2021 Annual Report

Sfpi Group - Spring 2022

2021 Annual Report

Contents

Prepare for the future with confidence.

Despite an environment still largely impacted by the global pandemic and increasing pressure on supply chains, Sfpi Group came out stronger this year.

Thanks to our consistent positioning in the safety of goods, persons and the environment, we benefited from the recovery expected after a turbulent year 2020 and even improved our performance compared to 2019. All divisions deserve equal praise for their contributions to this achievement, a source of pride and satisfaction for all Group managers.

We owe this performance first and foremost to the commitment shown by all of our Group's men and women, to whom I extend my heartfelt thanks. This commitment is the linchpin of our Time to Go Forward transformation plan launched in late 2020 and set to continue.

We are also committed to our customers, for whom we seek to continuously improve the quality of the products and services we deliver, and to our teams, among whom we seek to promote our shared managerial values. Lastly, we strive to act responsibly in the face of environmental challenges through strengthened efforts to improve our carbon footprint, energy consumption and waste management. All of these factors are part of the Group's DNA marked by a culture of financial strength.

In recent years, we have learned together to produce, manage and grow against a backdrop of uncertainty. And this is how Sfpi Group can prepare for the future with confidence.

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 2021, GROUPE SFPI generated €569 million in revenues in the safety industry.
41% of these revenues were generated outside France.

GROUPE SFPI has 3,842 employees, 40% of whom are based outside France.

Joinery, shutters, awnings and blinds for housing and stores

MAC

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

Organised around strong brands such as France Fermetures, Franciaflex, Faber and SIPA Menuiseries, the MAC division is based in France. The MAC companies generate around €193 million in revenues and employ around 1,160 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 1,703 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 287 people and generate annual revenues of just under €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.

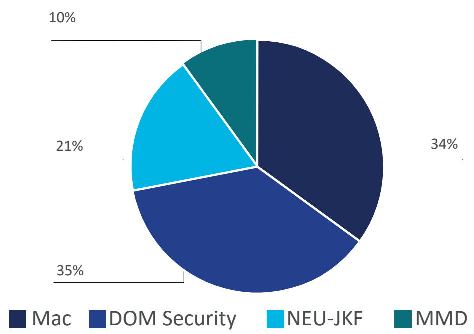
The division's companies design, produce and market systems for dust extraction, air filtration and conditioning, pneumatic conveying and industrial ventilation for a wide range of sectors (agrifood, milling, woodworking, chemicals, metalworking and minerals, cardboard and paper, nuclear, aviation, etc.).

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

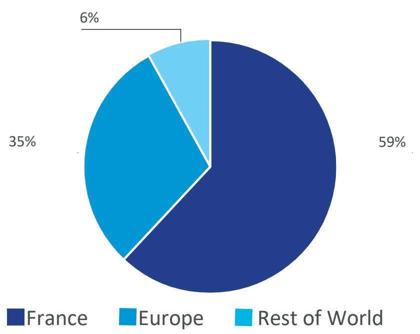
The systems and products distributed by the division meet the strictest regulatory standards and requirements and contribute to protecting the environment, industrial equipment and employee health. They help to improve productivity and performance in industrial facilities.

2021 key figures

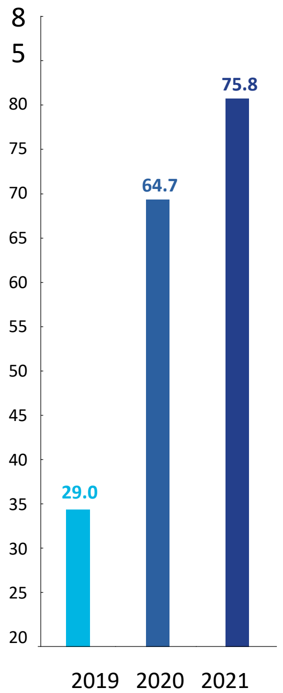
2021 revenues breakdown by division



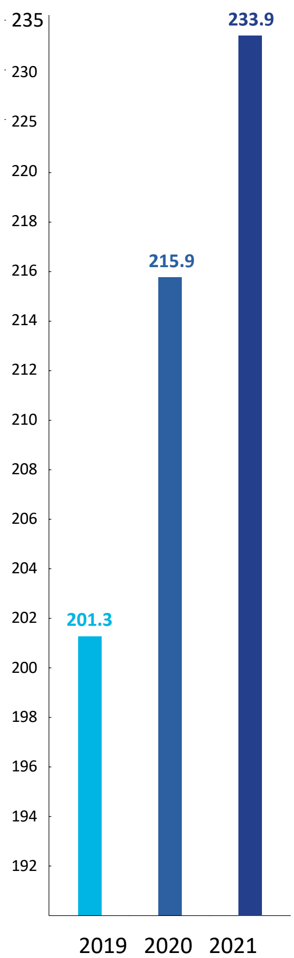
2021 revenues breakdown by region



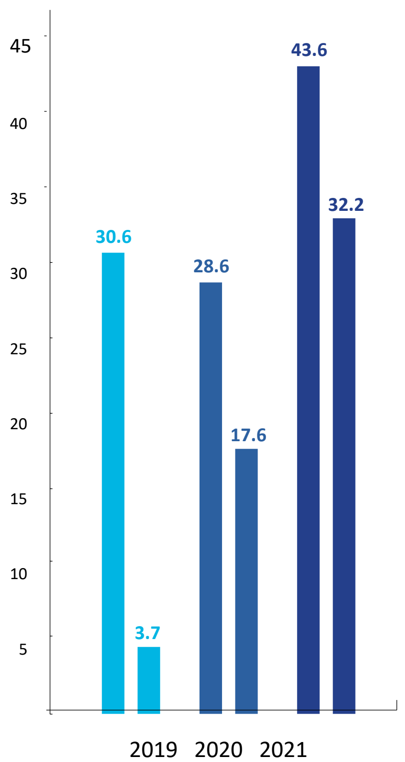
Net cash position
€m



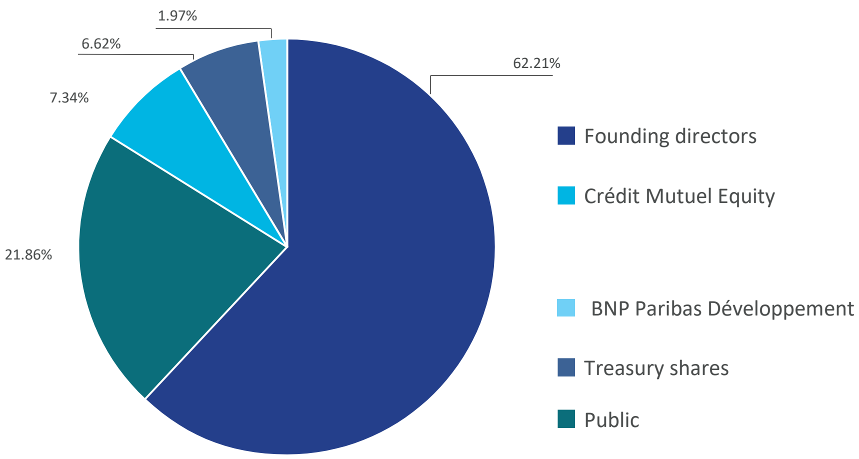
Shareholders' equity
€m



Recurring operating income and net income Group share
€m



Capital structure - December 2021



Data per share

In euros	**2019**	**2020**	**2021**
Net earnings per share Group share	€0.04	€0.18	€0.34
Net dividend	—	€0.06	€0.08
Number of shares (excl. treasury shares)	**97,219,649**	**96,279,239**	at 31/12/2021 **92,739,430**

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

Price at 31/12/2021: €3.52

Market capitalisation:
" 31/12/2021: €350 million
" 28/04/2022: €299 million

Share price movements

Sfpi GROUP

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 2021, 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 **(i)** the authorisation to be granted to the Board of Directors to reduce the share capital by cancelling treasury shares, **(ii)** the authorisation to be granted to the Board of Directors to allocate existing or future bonus shares and/or stock options to the salaried employees and corporate officers of the Company and its direct and indirect subsidiaries.

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 2021

The financial statements for the year ended 31 December 2021 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 €14,918,466 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 €247,000 compared to a €979,000 loss the previous year.

Net financial income came to €12,558,000, up from €28,000 the previous year due to the 2021 dividend distribution.

Net non-recurring income amounted to €1,457,000 compared to €996,000 the previous year. This result is mainly due to a €2,275,000 provision reversal on treasury shares and a €841,000 expense corresponding to an adjustment to the receivable recorded in the GROUPE SFPI financial statements in respect of the expected refund arising from the tax reassessment of DOM Germany.

The main income and expense accounts for the year ended yielded the results shown below as compared to 2020:

	2021	2020
Revenues	6,056,318	5,255,211
Operating income	6,229,230	5,426,786
Operating expenses	6,476,234	6,405,847
NET OPERATING INCOME/(LOSS)	**(247,004)**	**(979,061)**
Financial income	12,657,554	164,573
Financial expenses	99,709	136,091
NET FINANCIAL INCOME	**12,557,844**	**28,481**
EARNINGS BEFORE NON-RECURRING ITEMS	**14,816,500**	**(636,213)**
Non-recurring income	2,347,752	1,006,843
Non-recurring expenses	891,148	11,024
NET NON-RECURRING INCOME	**1,456,603**	**995,819**
Employee profit-sharing	0	0
Income taxes	1,354,637	1,040,734
NET INCOME/(LOSS) FOR THE YEAR	**14,918,466**	**(681,128)**

LEGAL MEASURES

Approval of the 2020 financial statements

At your General Meeting on 18 June 2021, you approved the financial statements for the year ended 31 December 2020 showing a net loss of €681,128, which you resolved to allocate to the retained earnings account, thereby reducing the balance of this account from €353,564 to €(327,564).

During this meeting, you also resolved:

(i) to clear the retained earnings account, which shows a negative balance of €327,564 after appropriation of earnings for the year, by deducting this amount from 'Other reserves'.

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

(ii) to distribute a dividend of €5,959,074.12 amounting to €0.06 per share. This amount was deducted from 'Other reserves', for which the balance of €50,975,013 after clearance of the retained earnings account was reduced to €45,015,938.88.

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 2021 financial year

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

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', thereby increasing the balance of this account from €45,015,938 to €51,243,048.84.

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

The cash dividend will be paid on 24 June 2022.

