortgage charge commitments are considered as pledges.

NOTE 16 - TRADE PAYABLES AND OTHER CURRENT LIABILITIES

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

They break down as follows by type:

	31-12-2022	31-12-2021
Trade payables	**67,649**	**65,173**
Current tax liabilities	**2,554**	**3,188**
Social security and tax payables	45,708	41,980
Other payables	10,445	6,854
Advances and down payments received on orders	31,326	18,057
Deferred income	2,039	2,661
Other current liabilities	**89,518**	**69,552**

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

NOTE 17 - OFF-BALANCE SHEET COMMITMENTS

	DOM Security	NEU-JKF	MAC	MMD	SFPI & Others	Total 31-12-2022	Total 31-12-2021
Guarantees given		2,155		6,017		8,172	6,485
Guarantees received	562	20	630			1,212	850

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

NOTE 18 - REVENUES, GROSS MARGIN, OPERATING INCOME

Revenues by operating segment break down as follows:

	2022		2021		Change	
	€000	%	€000	%	€000	%
DOM Security	207,577	33.00%	197,715	34.75%	9,862	4.99%
NEU-JKF	129,013	20.51%	118,359	20.80%	10,654	9.00%
MMD	60,145	9.56%	59,682	10.49%	463	0.78%
MAC	232,342	36.93%	193,212	33.96%	39,130	20.25%
Other businesses	6	0.00%	2	0.00%	4	200.00%
Net revenues	**629,083**	**100.00%**	**568,970**	**100.00%**	**60,113**	**10.57%**

Revenues by region break down as follows:

	2022		2021	
	France	Overseas	France	Overseas
DOM Security	76 295	131 282	76 521	121 194
NEU-JKF	52 562	76 451	46 649	71 710
MMD	26 301	33 844	27 364	32 318
MAC	207 587	24 755	187 031	6 181
Other businesses	6	0	2	
Net revenues	**362 751**	**266 332**	**337 567**	**231 403**

Income statements per division:

2022	DOM Security	NEU-JKF	MMD	MAC	Others & adjustments (2)	Total
Revenues	207,629	129,174	60,201	232,348	-269	629,083
Gross margin	143,291	63,779	32,562	121,865	-130	361,367
as % of production (1)	68.2%	48.2%	52.0%	52.7%		56.8%
as % of revenues	69.0%	49.4%	54.1%	52.4%		57.4%
EBIT	17,172	7,974	6,668	4,048	147	36,009
Net operating income	13,382	7,974	6,425	4,203	147	32,131
Net financial income/(expense)	704	-96	68	-604	-274	-202
Income tax	-5,088	-2,145	-1,818	-1,088	-68	-10,207
Net income of consolidated companies	**9,035**	**5,807**	**4,675**	**2,511**	**-197**	**21,831**

(1) Percentage of production = Gross margin / (Net revenues + Change in inventories)
(2) 'Others & adjustments' include:
- Group holding operations;
- inter-segment eliminations.

2021	DOM Security	NEU-JKF	MMD	MAC	Others & adjustments (2)	Total
Revenues	197,755	118,454	59,775	193,231	-245	568,970
Gross margin	138,881	59,081	33,165	107,491	-118	338,500
as % of production (1)	69.6%	49.2%	55.4%	55.0%		58.9%
as % of revenues	70.2%	49.9%	55.5%	55.6%		59.5%
EBIT	23,418	7,461	4,671	8,053	6	43,609
Net operating income	23,790	7,368	4,671	8,750	4	44,583
Net financial income/(expense)	-130	-276	-51	-96	139	-414
Income tax	-5,754	-1,923	-1,415	-2,066	-831	-11,989
Net income of consolidated companies	**18,008**	**5,271**	**3,206**	**6,588**	**-689**	**32,384**

(1) Percentage of production = Gross margin / (Net revenues + Change in inventories)
(2) '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	
	2022	2021	2022	2021	2022	2021
DOM Security	230,554	234,017	60,561	68,896	54,470	52,314
NEU-JKF	101,955	87,682	15,411	26,046	64,259	45,474
MMD	70,655	70,041	7,351	8,739	26,516	23,037
MAC	189,160	125,056	32,742	18,165	58,662	45,549
Other businesses	12,908	25,187	27,173	8,837	8,920	11,036
Total	**605,232**	**541,983**	**143,238**	**130,683**	**212,827**	**177,410**
WO&WO Group	*53,327*		*12,125*		*11,546*	