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
2018	€4,965,895.10	€0.05
2019	None	
2020	€5,959,074.12	€0.06

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 €1,646 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 20 April 2022 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 2021 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-I of the French Commercial Code, the aging balance of outstanding trade payables and receivables at the last balance sheet date is shown below:

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

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	27					**52**
Total amount of invoices concerned (incl. tax)	373	39	0	0	56	**94**
% of total purchases for the year (incl. tax) *(French corporate tax return: FS+FU+FW)*	4.80	0.75	0	0	1.08	**1.83**
(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) X Statutory terms: Application of the French Modernisation of					

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	58					**13**
Total amount of invoices concerned (incl. tax)	1,391	0	0	1	51	**52**
% of revenues for the financial year (incl. tax) *(French corporate tax return: FL)*	20.33	0	0	0.02	0.74	**0.76**
(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					

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

Equity interests acquired during the year

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

On 30 June 2021, the Company became a 99.80% majority shareholder in SCI DOM.

Controlling interests acquired during the year

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

Equity interests sold during the year

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

Capital structure and breakdown of voting rights

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

Identity of individuals and legal entities holding the share capital	% of share capital
Individuals	
Henri Morel 20 rue de l'Arc de Triomphe - 75017 Paris	4.61
Legal entities	
ARC MANAGEMENT SAS 20 rue de l'Arc de Triomphe - 75017 Paris	46.26
SPRING MANAGEMENT SAS 29 rue Bassano - 75008 Paris	11.34
CRÉDIT MUTUEL EQUITY SCR 28 avenue de l'Opéra – 75002 Paris	7.34
BNP PARIBAS DEVELOPPEMENT SA 20 rue Chauchat - 75009 Paris	1.97

Shares registered in the name of the Company

At 31 December 2021, GROUPE SFPI held 6,578,472 treasury shares (6.62% 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*, and
- *3,539,809 shares (3.56% of the share capital) resulting from the share buyback programme carried out in 2021.*

62,341 shares (0.06% of the share capital) were held under the liquidity contract at 31 December 2021.

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 2021, 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 2021 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 (the "Code"), a new edition of which was published on 13 September 2021.

The new edition mainly clarified and expanded existing recommendations and added three new recommendations.

The Board of Directors has therefore updated its internal control procedure to take into account the changes introduced by the new edition of the Code.

	RECOMMENDATIONS	APPLIED YES	APPLIED NO	COMMENTS
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 will be 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)**	**X**		**The Board is currently reviewing the conditions for setting up a special CSR Committee in accordance with the Code recommendation.**
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	Compensation of **Board members 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 theFrench 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 14 June 2018 General Meeting authorised the Board to allocate bonus shares and stock options to Group executive officers and employees. This authorisation granted for a period of 38 months was not exercised by the Board. Further authorisation will be requested at the 17 June 2022 General Meeting.
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 will be replaced by a code of conduct currently being drawn up.

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

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

GROUPE SFPI foreign exchange risk exposure is low.

Insurance

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

Country risk

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

SHARE BUYBACK PROGRAMME

Transactions carried out by the Company in its own shares in 2021

Presentation of the authorisation granted to the Board of Directors

At the Combined General Meeting on 18 June 2021, 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 6,320,469. At the time of this authorisation, the Company already held 3.64% of its share capital.

The authorisation granted by the General Meeting on 18 June 2021, currently in effect, is due to expire on 18 December 2022. 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 2021 balance sheet date

Financial position as at 31 December 2021

% of capital held directly or indirectly as treasury shares	6.62
Number of treasury shares	6,578,472
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 18 June 2021 General Meeting to carry out transactions in Company shares expires on 18 December 2022, 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 2022, amounting to 7,111,132 shares or 7.16% of the share capital, the maximum number of shares that may be purchased stands at 2,820,658 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

1

(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 18 June 2021 Combined General Meeting, in its 23rd resolution, to carry out transactions in Company shares.

DIRECTOR REAPPOINTMENTS

Given that the term of office of Arc Management SAS expires at the end of this meeting, we propose that it be reappointed for a further three-year term expiring at the close of the General Meeting called in 2025 to approve the 2024 financial statements.

The director told us that it accepted its reappointment and had not incurred any measures or incapacity liable to prevent it from exercising its duties.

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

We hereby inform you that the Company has asked its investment services provider to purchase Company shares in addition to the purchases carried out under the liquidity contract. Since the beginning of 2022, the Company has purchased 532,660 shares representing 0.54% of the share capital. At 31 March 2022, the Company held 7,111,132 treasury shares representing 7.16% of the share capital.

COMPANY OUTLOOK

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

Consolidated financial statements

At 31 December 2021, 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 (formerly POINT EST), FRANCE INVESTISSEMENT, SCI AVENUE GEORGES NUTTIN, SCI ALU DES DEUX VALLÉES, SCI VR DES DEUX VALLÉES, SCI STÉRIMMO, SCI NEU, SCI LA CHAPELLE D'ARMENTIÈRES, SCI MANCHESTER, SCI LUZECH, SC IMMOBILIERE DUBOIS, SCI CIPRIANI, SCI DOM, MOVIRAIL.

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

The total workforce of these companies at 31 December 2021 was 3,842 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	**2021**	**% revenues**	**2020**	**% 2021 vs 2020**
Revenues	568,970	N/A	498,811	*+14*
RECURRING OPERATING INCOME	**43,609**	**7.7**	**28,559**	***+53***
NET OPERATING INCOME	**44,583**	**7.8**	**27,034**	*N/A*
Net financial income/(expense)	(414)	N/A	1,020	*N/A*
Corporate income tax	(11,989)	N/A	(10,478)	*N/A*
NET INCOME OF CONSOLIDATED COMPANIES	**32,384**	**5.7**	**17,733**	*N/A*
Parent company share	32,165	N/A	17,622	*N/A*
Minority interests	219	N/A	111	*N/A*
Consolidated basic and diluted earnings per share, excluding treasury shares (€)	0.35	N/A	0.19	*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, have been reviewed by the statutory auditors but are not subject to a statutory publication requirement.

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

NEU-JKF	2021	2020
Revenues	118,454	101,104
Recurring operating income	7,461	4,284
Net operating income	7,368	3,416
Net income	5,271	1,680
Net cash and cash equivalents	(9,046)	(9,774)
Consolidated net assets	14,635	11,215

On 31 December 2021, the total workforce of the NEU-JKF division comprised 679 employees.

DOM SECURITY	2021	2020
Revenues	197,755	178,454
Recurring operating income	23,418	16,190
Net operating income	23,790	14,405
Net income	18,008	10,734
Net cash and cash equivalents	29,313	21,849
Consolidated net assets	110,381	101,565

On 31 December 2021, the total workforce of the DOM Security division was 1,703 employees.

MMD	2021	2020
Revenues	59,775	53,057
Recurring operating income	4,671	5,465
Net operating income	4,671	5,465
Net income	3,206	3,732
Net cash and cash equivalents	23,639	16,614
Consolidated net assets	34,045	33,438

On 31 December 2021, the total workforce of the MMD division comprised 287 employees.

- Revenues from the design and manufacture of heat exchangers by ASET, BARRIQUAND ECHANGEURS and BATT amounted to €20,314,000 (€32,019,000 including CIPRIANI).
- Revenues from the manufacture of sterilisation autoclaves by STERIFLOW amounted to €27,756,000.

MAC	2021	2020
Revenues	193,231	166,457
Recurring operating income	8,053	3,167
Net operating income	8,750	4,295
Net income	6,588	2,283
Net cash and cash equivalents	19,075	17,947
Consolidated net assets	59,466	51,949

On 31 December 2021, the total workforce of the MAC division comprised 1,160 employees.

Revenues from the production and sale of indoor and outdoor blinds, PVC joinery and door and window fittings by FRANCIAFLEX and its subsidiaries FABER FRANCE, SIPOSE and SIPA MENUISERIES amounted to €133,940,000.

Revenues from the manufacture and sale of garage doors, domestic shutters and door and window fittings by FRANCE FERMETURES amounted to €59,291,000.

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	Liabilities due in < 1 year	Liabilities due in 1-5 years	Liabilities due in > 5 years
DOM Security	4,293	13,774	1,610
NEU-JKF	6,142	18,842	151
MAC	4,067	10,918	314
MMD	2,092	4,868	265
GROUPE SFPI & OTHER	3,693	8,755	311
TOTAL	**20,287**	**57,157**	**2,651**

The Group has a net cash surplus of €75,763,000.

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 €600 million for the 2022 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.

AMENDMENT OF ARTICLE 11 "BOARD OF DIRECTORS" OF THE ARTICLES OF ASSOCIATION

We recommend that you partially amend the wording of paragraphs 6, 14 and 15 of Article 11 of the Company's articles of association.

These changes would relate to the re-election and number of directors representing the employees.

The employee representative director would be eligible for reappointment and his or her term of office would therefore be renewable, in accordance with the law, without exceeding six years.

Appointment of a second employee representative director if the number of directors is greater than eight. We remind you

that this threshold was set at 12 by the previous law.

If you resolve to amend Article 11 "Board of Directors" of the articles of association, you will be required to amend paragraphs 6, 14 and 15 of Article 11 of the articles of association, as set forth in the 13th resolution of your General Meeting.

ALLOCATION OF BONUS SHARES AND/OR STOCK OPTIONS

In accordance with the provisions of Articles L. 22-10-56, L. 225-179 and L. 22-10-59 et seq. of the French Commercial Code, in order to foster loyalty and allow certain employees and executive officers to share the benefits of the Group's performance, we wish to allocate them shares in the Company.

For this purpose, the Company may allocate existing or future bonus shares or stock options.

For this purpose, in accordance with statutory and regulatory provisions, we request that you confer full powers on the Board of Directors to allocate existing or future bonus shares and/or stock options to certain Group employees and executive officers, at its sole discretion and in accordance with such rules as it shall determine.

Furthermore, we hereby inform you that your Board of Directors did not exercise the authorisation granted by your General Meeting of 14 June 2018.

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

The Board of Directors

Henri Morel

Results of the Company over the last five financial years

Item	2017	2018	2019	2020	2021
1 - Closing share capital	12 months	12 months	12 months	12 months	12 months
Share capital	80,972,876	89,386,112	89,386,112	89,386,112	89,386,112
Number of outstanding ordinary shares	89,969,862	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	4,241,912	7,975,256	6,696,684	5,255,211	6,056,319
Income before tax, employee profit-sharing, depreciation, amortisation and provisions	11,413,278	17,492,894	11,591,571	(45,537)	14,186,161
Income after tax, employee profit-sharing, depreciation, amortisation and provisions	17,465,620	16,681,417	9,710,758	(681,128)	14,918,467
Corporate income tax	(3,652,542)	(964,178)	667,261	1,040,735	1,354,637
Distributed earnings	5,398,192	4,965,895	5,959,074	-	
3 - Earnings per share (EPS)					
Income after tax and employee profit-sharing, before depreciation, amortisation and provisions	0.13	0.19	0.11	(0.01)	0.13
Income after tax, employee profit-sharing, depreciation, amortisation and provisions	0.19	0.17	0.10	0.01	0.15
Dividend per share	0.06	0.05	-	0.06	0.08
4 - Staff					
Average employee headcount	11	13	11	9	8
Total payroll for the financial year	1,263,061	1,732,242	1,002,499	1,004,560	1,203,337
Social security contributions and employee benefits	517,529	691,596	390,619	414,094	485,676

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 to the powers of the Chief Executive Officer;
- the procedure whereby the Audit Committee assesses agreements entered into in the ordinary course of business and on arm's length terms;
- the internal control and risk management procedures in place at the Company. It also is designed to

present you with:

- the principles and rules for determining remuneration and any benefits granted to Company corporate officers;

- factors liable to have an impact in the event of a public tender offer (Article L. 225-10-3, French Commercial Code) and the procedures for shareholder participation in the General Meeting.

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

This report covers the following matters:

(1) Corporate governance procedures.

(2) Board of Directors.

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

(4) Corporate officer remuneration.

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

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

(7) Any other information.

(1) CORPORATE GOVERNANCE PROCEDURES

In 2010, the Company decided to adopt the Middlenext Code (the "Code") published in December 2009 as its reference code for corporate governance, judging that it was the code most suited to the size and structure of its shareholder base. The Code was revised in September 2016 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: 2022
  Number of Company shares held: 45,947,349

- CRÉDIT MUTUEL EQUITY SCR
  Director
  Represented by Franck Chevreux
  Date of first appointment: 10 November 2015
  End of term of office: 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
  Director representing the employees
  Born 8 October 1962 in Hazebrouck (59 - Nord)
  Date of first appointment: 8 January 2019
  End of term of office: three years non-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
CRÉDIT 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	2022	Member	Member
Marie-Cécile Matar Board member	Yes	2018	2024	Member	No
Hélène Laplante Board member Employee representative	No	2019	2022	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 - NEU-JKF FÉVI SA MAC SAS - SOREMEC SA	Director
NEU-JKF SA - SOREMEC SA	Chairman and Chief Executive Officer
ARC MANAGEMENT SAS - MAC SAS - AUBERGE HAZEMANN SAS	Chairman
DOM SECURITY SAS - PICARD-SERRURES SAS - DOM RONIS SAS DOM-MÉTALUX SAS - DÉNY SECURITY SAS - OMNITECH SÉCURITY SAS DELTA NEU SAS - NEU PROCESS SAS - LA FONCIÈRE NEU SAS - FABER FRANCE SAS FRANCE FERMETURES SAS - FRANCIAFLEX SAS - SIPA MENUISERIES SAS	Chairman of ARC MANAGEMENT SAS, a company acting as Chairman
MP ASSOCIÉS SARL - SCI B.G.M. - SCI NEU - SCI DOM - SCI CIPRIANI SCI AVENUE GEORGES NUTTIN - SCI LA CHAPELLE D'ARMENTIÈRES SCI HÔTEL DU CHAMP DU FEU - SCI 1896 - SC IMMOBILIERE DUBOIS	Manager

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

(2.4) Application of the gender balance principle

The Board of Directors has four women out of eight members.

(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.

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

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

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

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

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

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

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

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

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

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

(3.5) Board meetings

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

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

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

In 2021, the Board held three physical meetings and videoconferences and the attendance rate was 100%. The main items discussed are as follows:

27 April	· Review and approval of the parent company balance sheet and financial statements for the year ended 31 December 2020; · Review and approval of the consolidated financial statements for the year ended 31 December 2020; · Preparation of the management and business report on the parent company and consolidated financial statements for the year ended 31 December 2020; · Preparation of the corporate governance report; · Regulated agreements and commitments; · Sureties, endorsements and guarantees;

	• Status of director appointments; • Status of the Deputy Managing Director's appointment; • Presentation of the work of the statutory auditors; • Status of Board adviser (censeur) appointment; • Renewal of the share buyback programme; • Decisions to be made for the preparation and convening of the Annual General Meeting called to approve the annual financial statements; • Approval of the revision of the Board of Directors rules of procedure; • Presentation and approval of management forecasts; • Powers for formalities.
23 June	• Allocation of directors' fees; • Implementation of the share buyback programme authorised by the 18 June 2021 General Meeting; • Internal reclassification of MOVIRAIL SAS and SCI DOM shares; • Any other business; • Group business review; • Transformation of the MAC division; • Review of Group governance; • Compliance review.
21 September	• Presentation of the first half 2021 consolidated financial statements; • Statutory financial publication; • Review of regulated agreements and commitments; • Powers.

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

(4) CORPORATE OFFICER REMUNERATION POLICY

(4.1) Remuneration awarded to non-executive directors

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

(4.2) Remuneration awarded to executive officers

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

Executive officer remuneration includes the following components:

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

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

Corporate officers do not benefit from any deferred compensation, severance payments or retirement commitments, as referred to in Code Recommendations 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 2021 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 2021 to corporate officers by the Company, controlled companies and companies that control it are set out in the tables below.

Henri Morel	**2021**	**2020**
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)	10,282.00	-
TOTAL 1	**310,282.00**	**300,000.00**
Chairman of ARC MANAGEMENT SAS		
Fixed remuneration (1)	186,408.00	186,408.00
Annual variable remuneration	-	-
Exceptional remuneration	-	-
Benefits in kind (2)	39,610.00	26,666.83
TOTAL 2	**226,018.00**	**213,074.83**

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

Damien Chauveinc	**2021**	**2020**
Deputy Managing Director	Amount paid	Amount paid
Fixed remuneration (1)	222,803.06	200,000.06
Annual variable remuneration	80,000.00	45,000.00
Exceptional remuneration	-	-
Benefits in kind	2,370.00	2,370.00
TOTAL	**305,173.00**	**247,370.06**

(1) On a gross pre-tax basis.

2. Equity ratios

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

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

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

Table covering only employees of GROUPE SFPI SA

RATIO COMPARED TO	2015		2016		2017		2018		2019		2020		2021	
	Average	Median	Average	Median	Average	Median	Average	Median	Average	Median	Average	Median	Average	Median
CHAIRMAN AND CHIEF EXECUTIVE OFFICER	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	6.27
DEPUTY MANAGING DIRECTOR									3.43	3.76	3.84	4.13	5.02	6.17

Table covering head office employees

RATIO COMPARED TO	2015		2016		2017		2018		2019		2020		2021	
	Average	Median	Average	Median	Average	Median	Average	Median	Average	Median	Average	Median	Average	Median
CHAIRMAN AND CHIEF EXECUTIVE OFFICER	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
DEPUTY MANAGING DIRECTOR									2.33	3.17	2.59	3.74	3.49	4.73

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

RATIO COMPARED TO	2015	2016	2017	2018	2019	2020	2021
CHAIRMAN AND CHIEF EXECUTIVE OFFICER	18.26	18.00	18.02	17.81	17.57	16.24	16.27
DEPUTY MANAGING DIRECTOR					12.35	13.39	16.00

3. Remuneration paid to non-executive corporate officers

Hervé Houdart	**2021**	**2020**
Independent director	Amount paid	Amount paid
Remuneration related to the office of director	10,000.00	7,500.00
TOTAL	**10,000.00**	**7,500.00**

Valentine Laude	**2021**	**2020**
Director	Amount paid	Amount paid
Remuneration related to the office of director	10,000.00	7,500.00
TOTAL	**10,000.00**	**7,500.00**

CRÉDIT MUTUEL EQUITY SCR Represented by Franck Chevreux	**2021**	**2020**
Director	Amount paid	Amount paid
Remuneration related to the office of director	10,000.00	7,500.00
TOTAL	**10,000.00**	**7,500.00**

Marie-Cécile Matar	**2021**	**2020**
Independent director	Amount paid	Amount paid
Remuneration related to the office of director	10,000.00	7,500.00
TOTAL	**10,000.00**	**7,500.00**

(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 2021 broke down as follows:

	% interest	**% voting rights**
ARC MANAGEMENT	46.26	55.99
Henri Morel	4.61	5.58
SPRING MANAGEMENT	11.34	13.73
CRÉDIT MUTUEL EQUITY	7.34	8.81
BNP PARIBAS DÉVELOPPEMENT	1.97	2.39
Public	21.85	13.12
Treasury shares	6.62	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 applying to the appointment and replacement of members of the Board of Directors are defined under Article 11 "Board of Directors" of the Company's articles of association.
However, the Board also has its own rules of procedure which define the operating rules and procedures applicable to the Board and any related committees, in addition to statutory provisions and the Company's articles of association and by reference to the Middlenext Code.

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

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

buybacks

Delegations or authorisations granted by the General Meeting:

Purpose of resolution	**Maximum amount**	**Term**	**Exercise of authorisation**
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 18 June 2021 (23rd resolution), i.e. until 18 December 2022.	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	24 months from 18 June 2021 (24th resolution), i.e. until 18 June 2023.	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 2021**
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