Note 19 - Net financial income/(expense)

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

	2022	2021
Cash and cash equivalents	385	358
Interest and similar expenses	-1,060	-846
Net cost of debt	**-675**	**-488**
Currency gains	879	648
Other financial income	1,331	783
Interest on operating & finance leases	58	54
Currency losses	-874	-618
Other financial expenses	-922	-793
Net financial income/(expense)	**-203**	**-414**

Note 20 - Tax

Income tax breaks down as follows:

	2022	2021
CVAE	-1,254	-1,204
Income tax - France	-2,671	-5,824
Income tax - overseas	-6,174	-4,595
Net deferred tax	-108	-366
Income tax	**-10,207**	**-11,989**

Changes in the deferred tax account are analysed as follows:

	Assets	Liabilities	Balance
Deferred tax at 31-12-2021	**19,146**	**5,623**	**13,523**
Change over the period			
change in income statement	*453*	*561*	*-108*
change in items of other comprehensive income	*-3,288*	*-6*	*-3,282*
change in consolidation	*134*		*134*
Deferred tax at 31-12-2022	**16,445**	**6,178**	**10,267**

Corporate income tax breaks down as follows:

	2022	2021
Earnings before tax	32,038	44,373
CVAE (included in income tax)	-1,255	-1,204
Tax credit (included under grants)	-706	-827
Goodwill impairment	103	
Taxable income	30,180	42,342
Theoretical tax charge (25% rate applicable to consolidating parent company	**7,545**	**11,644**
CVAE	1,255	1,204
Tax rate differences	-20	-615
Impact of unrecognised tax losses	498	-235
Impact of permanent differences	1	17
Impact of changes in tax rates		16
Impact of prior year adjustments	885	-43
Other (tax presented net under 'Non-recurring income')	43	0
Effective tax charge	**10,207**	**11,988**
%	**33.82%**	**28.31%**

All overseas tax rates are lower than the French rate and range between 9% (Hungary) and 25.8% (Netherlands), except for Italy (27.9%) and Germany (31.93%).

NOTE 21 - EARNINGS PER SHARE

	2022	2021
Number of shares outstanding (excl. treasury shares)	99,317,902	99,317,902
Treasury shares	7,112,471	6,578,472
Number of shares outstanding	92,205,431	92,739,430
Earnings per share (basic and diluted) (€)	**0.24**	**0.35**

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. While the General Meeting of 17 June 2022 authorised the allocation of bonus shares or stock options, this authorisation has not been exercised to date.

NOTE 22 - HEADCOUNT

Year-end headcount breaks down as follows:

	France		Overseas		Total	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021	31-12-2022	31-12-2021
DOM Security	575	583	1,072	1,120	1,647	1,703
NEU-JKF	311	315	375	364	686	679
MMD	237	242	45	45	282	287
MAC	1,136	1,136	398	24	1,534	1,160
Other businesses	15	13		0	15	13
Headcount	**2,274**	**2,289**	**1,890**	**1,553**	**4,164**	**3,842**

Average Sfpi Group headcount for the year amounted to 3,767 FTE employees compared to 3,723 the previous year.
The WO&WO Group headcount at year-end amounted to 384 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		Payables	
	2022	2021	2022	2021	2022	2021	2022	2021
Controlling related parties	33	30	508	479	13	3	3	
Associates (equity	1 059	946	368	497	306	257	48	50
Other related parties			1 465	1 440			113	150
Total	**1 092**	**976**	**2 341**	**2 416**	**319**	**260**	**164**	**200**

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

	2022	2021
Short-term compensation excluding employer social security charges	650	627
Employer social security charges	289	263

Note 24 - Proposed dividends

A dividend of €0.05 per share will be proposed for approval by the General Meeting of shareholders on 16 June 2023.

Note 25 - Statutory auditors' fees

2022	EY	Grant Thornton
Financial statement certification	209	234
Other services	5	

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 2022.

Note 27 - Post balance sheet events

On 9 March 2023, through its DOM Security division and its Italian subsidiary DOM CR, Sfpi Group acquired the entire share capital of Italian company VIRO. Sfpi Group also directly acquired the entire share capital of VIRO TRONIC, which owns the real estate complex that houses VIRO's business. The companies' acquisition values amounted to €7.2 million and €6.8 million respectively. Loans of €5.5 million over seven years and €6 million over ten years are currently being finalised.