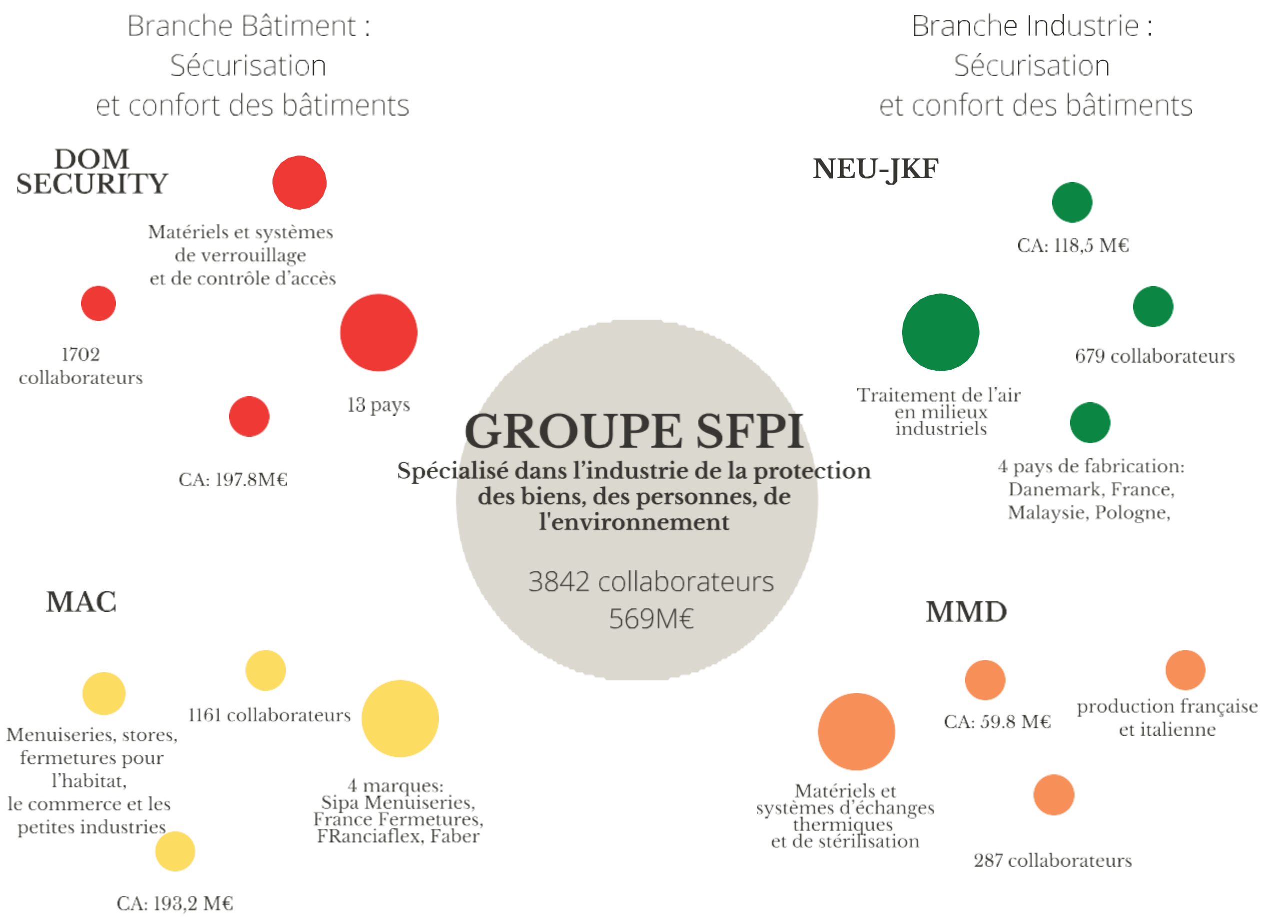
The Board of Directors

Statement of non-financial performance

Contents

I. PRESENTATION AND BUSINESS MODEL

Group overview:



Business model:

Industrial responsibility: creating sustainable value for all Group stakeholders

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

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

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

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

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

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

Sfpi Group: business model

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

Resources

2
business lines

4
operating divisions

> 80
companies worldwide

4,000
employees incl. 40% outside France

20
countries of direct operation, 13 production facilities outside France

> €500m
revenues

> 60%
of share capital held by founding partners

Our business

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

BUILDING

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

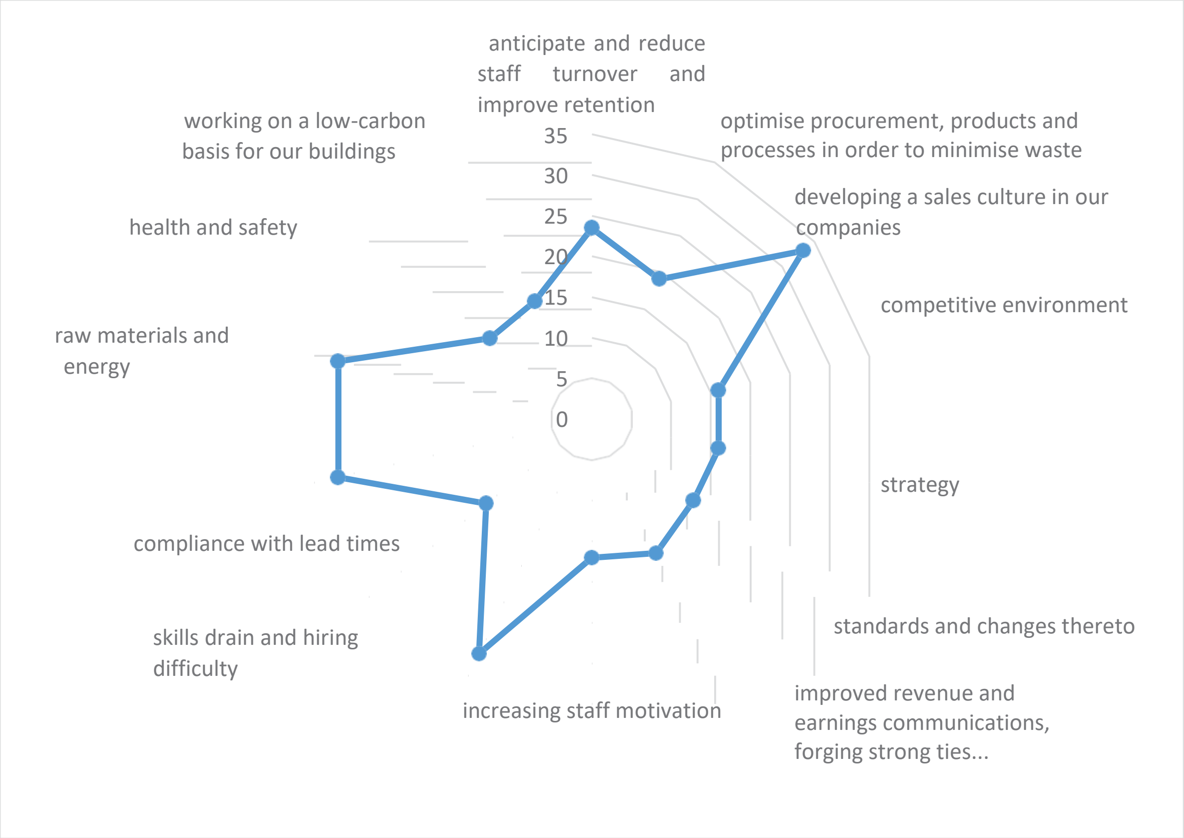
INDUSTRIES

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

II. ANALYSIS OF RISKS AND CHALLENGES

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

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



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

III. OUR RISKS

RISQUE GOUVERNANCE
Notre Responsabilité
INDUSTRIELLE

Comportement permettant à une société et ses salariés d'être performants tout en garantissant la protection des personnes, des biens et de l'environnement.

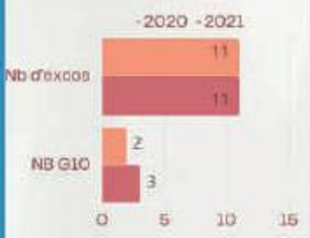
NOS RISQUES

- mauvaise maitrises des implantations
- défaillance et instabilité des dirigeants
- incapacité d'intégration de nouvelles entités

NOS POLITIQUES

- structuration de nos organes de gouvernance
- partages fréquents et qualitatifs de nos savoir-faire au plus haut niveau

Nos Indicateurs Clés de Performances



Nombre de réunions d'Excos et de G10

Excos: composé des directeurs exécutifs du groupe ; se réunit mensuellement sur des sujets techniques tournés vers l'organisation et la gestion du groupe

Taux de présence EXCOS et G10

G10: EXCOS + dirigeants des principales filiales ; se réunit trimestriellement sur des sujets de stratégie, de mise en commun de bonnes pratiques, de sujets de réflexion transverses

Actions 2021

- tenue des 3 G10 prévus
- amélioration de l'organisation des réunions
- meilleures structuration du contenu

NOS OBJECTIFS

Chaque année

11 EXCOS
3 G10

Taux de présence de 95 %

RISQUE RESSOURCE HUMAINE

Notre Responsabilité MANAGERIALE

Renforcer le rôle des managers pour améliorer la rétention des talents et anticiper le turnover

NOS RISQUES

- pertes de compétence
- difficultés de recrutement
- problème de santé et sécurité des collaborateurs

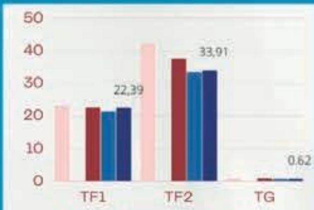
NOS POLITIQUES

- anticiper et réduire le turnover des salariés et améliorer la rétention
- développer les compétences, encourager le management de proximité,
- améliorer les conditions de travail

Nos Indicateurs Clés de Performances

Tx de départs volontaires :
démissions /total des départs,

Taux de rotation du personnel
(entrées + sorties/2)/effectif total



Taux de Fréquence 1 (TF1) :
taux de fréquence des accidents avec arrêt,

Taux de fréquence 2 (TF2):
taux de fréquence de tous les accidents (avec ou sans arrêt de travail)

Taux de Gravité (TG) :
Mesure la gravité de l'arrêt selon sa durée

Actions 2021

- Un groupe de travail en place sous l'impulsion de S PONCELET, DRH Groupe
- co construction de la fiche métier du manager,
  - ateliers d'autopositionnements tenus
- inventaire des métiers groupe et compétences associées
  - conception d'un guide de decription métiers

NOS OBJECTIFS

En 2023

Taux de départs volontaires <20%
taux de rotation < 12%

TF1: <17
TF2: < 30
TG: < 0,60

RISQUE MARCHE ET CONSOMMATEURS

Notre Responsabilité COMMERCIALE

Approfondir la connaissance et la culture client à tous les niveaux afin d'améliorer la satisfaction client

NOS RISQUES

- Marchés fragmentés
- Acteurs nombreux
- concurrents plus importants ou très spécialisés
- une reglementation changeante et exigeante

NOS POLITIQUES

- developper la culture client
- developper nos offres de biens et services
- maintenir un haut niveau de qualité

Nos Indicateurs Clés de Performances*

*Non audité

NPS
Net Promoter Score

Mesure la volonté des clients de recommander nos produits et services

OTIF
On Time In Full

Indicateur mesurant le nombre de livraisons/ prestations réalisées complètes et dans le délai.

Actions 2021

- Un groupe de travail en place sous l'impulsion de D CHAUVEINC DG Groupe
- structuration de l'enquête clients et de son indicateur
- définition et mise en place de l'indicateur livraison et qualité
- partage de belles histoires commerciales

NOS OBJECTIFS

En 2023

100% de nos sociétés mesurent leur NPS et leur OTIF

Amélioration continue du NPS

OTIF supérieur à 90%

RISQUE ENVIRONNEMENT

Notre Responsabilité ENVIRONNEMENTALE

Devenir plus efficace du point de vue environnemental

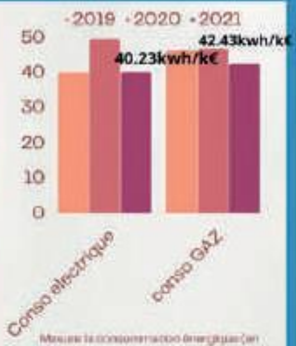
NOS RISQUES

- approvisionnement et coût énergétique
- matières premières et déchets
- impact environnemental de nos activités

NOS POLITIQUES

- améliorer les achats, produits et processus de production pour réduire les déchets,
- réduire l'empreinte carbones des produits et sites de production du groupe
- maîtriser nos consommations énergétiques

Nos Indicateurs Clés de Performances



Indicateurs de maitrise de la production de déchets en cours de création

Généralisation de la réalisation des bilan carbone

1 bilan carbone réalisé à date

Actions 2021

- Un groupe de travail en place sous l'impulsion de S MOREL, Secretaire Générale Groupe
- réalisation du 1er Bilan carbone (SIPA)
- sécurisation des indicateurs énergétiques et 1eres mesuresde réduction (installation panneaux solaires en Pologne)
- réalisation audit déchets (site Roanne)

NOS OBJECTIFS

En 2023,

réduction de 15% de notre ICP énergie par rapport à 2021
objectif électricité 42,02 (40,23 en 2021)
objectif Gaz 39,85 (42,43 en 2021)

Réduction de 10% des déchets produits

1er Bilan Carbone Groupe


RISQUE ETHIQUE ET CONFORMITE
Notre Responsabilité
INDUSTRIELLE bis
Comportement permettant à une société et ses salariés d'être performants tout en garantissant la protection des personnes, des biens et de l'environnement.
NOS RISQUES
• image de l'entreprise
• sanction pécuniaire
NOS POLITIQUES
• partage des valeurs et standards groupe
• transposition et respect des règles internationales
Nos Indicateurs Clés de Performances
NOT AVAILABLE
Nombre de condamnation
Taux de formation des managers
Actions 2021
• refonte de ses codes de conduite, gouvernance et charte éthique
• mise en place d'un site d'alerte interne avec EQS
• rédaction et diffusion du SFPI Values book
NOS OBJECTIFS
Chaque année
0 condamnation
100% des managers formés à nos pratiques managériales et éthiques

NOTE ON METHODOLOGY

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

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

In view of GROUPE SFPI's role as the coordinating holding company, and in line with previous years, the Company has decided to prepare its report covering the entire Group consolidation scope, which comprised **51 companies with at least one employee at 31 December 2021.** The consolidation scope covers 3,842 employees.

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

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

All data presented in this report covers the consolidation scope. In addition, to date, the analysis

conducted by GROUPE SFPI did not identity any material risks regarding:

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

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

Lastly, in accordance with the European Taxonomy Regulation (Regulation 2020/852/EU on the establishment of a framework to facilitate sustainable investment in the European Union), the statement of non-financial performance incorporates below the indicators for 2021 relating to the proportion of the turnover, capital expenditure (CapEx) or operating expenditure (OpEx) that is associated with environmentally sustainable economic activities The taxonomy does not feature among our main risks.

For 2021, Sfpi Group opted to use the NACE codes of the various Group companies to determine whether their activities are eligible for the first two objectives (climate change mitigation and adaptation).

Accordingly, over 50% of Sfpi Group revenues, OpEx and CapEx would be eligible for sustainable economic activities.

Furthermore, Sfpi Group hereby represents that:

- it causes no material detriment to the other four environmental objectives (protection of water and marine resources, circular economy and waste management, pollution prevention and control, protection of ecosystems) and
- complies with the minimum social guarantees, in particular the conventions of the International Labour Organization.

In 2022, the eligibility indicators will also have to cover the other four environmental objectives.

PARENT COMPANY FINANCIAL STATEMENTS - FY 2021

Balance sheet

ASSETS

€000	Net 31-12-2021 12 months	Net 31-12-2020 12 months
Intangible assets	103	78
Property, plant and equipment, IT	243	321
Long-term investments	147,137	134,874
Total non-current assets	147,483	135,273
Inventories and work in progress	-	-
Trade receivables	1,666	1,416
Other receivables	22,408	11,258
Cash and cash equivalents	14,672	37,088
Prepaid expenses	382	320
Total current assets	39,127	50,082
Total ASSETS	**186,610**	**185,355**

EQUITY & LIABILITIES

€000	31-12-2021 12 months	31-12-2020 12 months
Share capital	89,386	89,386
Additional paid-in capital	5,593	5,593
Reserves and retained earnings	49,074	55,437
Net income/(loss)	14,918	(681)
Shareholders' equity	158,970	149,735
Provisions for contingencies and charges	-	-
Borrowings	12,759	20,038
Trade payables	638	739
Other payables	14,242	14,843
Liabilities	27,640	35,620
Total EQUITY & LIABILITIES	**186,610**	**185,355**

Income statement

€000	31-12-2021 12 months	31-12-2020 12 months
Net revenues	6,056	5,255
Other operating income	112	96
Provision reversals and expense reclassification	61	76
Operating income	6,229	5,427
Purchases of goods and raw materials	-	(10)
Change in inventory	-	-
External charges	(4,371)	(4,549)
Taxes and duties	(119)	(156)
Staff costs	(1689)	(1422)
Depreciation, amortisation and provisions	(257)	(236)
Other expenses	(41)	(33)
Operating expenses	(6,476)	(6,406)
NET OPERATING INCOME/(LOSS)	(247)	(979)
Joint operations	2,506	315
NET FINANCIAL INCOME	12,558	28
EARNINGS BEFORE TAX AND NON-RECURRING ITEMS	14,817	(637)
NET NON-RECURRING INCOME	1,457	996
Corporate income tax	(1,355)	(1,040)
NET INCOME/(LOSS)	**14,919**	**(681)**

Notes

Notes to the balance sheet before appropriation of earnings for the year ended 31 December 2021, showing a total of €186,610,000, and the income statement presented in list format and showing net income of €14,919,000.

The reporting period is a 12-month financial year running from 1 January to 31 December 2021. The

notes and tables presented below form an integral part of the company financial statements for the year

ended 31 December 2021.

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

- **Leasing, long-term rental and finance leases**

The Company does not use these methods of financing.

- **Long-term investments**

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

- **Trade receivables**

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

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

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

- **Other receivables and payables**

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

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

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

- **Valuation of short-term investment securities**

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

- **Regulated provisions**

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

- **Provisions for contingencies and charges**

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

- **Prepaid expenses and deferred income**

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

- **Retirement benefits**

Retirement benefit obligations are measured using the prospective method allowing for a discount rate of 0.57% and an inflation rate of 2.1% including wage growth. Lump-sum retirement payments have been measured in accordance with a percentage of life expectancy and presence at the Company on retirement, as well as probable end-of-career salary. The main assumptions are based on voluntary retirement at 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 group headed by GROUPE SFPI: NEU PROCESS, NEU-JKF SA, NEU AUTOMATION, DELTA NEU, NEU-JKF WOOD INDUSTRY, LA FONCIÈRE NEU, NEU FEVI, FEVI SAS, MMD, BARRIQUAND SAS, FINANCIÈRE BARRIQUAND, ASET, STÉRIFLOW, BATT, BARRIQUAND ECHANGEURS, DATAGROUPE, DÉNY SECURITY, PICARD SERRURES, DOM METALUX, DOM RONIS, DOM TSS, OMNITECH SECURITY, DOM SECURITY SAS, FRANCE FERMETURES, FRANCIAFLEX, SIPA MENUISERIES, SIPOSE, FABER, BAIE OUEST, SMVO & MAC.

- **Consolidation**

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

NOTES TO THE FINANCIAL STATEMENTS

I - Highlights of the year

There are no highlights to report.

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

Intangible assets and property, plant & equipment

Gross	31 December 2020	Increase	Decrease	31 December 2021
Intangible assets	1,329	71	0	1,401
Property, plant and equipment	2,081	63	33	2,112
Total	**3,410**	**135**	**33**	**3,513**
Depreciation, amortisation and impairment	3,012	206	50	3,167
Net	**398**			**346**

Long-term investments

	31 December 2020	Increase	Decrease	31 December 2021
Equity investments	128,291	14		128,305
Other long-term securities	1,080			1,080
Loans and other long-term investments	247		1	246
Treasury shares	7,577	9,975		17,552
Total	**137,195**	**9,989**	**1**	**147,183**
Provisions	2,320		2,275	45
Net	**134,875**	**9,989**	**2,276**	**147,137**

At 31 December 2020, in view of the share price of €1.75, the Company set aside a provision for treasury shares. Given that the price of €3.52 at 31 December 2021 was higher than the average purchase price of €2.67, it was necessary to reverse this provision. The €2,275,000 reversal was recorded under non-recurring items. The remaining €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 2021, the Company held 6,578,472 treasury shares.

	31 December 2020	Movements	Appropriation of earnings	Dividend distribution	31 December 2021
Share capital	89,386				89,386
Merger premium	5,593				5,593
Legal reserve	3,762				3,762
Regulated reserves	20				20
Other reserves	51,303		(327)	(5,959)	45,016
Retained earnings	354		(354)	276	276
Prior year earnings	(681)		681		0
Net income for the year		14,918			14,918
Shareholders' equity	**149,735**	**14,918**		**(5,683)**	**158,970**

IV - Loans and borrowings

Loans and borrowings break down as follows:

Credit institutions	31 December 2021	*< 1 year*	*1-5 years*	*> 5 years*
Bank loans	12,758	1,394	11,054	311

- GROUPE SFPI did not take out any new loan in 2021 and repaid the last annual instalment of the €18 million syndicated loan subject to covenants taken out in 2015. Three loans remain, including two loans contracted by Dom Security SA, absorbed 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 €10.97 million at the balance sheet date;
- the €1 million balance of the loan contracted to finance the MCM acquisition;
- the €0.8 million balance of the €1 million loan contracted in 2020 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 2021, 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 2021, the Company held cash and cash equivalents of €14,672,000 and €13.6 million in current account advances with two Group companies, Datagroupe and MMD. These advances were symmetrically deposited with Société Générale under term contracts providing for withdrawal at any time. This step was taken, not to earn minimal interest, but above all so as not to leave surpluses in demand accounts, as this would entail negative interest for banks that would penalise accordingly the borrowing rates enjoyed by GROUPE SFPI under this attentive management arrangement.

V - Receivables and payables

Receivables	**31 December 2021**	**< 1 year**	**> 1 year**
Trade receivables	1,795	1,642	153
Staff and related payables	11	11	0
Government – Income tax	0	0	0
Government - VAT	674	674	0
Other taxes	0	0	0
Group and shareholders	21,047	21,047	0
Other receivables	775	775	0
Prepaid expenses	382	382	0
Total	**24,684**	**24,531**	**153**

The values shown above are gross values.

Liabilities	31 December 2021	< 1 year	> 1 year
Trade payables	648	648	
Staff and related payables	221	221	
Social security payables	173	173	
Government – Income tax	12,159	3,598	8,561
Government - VAT	197	197	
Government - Other	76	76	
Group and shareholders	1,044	1,044	
Other payables	362	362	
Total	**14,880**	**14,880**	

'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 €2,627, 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 €9,532,000.