VIRO is a renowned specialist in locking solutions offering a wide range of products. In addition to the brand's flagship padlocks, VIRO designs, manufactures and assembles electric locking systems, rim locks and cylinder locks, as wells as bicycle padlocks. VIRO employs 70 people in Bologna, Italy. The company posted revenues of €16.6 million in 2022.

VIRO and VIRO TRONIC generated the following net operating income in 2022:

	VIRO	VIRO TRONIC	Total
Net operating income	976	71	1 047
Earnings before non-recurring items	1035	71	1 106
Net income	759	48	807

On 13 April 2023, the minority shareholders of Antipanic exercised their put options on their remaining 23.42% equity stake, for an amount of €1,686,000.

STATUTORY AUDITORS' REPORT

on the parent company financial statements for the year ended 31 December 2022

GRANT THORNTON
French member of Grant Thornton International

29 rue du Pont,
92200 Neuilly-sur-Seine
S.A.S. with share capital of €2,297,184
632 013 843 Nanterre Trade & Companies Register

Statutory auditors
Member of the
Versailles and Centre Institute of Statutory Auditors

ERNST & YOUNG Audit

Tour First
TSA 14444
92037 Paris-La Défense cedex
S.A.S. with variable capital
344 366 315 Nanterre Trade & Companies Register

Statutory auditors
Member of 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 2022, 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 2022 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

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code on the justification of our assessments, we 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.

Valuation of equity investments

(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)

Key audit matter	Our response
As at 31 December 2022, equity investments are carried on the balance sheet at a net value of €134.8 million compared to a balance sheet total of €202 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. 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.	In order to assess the reasonableness of the estimate of the value in use of equity investments, based on the information provided to us, our work assisted by our valuation experts consisted mainly in: ► for valuations based on share of net assets, comparing the accounting information with the financial statements of the entities concerned; ► for valuations based on forecast data: ► obtaining an understanding of the valuation method adopted by management; ► assessing the integrity of the impairment test model used and the appropriateness of any changes made to the previous year’s model; ► conducting interviews with management to identify the main judgements, estimates and assumptions used in the impairment test model and obtaining explanations to corroborate these judgements, estimates and assumptions; ► corroborating key data in the impairment test model with historical data and the data presented by the Chairman to the Board of Directors; ► assessing the appropriateness of the information presented in the notes to the company financial statements.

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 acquisition of equity and controlling interests and 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 the professional standards applicable to the statutory auditor's work relating to the parent company and consolidated financial statements presented in accordance with the European single electronic reporting format, we have also verified compliance with this format as defined by European Delegated Regulation No. 2019/815 of 17 December 2018 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, prepared under the responsibility of the Chairman and Chief Executive Officer.

Based on our work, we conclude that the presentation of the company financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

It is not our responsibility to verify that the financial statements actually included by your Company in the annual financial report filed with the AMF correspond to those on which we have performed our work.

Appointment of statutory auditors

We were appointed statutory auditors of GROUPE SFPI by your General Meeting on 18 June 2021.

As at 31 December 2022, our firms were in the second 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 have been 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. Furthermore:

- 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.

Neuilly-sur-Seine and Paris-La Défense, 27 April 2023

The Statutory Auditors

GRANT THORNTON *French member of Grant Thornton International*	ERNST & YOUNG Audit
Arnaud Dekeister	Marie Le Treut

STATUTORY AUDITORS' REPORT

on regulated agreements

GRANT THORNTON	ERNST & YOUNG Audit
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29 rue du Pont,	TSA 14444
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S.A.S. with share capital of €2,297,184	S.A.S. with variable capital
632 013 843 Nanterre Trade & Companies Register	344 366 315 Nanterre Trade & Companies Register
Statutory auditors	Statutory auditors
Member of the	Member of the
Versailles and Centre Institute of Statutory Auditors	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

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

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.

► **With subsidiaries of your Company**

Persons concerned

Henri Morel, Chairman and CEO of your Company and of NEU-JKF SA, director of NEU FEVI SA and Chairman of Arc Management, which is a director of your Company and Chairman of Dény Security SAS and Dom-Metalux SAS.

Damien Chauveinc, Deputy Managing Director of your Company, Chairman of NEU-JKF SA and Chairman of the Board of Directors of NEU-JFK FEVI SA.