Under 'Group and shareholders', GROUPE SFPI:

- holds receivables against subsidiaries totalling €1,714,000 under the tax consolidation scheme, and
- owes subsidiaries €1,037,000 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	1,608	
Other receivables	21,045	Including €1,715,000 under the tax consolidation scheme and €13,611,000 in internal cash investments
Trade payables	333	
Other payables	1,044	Including €1,038,000 under the tax consolidation scheme

VI – Provisions for impairment of receivables

Changes in this item are as follows:

	31-12-20	2021 balance
Receivables	221	228
Total	**221**	**228**

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

VII - Breakdown of balance sheet accrued expenses

Trade payables	234
Tax and social security payables	359

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
25,791	**(12,819)**	**177**	**12,972**

The Company signed a liquidity contract with Gilbert Dupont on 1 July 2017. The Company holds €219,000 in shares assigned to the liquidity contract.

X – Revenues

Breakdown by region:

France	4,206
EU	1,850
Non-EU	
Total	**6,056**

Breakdown by business line:

	Total	Group share
Provision of services	6,056	6,056
Total	**6,056**	**6,056**

The Company earns revenues from services provided to its subsidiaries. In 2020, a new agreement was signed with the French subsidiaries providing for the following arrangements:

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

subsidiaries. In 2021 GROUPE SFPI invoiced a total of €5,413,000 under this new agreement.

XI – Net financial income

Dividends	12,473
Income from investments	45
Gains	132
Interest expense	(100)
Impairment	8
Total	**12,558**

Following the valuation of the shares held under the liquidity contract at €3.52 on the last trading day, GROUPE SFPI recorded a €132,000 gain over the year.

XII – Net non-recurring income

	Expenses	Charges	Income	Reversals	Net
Long-term securities	-	-	-	-	-
Treasury shares	-	-	-	2,275	2,275
Merger expenses	-	-	-	-	-
Sale of non-current assets	-	-	73	-	73
Social security and tax disputes	(841)	-	-	-	(841)
Other items	(50)	-	-	-	(50)
Total	**(891)**	**-**	**73**	**2,275**	**1,457**

The €841,000 expense corresponds to the balance of the receivable recorded in relation to the tax audit of subsidiary Dom GmbH, in which GROUPE SFPI became a direct shareholder following the 2018 merger with Dom Security. This amount was definitively repaid to the Dutch division of Dom GmbH and not to its shareholder as originally planned. This settlement had no impact on the consolidated financial statements.

XIII - Other information

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

Provision of services	5,317
Cross-charging of expenses	743
Rent	96
Operating income	**6,156**
External charges	(1,518)
Operating expenses	**(1,518)**
SCI earnings	2,506
Dividends	12,473
Financial income	-
Disposal of non-current assets	69

XIV - Calculation of income tax

	Gross	Adjustment	Total	Base at +27.5%	Income tax
Net operating income/(loss)	(247)	2	(245)	(245)	67
Joint operations	2,506	(42)	2,464	2,464	(678)
Net financial income/(expense)	12,558	(12,350)	208	208	(57)
Net non-recurring income/(expenses)	1,457	841	2,298	2,298	(632)
Additional tax	-	-	-	-	(17)
Tax credits	-	-	-	-	-
Dom GmbH tax	-	-	-	-	127
Tax group	-	-	-	-	(165)
Total income tax	**-**	**-**	**-**	**-**	**(1,355)**

The tax consolidation scheme gives rise to an additional tax charge related to the difference between the 27.5% rate plus the 3.3% additional contribution and the 26.5% rate (plus additional contribution where applicable) applicable to subsidiaries' taxable income.

XV - Increases and reductions in future tax liability

None.

XVI - Off-balance sheet commitments

The retirement benefit obligation amounted to €109,000 at 31 December 2021.

XVII - Advances and compensation awarded to directors

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

XVIII - Statutory auditors' fees

Statutory auditors' fees amounted to €120,000.

XIX - Average headcount

	Employees	External personnel	Secondment	TOTAL
Managers	4.75	-	-	4.75
Employees	3	-	-	3
Total	**7.75**	**-**	**-**	**7.75**

At 31 December 2021, the Company had nine 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.

Subsidiaries and affiliates

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

Company	Share capital *Number of shares*	Equity excluding share capital	Portion of capital held (%) *Number of shares*	Gross book value of shareholding	O/w non paid-up capital	Provisions	Loans and advances granted and not repaid	Loans and advances received and not repaid	Net dividends received in 2021	Net income/(loss) for last FY ended	Revenues from last FY ended
Consolidated equity investments											
NEU-JKF SA	6,285 *419,036*	11,916	99.97% *418,940*	20,652	-	-	-	-	0	7,620	1,368
DOM SECURITY SAS	73,127 *7,312,748*	13,570	100.00% *7,312,748*	76,727	-	-	97	-	9,141	9,324	4,350
INACTIV SAS	188 *12,500*	75	99.99% *12,497*	253	-	-	-	-	-	(4)	-
MMD SAS	1,798 *119,853*	11,471	100.00% *119,847*	6,256	-	-	-	-	2,996	4,891	606
MAC SAS	4,109 *4,325*	35,306	99.88% *4,320*	24,282	-	-	-	-	-	6,372	2,373
DATAGROUPE SA	45 *3,000*	543	95.37% *2,861*	42	-	-	9,766	-	337	182	1,250
SCI NEU	10 *500*	(5)	99.80% *499*	10	-	-	-	-	-	(5)	(4)
SCI LA CHAPELLE D'ARMENTIERES	10 *500*	59	99.80% *499*	10	-	-	1,228	-	-	59	266
SCI GEORGE NUTTIN	10 *500*	125	99.80% *499*	10	-	-	833	-	-	124	248
SCI VR des 2 VALLEES	10 *500*	(6)	99.80% *499*	10	-	-	970	-	-	(6)	174
SCI ALU des 2 VALLEES	10 *500*	-	99.80% *499*	10	-	-	-	5	-	-	-
SCI STERIMMO	10 *500*	19	99.80% *499*	10	-	-	359	-	-	19	131
SCI LUZECH	10 *500*	81	99.80% *499*	10	-	-	410	-	-	81	147
SCI MANCHESTER	10 *500*	15	99.80% *499*	10	-	-	142	-	-	15	66
SCI CIPRIANI	10 500	37	99.80% 499	10	-	-	175	-	-	37	86
SC DUBOIS	1 1,000	(6)	99.90% 999	1,028	-	-	194	-	-	(6)	107
SCI DOM	1 1,000	198	99.90% 999	10	-	-	1,308	-	-	198	464
MOVIRAIL SAS	10 1,000	(39)	45.10% 451	4	-	-	-	-	-	(39)	18
Other investments Miscellaneous		NM	NM	41	-	-	-	-	-	NM	NM

NM: non-material

CONSOLIDATED FINANCIAL STATEMENTS - FY 2021

Balance sheet

€000	Note	31/12/ 2021	31/12/ 2020
Goodwill	1	46,764	46,764
Intangible assets	2	4,204	5,827
Property, plant and equipment	3	79,110	78,448
Right-of-use assets	4	13,680	14,611
Investments in associates	5	2,988	2,359
Other non-current financial assets	6	5,307	5,774
Deferred tax assets	7	19,146	20,375
Total non-current assets		171,199	174,158
Inventories and work in progress	8	103,070	74,025
Trade receivables	9	90,801	91,461
Other current assets	10	21,055	24,913
Cash and cash equivalents	11	155,858	162,591
Total current assets		370,784	352,990
Total assets		**541,983**	**527,148**

€000	Note	31/12/ 2021	31/12/ 2020
Share capital		89,386	89,386
Consolidated reserves / Group share		110,987	107,232
Net income / Group share		32,165	17,622
Shareholders' equity / Group share	12	232,538	214,240
Minority interests		1,352	1,648
Total consolidated shareholders' equity	12	233,890	215,888
Non-current provisions	13-14	62,131	66,456
Non-current borrowings	15	59,808	75,268
Non-current lease liabilities	4	6,708	7,370
Deferred tax liabilities	7	5,623	5,912
Total non-current liabilities		134,270	155,006
Current provisions	13	12,201	9,847
Current borrowings	15	20,287	22,628
Current lease liabilities	4	3,422	4,006
Trade payables	16	65,173	55,896
Current tax liabilities	16	3,188	3,228
Other current liabilities	16	69,552	60,649
Total current liabilities		173,823	156,254
Total equity and liabilities		**541,983**	**527,148**

Income statement

€000	Note	2021	2020
Net revenues	18	568,970	498,811
Change in inventories		5,534	(4,288)
Purchases consumed including subcontracting		(236,004)	(199,053)
Gross margin	18	338,500	295,470
as % of production		58.9%	59.7%
as % of revenues		59.5%	59.2%
Other operating income and grants		2,754	2,812
Net provision (charges)/reversals		(2,145)	(880)
External charges		(85,143)	(72,451)
Taxes and duties		(4,222)	(5,346)
Staff costs		(185,293)	(168,416)
Depreciation		(18,444)	(20,163)
Other expenses		(2,398)	(2,467)
RECURRING OPERATING INCOME	18	43,609	28,559
as % of revenues		7.7%	5.7%
Restructuring costs		696	1,051
Other non-recurring income and expenses			637
Change in impairment of goodwill and non-current assets		278	(3,212)
NET OPERATING INCOME		44,583	27,035
as % of revenues		7.8%	5.4%
Cash and cash equivalents		358	344
Gross cost of debt		(846)	(893)
Net cost of debt	19	(488)	(549)
Other financial income and expenses	19	74	1,569
EARNINGS BEFORE TAX		44,169	28,055
Income tax	20	(11,989)	(10,478)
Share of earnings of associates		204	156
NET INCOME OF CONSOLIDATED COMPANIES		**32,384**	**17,733**
as % of revenues		5.7%	3.6%
- Group share		32,165	17,622
- Minority interests		219	111
Basic and diluted net earnings per share (excl. treasury shares) - consolidation scope (€)	21	0.34	0.19

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

€000	Note	2021	2020
Net income for the year		32,384	17,733
Items subsequently reclassified to profit or loss:			
Translation differences arising from foreign subsidiaries' financial statements		48	(629)
Financial instruments, revaluation surplus		(352)	(117)
Related tax			
Items not subsequently reclassified to profit or loss:			
Actuarial gains and losses on retirement benefit obligations	14	2,825	(1,601)
Related tax		(574)	453
Share of earnings of associates recognised directly in equity			56
Total gains and losses recognised directly in equity		1,947	(1,838)
Net income and gains and losses recognised directly in equity		34,331	15,895
Group share		34,100	15,784
minority interests		231	111

Statement of cash flows

€000	Note	2021	2020
Consolidated net income		**32,384**	**17,733**
Elimination of non-cash items:			
- Depreciation and amortisation of operational assets		14,112	14,940
- Depreciation and amortisation of operating and finance leases		4,332	5,223
- Change in operating, financial and non-current provisions		(787)	(3,777)
- Change in provisions for goodwill impairment		(278)	3,212
- Gains or losses on asset disposals		(253)	(531)
+/- Share of earnings of associates		(204)	(156)
Gross operating cash flow after net cost of debt and tax		*49,306*	*36,644*
+ Net cost of debt		488	549
+/- Tax charge	20	11,989	10,478
Gross operating cash flow before net cost of debt and tax		*61,783*	*47,671*
Change in working capital:			
- Change in inventories and work in progress	8	(29,037)	6,093
- Change in trade receivables, advances and down payments and deferred income		8,109	4,065
- Change in trade payables and prepaid expenses		8,204	2,733
- Change in tax receivables and payables		3,563	7,687
- Change in other receivables and payables		2,344	(3,123)
- Taxes paid		(11,623)	(10,194)
Net cash flow from operating activities		**43,343**	**54,932**
Disposal of non-current assets		252	3,348
Disposal of consolidated securities		0	83
Purchase of consolidated securities, net of cash acquired		(406)	
Purchase of intangible assets and PP&E	2-3	(10,737)	(14,792)
Purchase of financial assets		(268)	(286)
Net cash flow from investing activities		**(11,159)**	**(11,647)**
Increase in borrowings from credit institutions		3,569	15,828
Increase in other borrowings		491	632
Operating and finance lease payments		(4,218)	(5,291)
Repayment of borrowings from credit institutions	15	(21,878)	(7,835)
Repayment of other borrowings		(601)	(216)
Net cost of debt		(488)	(549)
Purchase of GROUPE SFPI SA shares		(9,975)	(1,200)
Dividends paid by GROUPE SFPI SA		(5,683)	
Dividends paid to minority shareholders of subsidiaries		(167)	(108)
Net cash flow from financing activities		**(38,950)**	**1,261**
Impact of changes in exchange rates		271	(286)
Recorded change in cash and cash equivalents since the previous balance sheet date		**(6,495)**	**44,260**
Closing cash and cash equivalents consists of the following:			
Cash and cash equivalents	11	155,858	162,591
Overdrafts and short-term loans	15	(1,211)	(1,449)
Net cash and cash equivalents		*154,647*	*161,142*

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 01-01-2020	89,386	(6,377)	130,879	(14,329)	199,559	1,750	201,309
Dividends paid					0	(50)	(50)
Capital transactions					0		0
Treasury share transactions		(1,200)			(1,200)	0	(1,200)
Change in consolidation scope			97		97	(163)	(66)
Net income for the year			17,622		17,622	111	17,733
Gains and losses recognised directly in equity		0		(1,838)	(1,838)		(1,838)
Net income and gains and losses recognised directly in equity	*0*	*0*	*17,622*	*(1,838)*	*15,784*	*111*	*15,895*
Balance at 31-12-2020	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

Notes

INTRODUCTION

On 20 April 2022, the Board of Directors of the public limited company ("société anonyme") GROUPE SFPI approved the accounts and authorised the publication of the Sfpi Group consolidated financial statements for the year ended 31 December 2021.
The consolidated financial statements are drawn up in euros. Unless otherwise specified, amounts are stated in thousands of euros.

HIGHLIGHTS

In a challenging year impacted by COVID-19 and soaring raw material prices, Sfpi Group posted record net operating income of €44.6 million.
The DOM and NEU-JKF divisions posted their best recurring operating income result since 2012. MAC is drawing close to the €8.8 million posted in 2017. MMD posted strong results only 7.8% below its 2018 record.

€000		DOM	NEU-JKF	MMD	MAC	ERYMA
2012	*Revenues*	*147,518*	*72,330*	*51,020*	*174,394*	*41,828*
	RECURRING OPERATING INCOME	11,364	1,959	4,730	6,780	1,450
2013	*Revenues*	*145,460*	*72,879*	*48,385*	*189,599*	*39,277*
	RECURRING OPERATING INCOME	8,240	3,204	3,214	5,627	1,554
2014	*Revenues*	*149,845*	*75,287*	*53,442*	*175,434*	*37,792*
	RECURRING OPERATING INCOME	9,591	4,241	6,568	2,894	648
2015	*Revenues*	*163,232*	*78,223*	*47,189*	*183,520*	*36,737*
	RECURRING OPERATING INCOME	12,544	5,107	5,137	3,891	727
2016	*Revenues*	*170,256*	*73,937*	*46,867*	*184,379*	*37,957*
	RECURRING OPERATING INCOME	16,633	3,699	5,230	6,205	1,394
2017	*Revenues*	*174,436*	*92,216*	*48,777*	*189,256*	
	RECURRING OPERATING INCOME	15,951	3,242	5,756	8,769	
2018	*Revenues*	*186,366*	*122,480*	*51,699*	*189,361*	
	RECURRING OPERATING INCOME	17,008	3,949	6,366	4,002	
2019	*Revenues*	*198,550*	*117,189*	*56,405*	*190,592*	
	RECURRING OPERATING INCOME	17,072	3,221	5,521	4,441	
2020	*Revenues*	*178,454*	*101,104*	*53,057*	*166,457*	
	RECURRING OPERATING INCOME	16,190	4,284	5,465	3,167	
2021	*Revenues*	*197,755*	*118,454*	*59,775*	*193,231*	
	RECURRING OPERATING INCOME	23,418	7,461	4,671	8,053	

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

Name	Country	% interest		Siren no.	Activity	Conso. method
		31/12/2021	31/12/2020			
GROUPE SFPI	**France**	**Parent company**		**393 588 595**	**Holding**	**F.C.**
Dom Security (former DOM Participations)	France	100.00	100.00	485 054 860	**Division holding company**	F.C.
Dény Security	France	99.73	99.73	552 105 603	Locking systems	F.C.
Dom-Métalux	France	99.96	99.96	572 020 394	Locking systems	F.C.
Picard-Serrures	France	99.99	99.99	341 148 823	Locking systems	F.C.
Dom Ronis	France	99.99	99.99	345 004 147	Locking systems	F.C.
Dom-UK Ltd	UK	100.00	100.00	/	Locking systems	F.C.
Dom-CR Spa	Italy	100.00	100.00	5988590013	Locking systems	F.C.
Elzett-Sopron	Hungary	50.00	50.00	/	Galvanisation	E.M.
Dom Elzett	Hungary	100.00	100.00	11404006	Locking systems	F.C.
Dom Polska	Poland	100.00	100.00	5730003798	Locking systems	F.C.
Dom Czech Spol	Czech Rep.	100.00	100.00	/	Locking systems	F.C.
Dom-Titan	Slovenia	99.42	98.73	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	33.9	33.9	429 665 482	Security systems	E.M.
Invissys	France	75.0	75.0	802 367 458	Security systems	F.C.
DIS	Austria	66.7	66.7		Locking systems	F.C.
Eliot et Cie	France	85.0	70.0	629 027 899	Locking systems	F.C.
Antipanic Srl	Italy	73.9	73.9		Locking systems	F.C.
Revilo	Belgium	100.00	100.00		Locking systems	F.C.
Keytech	Belgium	100.00	100.00		Locking systems	F.C.
Hoberg	Belgium	100.00	100.00		Locking systems	F.C.

Name	Country	% interest		Siren no.	Activity	Conso. method
		31/12/2021	31/12/2020			
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	100.00	100.00	394 466 569	Air treatment	F.C.
Fevi GmbH	Germany	100.00	100.00		Air treatment	F.C.
Lcat Trading	HK	100.00	100.00		Air treatment	F.C.
Delta Neu Shanghai	China	70.00	70.00		Air treatment	F.C.
JKF Industri A/S	Denmark	98.16	98.02		Air treatment	F.C.
JKF Polska Sp Zoo	Poland	100.00	100.00		Air treatment	F.C.
JKF Industri Sdn Bhd	Malaysia	100.00	100.00		Air treatment	F.C.
JKF Solutions PTE Ltd (*)	Singapore	-	100.00		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.

(*) JKF Solutions PTE Ltd was wound up during the financial year.

Name	Country	% interest		Siren no.	Activity	Conso. method
		31/12/2021	31/12/2020			
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	100.00	100.00		Doors	F.C.
BOSTORE	Belgium	99.46	99.46		Doors	F.C.
VETTENBURG	Belgium	100.00	100.00		Doors	F.C.
Other companies						
Inactiv' SAS (former Point Est)	France	99.97	99.97	382 591 949	Partnership Eastern Europe	F.C.
Datagroupe	France	95.33	95.33	347 812 752	Services	F.C.
France Investissement	Bulgaria	94.68	94.68		Trade consulting Eastern Europe	F.C.
Movirail	France	45.00	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.
SCI Manchester	France	100.00	100.00	817 464 340	Real estate	F.C.
SC Dubois	France	100.00	100.00	520 477 613	Real estate	F.C.
SCI Cipriani	France	100.00	100.00	815 307 360	Real estate	F.C.

1. ACCOUNTING STANDARDS

The consolidated financial statements cover the 12-month periods ended 31 December 2021 and 2020.

The Sfpi Group consolidated financial statements for the year ended 31 December 2021 have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted within the European Union as at 31 December 2021.

These include IAS and IFRS international accounting standards and SIC and IFRIC interpretations of mandatory application as at 31 December 2021.

The IFRS adopted by the European Union as at 31 December 2021 may be consulted in the section entitled "IFRS financial statements" 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 2021 consolidated financial statements are the same as those applied in the preparation of the consolidated financial statements for the year ended 31 December 2020, except for new standards, amendments and interpretations applicable from 1 January 2021.

IFRS amendments published by the IASB and applicable from 1 January 2021 had no impact on the financial statements.

In its April 2021 update, the IFRIC IC published a decision explaining how to calculate commitments under certain defined benefit plans providing for a presence obligation at the time of retirement and a cap on entitlements over and above a certain number of years of seniority. The impact of this decision recognised as of 31 December 2021 is not material.

The Group analysed the impact of the IFRIC 04/2021 decision on the configuration and customisation costs of SaaS contracts. This decision has no impact on the recognition of costs already expensed for the year.

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.

The Group paid particular attention to the impact of the COVID-19 health crisis on material estimates in relation to the recoverable amounts of its assets.

Direct expenses linked to the COVID-19 health crisis have been recorded under recurring operating income (adaptation of workstations, purchase of masks, etc.).