Jean-Bertrand Prot, Chairman of Spring Management, which is a director of your Company and Chairman of ASET SAS.

Nature, purpose and terms

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.

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 your Company, setting out on their statement the amounts they have invoiced the divisional subsidiaries in respect of the services, adding 1.50% of their revenues as defined above and subtracting any amounts directly invoiced to them by Arc Management SAS 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 your Company's operating expenses.

If your Company's operating earnings are positive, it refunds the divisional subsidiaries the portion of remuneration 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 your Company.

The income recognised by your Company in respect of this agreement with the divisional subsidiaries for the year ended 31 December 2022 breaks down as follows:

Subsidiaries concerned	Amount excl. tax (€)
Dény Security SAS	112,333.17
Dom-Metalux SAS	170,113.93
NEU-JKF SA	538,694.76
NEU-JKF FEVI SA	130,913
ASET SAS	54,200
Total	**1,006,254.86**

► With Eliot et Cie, a subsidiary of your Company

Person concerned

Arc Management, represented by Henri Morel, the former being Chairman of Picard Serrures SAS, sole shareholder of Eliot et Cie.

Nature, purpose and terms

Service agreement whereby your Company undertakes to provide its subsidiary Eliot et Cie 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 and CSR policy, 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 your Company. Fee terms remained unchanged.

Fees amount to 1% of Eliot et Cie's annual revenues excluding tax.

The income recognised by your Company in respect of this agreement for the year ended 31 December 2022 was €24,090 excluding tax.

► With JKF Industri A/S, a subsidiary of your Company

Persons concerned

Henri Morel, Chairman and CEO of your Company and Chairman of JKF Industri A/S.

Damien Chauveinc, Deputy Managing Director of your Company and Member of the Board of Directors of JKF Industri A/S.

Nature, purpose and terms

Service agreement whereby your Company 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 and CSR policy, 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 your Company. Fee terms remained unchanged.

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 by your Company in respect of this agreement for the year ended 31 December 2022 was €316,395.39 excluding tax.

► With Antipanic SpA, a subsidiary of your Company

Persons concerned

Henri Morel, Chairman and CEO of your Company and director of Antipanic SpA.

Sophie Morel, director of Antipanic SpA and permanent representative of Arc Management, which is a director of your Company.

Nature, purpose and terms

Service agreement whereby your Company 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.

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 by your Company in respect of this agreement for the year ended 31 December 2022 was €74,930 excluding tax.

► With Datagroupe, a subsidiary of your Company

Person concerned

Sophie Morel, permanent representative of your Company, which is a director of Datagroupe, and permanent representative of Arc Management, a director of your Company.

Nature, purpose and terms

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 undertook to provide your Company 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 annual 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.

The expense recognised by your Company in respect of this agreement for the year ended 31 December 2022 was €1,400,000 excluding tax.

► With Arc Management

Persons concerned

Henri Morel, director, Chairman and CEO of your Company and Chairman of Arc Management.

Sophie Morel, permanent representative and CEO of Arc Management, which is a director of your Company.

a) Nature, purpose and terms

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

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 your Company and increased the annual fees from €221,000 to €241,000.

The expense recognised by your Company in respect of this agreement and its amendment for the year ended 31 December 2022 was €240,000 excluding tax.

b) Nature, purpose and terms

Sublease by your Company to Arc Management of a 55 m^2 office on the first floor of its premises at 20 rue de l'Arc de Triomphe, Paris (75017).

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

The annual flat-rate rent amounts to €24,000 including charges and excluding tax, payable quarterly in arrear.

The income recognised by your Company in respect of this agreement for the year ended 31 December 2022 was €30,956.26 excluding tax.

► With Spring Management

Person concerned

Jean-Bertrand Prot, permanent representative and Chairman of Spring Management and a director of your Company.

Nature, purpose and terms

The agreement governs the assistance provided by Spring Management to your Company, 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 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.

The expense recognised by your Company in respect of this agreement for the year ended 31 December 2022 was €480,000 excluding tax.

► With SCI BGM

Person concerned

Henri Morel, Manager of SCI BGM and Chairman and CEO of your Company.

Nature, purpose and terms

Commercial lease agreement for 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 commercial lease 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 was entered into for a term of nine full and consecutive years ending 31 December 2027.

The expense recognised for your Company in respect of this commercial lease agreement for the year ended 31 December 2022 was €598,000 excluding tax (annual rent excluding taxes and charges).

Neuilly-sur-Seine and Paris-La Défense, 27 April 2023

The Statutory Auditors

GRANT THORNTON *French member of Grant Thornton International*	ERNST & YOUNG Audit
Arnaud Dekeister	Marie Le Treut

STATUTORY AUDITORS' REPORT

on the consolidated financial statements

GRANT THORNTON
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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 2022, 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 2022 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

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code on the justification of our assessments, we 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.

Valuation of goodwill and property, plant and equipment

(Paragraphs 7 - "Goodwill", 8 - "Property, plant and equipment" and 10 - "Impairment" of the section entitled "Accounting policies, valuation methods and IFRS options adopted", as well as Note 1 - "Goodwill" and Note 3 - "Property, plant and equipment").

Key audit matter	Our response
As at 31 December 2022, goodwill and property, plant and equipment are stated on the balance sheet at a total amount of €157 million and represent 26% of consolidated total assets. These assets are tested for impairment whenever there is an indication of impairment and, in the case of goodwill, at least once a year. For the purposes of impairment testing, these assets are allocated to cash-generating units which correspond to the subsidiaries of your Group. 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 rates applied to them. Accordingly and in view of their materiality in the consolidated financial statements, we consider the measurement of goodwill and property, plant and equipment to be a key audit matter.	In order to assess the determination of recoverable amounts our work assisted by our valuation experts consisted mainly in: • obtaining an understanding of the impairment test model used and the process established by management in order to perform these tests; • assessing the integrity of the impairment test model used and the appropriateness of any changes made to the previous year's model; • conducting interviews with management to identify the main judgements, estimates and assumptions used in the impairment test model, thereby obtaining explanations to corroborate these judgements, estimates and assumptions; • corroborating key data in the impairment test model with historical data and the data presented by the Chairman to the Board of Directors; • analysing the calculation methods or documents justifying the parameters used, in particular the discount rates, comparing these parameters with market data or external sources and recalculating these rates using our own data sources; • assessing the appropriateness of the information presented in the notes to the consolidated financial statements. We specifically examined the sensitivity analyses presented in the consolidated financial statements and verified their arithmetic accuracy.

Valuation of retirement benefits and long-service awards

(Paragraph 16 - "Retirement benefits and long-service awards" of the section entitled "Accounting policies, valuation methods and IFRS options adopted", as well as Note 13 - "Non-current and current provisions" and Note 14 - "Provisions for retirement benefits and long-service awards (IAS 19)")

Key audit matter	Our response
As at 31 December 2022, retirement benefits and long-service awards, which are recognised under non-current and current provisions, are stated on the balance sheet at a value of €56 million compared to a balance sheet total of €605 million. Retirement benefits and long-service awards are measured using the projected unit credit method. Your 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, as well as 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 your 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 ascertained the process whereby your Group measures retirement benefits and long-service awards and defines actuarial and demographic assumptions. We 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 this valuation. 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 the main subsidiaries; • analysed the compliance of entitlement calculations with the stipulations of the applicable collective bargaining agreements; • carried out sample testing on the mathematical accuracy of your Group's calculations. Lastly, we reviewed 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 information on the Group provided 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 the professional standards applicable to the statutory auditor's work relating to the parent company and consolidated financial statements presented in accordance with the European single electronic reporting format, we have also verified compliance with this format as defined by European Delegated Regulation No. 2019/815 of 17 December 2018 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, prepared under the responsibility of the Chairman and Chief Executive Officer. In the case of consolidated financial statements, our work includes verifying that the marking of these financial statements complies with the format defined by the aforementioned regulation.

Based on our work, we conclude that the presentation of the consolidated financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

Due to the technical limitations inherent in the block-tagging of consolidated financial statements under the European Single Electronic Format, it is possible that the contents of certain tags in the notes may not be reproduced in the same way as in the consolidated financial statements attached to this report.

Furthermore, it is not our responsibility to verify that the consolidated financial statements actually included by your Company in the annual financial report filed with the AMF correspond to those on which we have performed our work.

Appointment of statutory auditors

We were appointed statutory auditors of GROUPE SFPI by your General Meeting on 18 June 2021.

As at 31 December 2022, our firms were in the second 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. Furthermore:

- 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.

Neuilly-sur-Seine and Paris-La Défense, 27 April 2023

The Statutory Auditors

GRANT THORNTON
French member of Grant Thornton International

Arnaud Dekeister

ERNST & YOUNG Audit

Marie Le Treut

STATUTORY AUDITORS' REPORT

on the share capital reduction (Resolution 11)

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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 26-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.

Neuilly-sur-Seine and Paris-La Défense, 11 May 2023

The Statutory Auditors

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Marie Le Treut

INDEPENDENT THIRD-PARTY BODY REPORT ON THE STATEMENT OF NON-FINANCIAL PERFORMANCE

Financial year ended 31 December 2022

SAS CABINET DE SAINT FRONT
3 Rue de Brindejonc des Moulinais,
31500 Toulouse

To the Shareholders,

In our capacity as an independent third-party body authorised by Cofrac Vérification under number 3-1860 (the list of locations and 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 2022 (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 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 and a programme available on request 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 of limited assurance 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)(2) and (3) 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 set out a provisional plan for our engagement and held kick-off meetings both internally and with the client in order to take note of the Statement, its scope and risks of inaccuracies and adjust planning accordingly;

- We conducted a critical review to assess the overall consistency of the statement of non-financial performance;
- We verified compliance by verifying that the Statement covers each category of social and environmental information set out in Article L. 225-102-1 (III), as well as compliance with human rights and anti-corruption and tax evasion. We also verified that the Statement presents the information required under Article R. 225-105 (I) of the French Commercial Code and, where relevant, Article R. 225-105 (II) of the same code, with regard to the main risks and we verified that the Statement includes an explanation of the reasons justifying the absence of any information required under the second paragraph of Article L. 225-102-1 (III) of the same code;
- We presented our interim conclusions and reviewed the corrections made;
- 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;
- We identified the persons in charge of the collection processes and reviewed the procedures for data collection, compilation, processing and controlling with a view to the thoroughness and fair presentation of the Information;
- We reviewed the consistency of changes in results and key performance indicators;
- We identified the sample tests required and listed the evidence to be collected;
- We consulted documentary sources and conducted interviews to corroborate the qualitative information that we deemed most significant;
- We verified the fair presentation of a selection of key performance indicators and quantitative results (historical data) that we considered to be the most important[2] via sample tests (verifying the correct application of definitions and procedures, verification of the consolidation, reconciliation of data with supporting documents). This work was carried out on a selection of contributing entities and covers between 18% and 31% of the data selected for these tests;
- GROUPE SFPI has published its green sales, investments and expenditure indicators in accordance with Regulation (EU) No. 2020/852. We have not verified the fair presentation of this information in accordance with the provisions of said regulation.

Means and resources

Our review was conducted by four people over a total period of six months between November 2022 and April 2023. We conducted 25 interviews with the persons responsible for preparing the Statement.

Reservation

The “On Time In Full (OTIF)” performance indicator shows a mix of calculation methods among the various entities.

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[2] *List of information we deemed to be the most significant:*

Key performance indicators and other quantitative results:

- *Voluntary departure rate*
- *Staff turnover rate*
- *Frequency rate 1*
- *Frequency rate 2*
- *Severity rate*
- *Net Promoter Score (NPS)*
- *On Time In Full (OTIF)*
- *Electricity consumption*
- *Gas consumption*

Conclusion

Based on our work, with the exception of the reservation above, we identified no material misstatements liable to call into question the fact that the Statement 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 wish to highlight the improvement in internal control procedures during the data consolidation stage.
- The note on methodology has been assimilated to varying degrees by the persons in charge of the data collection process at the various entities.
- We draw the reader’s attention to the methods used to calculate the “Net Promoter Score” (NPS) and “On Time In Full” (OTIF) indicators set out in section “VI. Note on methodology”.
- We also draw the reader’s attention to the limitations on the scope of the “Net Promoter Score” (NPS) and “On Time In Full” (OTIF) indicators set out in section “IV-3. Business risks”.

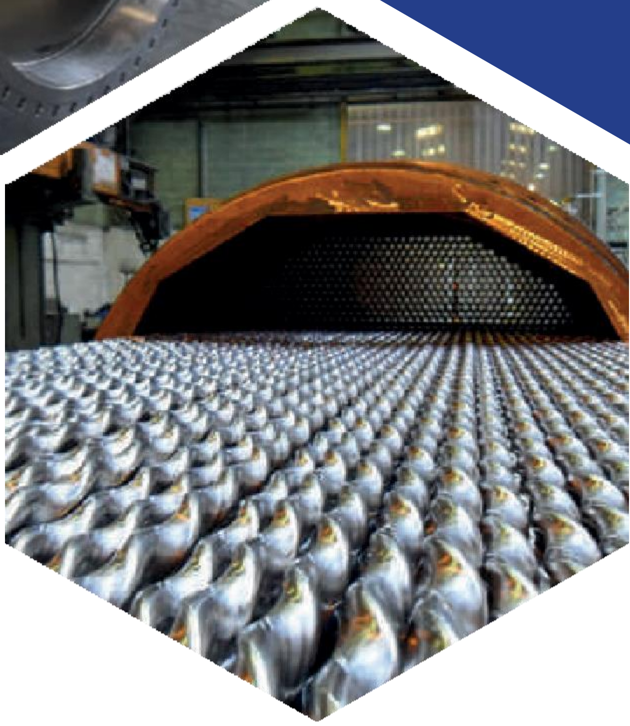
Toulouse, 19 April 2023

THE INDEPENDENT THIRD-PARTY BODY

SAS CABINET DE SAINT FRONT

Pauline de Saint Front

Chairman



COMBINED ORDINARY AND EXTRAORDINARY GENERAL MEETING OF 16 JUNE 2023

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 2022, hereby approve said financial statements as presented to it, showing net income of €7,533,788, as well as the transactions recorded in said financial statements or summarised in said reports.

Noting that the financial statements for the year ended include an expense of €450 not deductible from taxable income, pursuant to Article 39-4 of the French General Tax Code, corresponding to corporate vehicle tax, the General Meeting hereby approves the amount of this expense.

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 profit for the year amounting to €7,533,788 is appropriated as follows:

Source:

— Net income for the year: €7,533,788.

Appropriation:

— 5% to the legal reserve: €376,689.

— Dividends: €4,965,895.10, i.e. €0.05 per share.

— Balance of the year's profit, i.e. €2,191,203.90, to 'Other reserves', for which the balance is raised from €51,243,050 to €53,434,253.90.

The General Meeting duly notes that, since the 2018 French Finance Act came into force, 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 Friday 23 June 2023.

The General Meeting hereby specifies that, 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.

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
2019	None	
2020	€5,959,074.12	€0.06
2021	€7,945,432.16	€0.08

Third resolution

Approval of agreements governed by 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 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 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.

Fourth resolution

Approval of the agreements governed by Articles L. 225-38 et seq. of the French Commercial Code and 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 entered into during the year ended.

Fifth 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 2022, hereby approves the consolidated financial statements for the financial year ended 31 December 2022 as presented, showing net income of consolidated companies of €21,831,000, 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 €21,992,000.

Sixth resolution

Approval of the information on corporate officer remuneration referred to in 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, having reviewed the corporate governance report, 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 presented in section 4 of the corporate governance report included in the Board of Directors' management and business report.

Seventh 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 2022 financial year at €48,000.00.

The General Meeting hereby grants the Board of Directors full powers to set the conditions for distributing said remuneration among the directors.

Eighth 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 2022

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 2022, as described in the corporate governance report (section 4.3).

Ninth 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 2022

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 2022, as described in the corporate governance report (section 4.3).

Tenth 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 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.

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 18 months from the date of this General Meeting, i.e. until 16 December 2024, 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 17 June 2022 under its 11th resolution.

RESOLUTIONS TO BE SUBMITTED TO THE EXTRAORDINARY GENERAL MEETING

Eleventh 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 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 26 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.

Twelfth 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.

RESOLUTIONS TO BE SUBMITTED TO THE ORDINARY GENERAL MEETING

Thirteenth resolution

Approval of the Chairman and Chief Executive Officer remuneration policy established by the Board of Directors - prospective voting procedure

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, taking note of the corporate governance report referred to in Article L. 225-37 of the French Commercial Code describing the components of the corporate officer remuneration policy, approves, pursuant to Article L. 22-10-8 (II) of the same code, the Chairman and Chief Executive Officer remuneration policy as presented in the annual report.

Fourteenth resolution

Approval of the Deputy Managing Director remuneration policy established by the Board of Directors - prospective voting procedure

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the corporate governance report referred to in Article L. 225-37 of the French Commercial Code describing the components of the corporate officer remuneration policy, approves, pursuant to Article L. 22-10-8 (II) of the same code, the Deputy Managing Director remuneration policy as presented in the annual report.

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