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:

	Closing rate 2021	Annual average rate 2021	Closing rate 2020	Annual average rate 2020
CHF (Switzerland)	1.03	1.08	1.08	1.07
GBP (UK)	0.84	0.86	0.90	0.89
HUF (Hungary)	369.19	359.01	363.89	352.23
PLN (Poland)	4.60	4.57	4.56	4.45
RON (Romania)	4.95	4.92	4.87	4.84
RSD (Serbia)	117.65	117.61	117.63	117.66
CZK (Czech Republic)	24.86	25.69	26.24	26.41
HRK (Croatia)	7.52	7.53	7.55	7.54
BRL (Brazil)	6.31	6.38	6.37	5.88
MAD (Morocco)	10.47	10.65	10.88	10.84
CNY (China)	7.19	7.64	8.02	7.89
HKD (Hong Kong)	8.83	9.21	9.51	8.89
USD (USA)	1.13	1.19	1.23	1.15
DKK (Denmark)	7.44	7.44	7.44	7.45
SGD (Singapore)	1.53	1.59	1.62	1.57
IDR (Indonesia)	16,100.42	16,945.92	17,240.76	16,655.35
MYR (Malaysia)	4.72	4.89	4.93	4.80

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. Cost to sell are deducted from the value of assets held for sale.

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

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

8. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

9. RIGHT-OF-USE ASSETS - IFRS 16

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

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

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

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

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

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

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

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

- Buildings 20 years
- Production equipment 3-8 years

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

10. IMPAIRMENT LOSSES

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

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

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

The discount rate equals the weighted average cost of permanent capital based on the following assumptions:

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

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

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

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

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

11. FINANCIAL ASSETS AND LIABILITIES

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

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

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

Trade receivables, receivables from non-fully consolidated equity investments, financial advances and security deposits are recognised at amortised cost (financial assets where the related cash flows solely represent principal and interest payments). Income and expenses related to loans and receivables consist of interest income and impairment losses (see section 14).

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, 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. Top-up pensions for DOM Germany staff are measured by an independent actuary using the same method.

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 2021 ranged from 0.56% to 1.48% for eurozone companies (0.34% to 1.36% in 2020) and from 4.5% to 5.7% for other companies (2.5% to 3.96% in 2020). Likewise, allowance was made for a eurozone inflation rate between 1.1% and 1.5% in 2021 (1.1% in 2020) and a country-specific wage growth rate due to promotion excluding inflation ranging from 1% in the eurozone to 5.5% elsewhere (1% and 3% in 2020).

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: windows, shutters, blinds, doors, garage doors, industrial doors
- Other businesses: holding companies

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

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

In February 2020, the Group sold 50% of its shares in Neu Railways. Up to that date, this company contributed €882,000 to revenues, €508,000 to gross margin and €57,000 to operating income. Neu Railways and its subsidiary Neu Inc. are now consolidated under the equity method.

NOTE 1 – GOODWILL

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

	Gross value 31-12-2021	Impairment 31-12-2021	Net value 31-12-2021	Net value 31-12-2020
DOM SECURITY	92,578	(50,648)	41,930	41,930
- DENY Security	*27,814*	*(10,796)*	*17,018*	*17,018*
- DOM Group	*7,435*	*(333)*	*7,102*	*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*	*0*	*103*	*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
Goodwill	**108,995**	**(62,231)**	**46,764**	**46,764**

As a result of impairment testing prompted by indications of impairment, no additional goodwill impairment was recognised.

The following discount rates were used for the main CGUs:

Weighted average cost of capital (WACC before tax) used to calculate impairment		
	2021	**2020**
DOM		
Deny Security	*5.71%*	*5.58%*
Dom GmbH	*5.69%*	*5.56%*
Dom Security - Beugnot	*6.12%*	*5.99%*
Picard Serrures	*5.94%*	*5.81%*
OMNITECH Security	*6.12%*	*5.99%*
Dom UK	*5.94%*	*5.80%*
Dom Titan	*7.87%*	*7.73%*
Antipanic	*6.95%*	*6.82%*
Hoberg	*5.71%*	*5.55%*
NEU-JKF		
Neu Fevi	*10.67%*	*10.56%*
MMD		
Cipriani	*6.53%*	*6.40%*

A 0.5 percentage point increase or decrease in these discount rates would have resulted in no additional impairment of goodwill allocated to the main CGUs listed above.

A 5% decrease or increase in EBIT over the entire business plan period would have resulted in no impairment of goodwill allocated to the main CGUs listed above.

NOTE 2 – INTANGIBLE ASSETS

Intangible assets break down as follows:

	31/12/ 2021			31/12/ 2020		
	Gross	Amortisation & impairment	Net	Gross	Amortisation & impairment	Net
R&D expenditure	1,289	(1,197)	92	1,222	(1,173)	49
Patents, licences & trademarks	27,886	(25,162)	2,724	28,263	(25,290)	2,973
Other non-current assets	6,343	(5,094)	1,249	6,189	(3,549)	2,640
Advances and WIP	139		139	165		165
Intangible assets	**35,657**	**(31,453)**	**4,204**	**35,839**	**(30,012)**	**5,827**

Changes in net intangible assets are as follows:

	R&D expenditure	Patents, licences & trademarks	Other items	Advances and WIP	Total
1 January 2020	**130**	**3,463**	**1,676**	**1,031**	**6,300**
Change in consolidation					0
Capital expenditure	26	595	490		1,111
Disposals during the year			(68)		(68)
Amortisation	(76)	(1,103)	(322)		(1,501)
Impairment (charges)/reversals	(34)	(8)			(42)
Foreign exchange gains/(losses)			(3)		(3)
Reclassification	3	26	867	(866)	30
31 December 2020	**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**

€7.7 million of research costs and €3.9 million of development costs were recognised under expenses for 2021.

Capital expenditure was mainly incurred in the DOM Security division (€377,000) and MAC division (€205,000).

Net intangible assets per division break down as follows:

	31-12-2021	31-12-2020
DOM Security	2,045	3,379
NEU-JKF	82	128
MMD	1,299	1,384
MAC	675	854
Other businesses	103	82
Net intangible assets	**4,204**	**5,827**

Net intangible assets per region break down as follows:

	31-12-2021	31-12-2020
France	3,439	3,705
Overseas	765	2,122
Net intangible assets	**4,204**	**5,827**

NOTE 3 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment breaks down as follows:

	31/12/2021			31/12/2020		
	Gross	Depreciation & impairment	Net	Gross	Depreciation & impairment	Net
Land and development	17,182	(2,065)	15,117	16,998	(2,008)	14,990
Buildings	115,861	(80,373)	35,488	111,986	(77,761)	34,225
Industrial plant & equipment	229,614	(209,423)	20,191	224,217	(206,536)	17,681
Other non-current assets	37,958	(31,612)	6,346	36,873	(31,370)	5,503
Advances and WIP	2,133	(165)	1,968	6,113	(64)	6,049
Property, plant and equipment	**402,748**	**(323,638)**	**79,110**	**396,187**	**(317,739)**	**78,448**

	Land and development	Buildings	Plant and equipment	Other items	Advances and WIP	Total
1 January 2020	**15,545**	**34,989**	**20,070**	**5,665**	**3,818**	**80,087**
Change in consolidation						
Capital expenditure	10	1,837	4,854	1,607	5,372	13,680
Disposals during the year	(75)	(1,030)	279	0	(13)	(839)
Depreciation	(19)	(3,775)	(7,926)	(1,866)	(53)	(13,639)
Impairment (charges)/reversals	213	34	(1,047)	119	183	(498)
Foreign exchange gains/(losses)	(90)	(166)	8	(12)	(33)	(293
Reclassification	(594)	2,336	1,443	(10)	(3,225)	(50)
31 December 2020	**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**

Impairment charges and reversals recorded in the income statement concern DOM Security (€372,000 reversal) and NEU-JKF (€73,000 charge).

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

	31-12-2021	31-12-2020
DOM Security	36,786	35,248
NEU-JKF	18,564	19,227
MMD	8,167	8,694
MAC	15,350	14,958
Other businesses	243	321
Net property, plant and equipment	**79,110**	**78,448**

Capital expenditure breaks down as follows:

	31-12-2021	31-12-2020
DOM Security	4,023	6,653
NEU-JKF	1,587	1,578
MMD	1,081	1,553
MAC	3,215	3,801
Other businesses	34	95
Purchase of property, plant and equipment	**9,940**	**13,680**

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

	31-12-2021	31-12-2020
France	39,383	40,278
Overseas	39,727	38,170
Net property, plant and equipment	**79,110**	**78,448**

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 31-12-2020	**11,280**	**57**	**186**	**3,088**	**14,611**
o/w finance leases	*3,856*	*61*	*10*	*0*	*3,927*
New leases signed during the period	54		553	2,223	2,830
o/w finance leases					*0*
Lease amendments and termination	27	14	174	356	571
o/w finance leases					*0*
Depreciation for the period	(1,632)	(45)	(230)	(2,425)	(4,332)
o/w finance leases	*(261)*	*(42)*			*(303)*
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*

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

	Liabilities 01-01-2021	New liabilities	Repayment	Change cons. scope	Total 31-12-2021	o/w due in < 1yr
Lease liabilities	11,375	2,973	(4,218)		10,130	3,422
o/w finance leases	*715*		*(621)*		*94*	94

	DOM Security	NEU-JKF	MAC	MMD	SFPI & Others	Total 31-12-2021
Due in < 1 yr - operating leases	1,127	932	531	98	640	3,328
Due in > 1 yr - operating leases	1,873	926	723	99	3,087	6,708
Due in < 1 yr - finance leases	35		59	0		94
Due in > 1yr - finance leases	0		0	0		0
Total	**3,035**	**1,858**	**1,313**	**197**	**3,727**	**10,130**
Restated rent	1,439	959	1,042	310	598	4,348
Depreciation recognised	(1,451)	(955)	(1,070)	(223)	(633)	(4,332)
Interest	7	(5)	6	(4)	50	54

NOTE 5 - INVESTMENTS IN ASSOCIATES

These comprise investments in TITAN ZAGREB (€160,000), ELZETT-FEK (€693,000) and SPRINGCARD (€289,000) in the DOM division and NEU RAILWAYS (€1,846,000), NEU Inc. (€0) and Movirail (€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	
	2021	2020	2021	2020	2020	2019
Total assets	3,896	3,485		790	1,751	1,299
Shareholders' equity	1,747	1,755	533	478	852	619
Revenues	10,056	9,416	1,403	1,526	1,746	2,288
Net income	17	16	50	39	233	4

	Neu Railways		Neu Inc.		Movirail	
	2021	2020	2021	2020	2021	2020
Total assets	8,786	9,172	1,055	618	79	10
Shareholders' equity	3,308	3,103	(735)	(706)	(29)	10
Revenues	4,778	5,711	1,705	1,989	18	0
Net income	189	449	43	30	(39)	0

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	31-12-2021	31-12-2020
Other financial investments	133	63
Loans, deposits and other long-term investments	5,174	5,711
Non-current financial assets	**5,307**	**5,774**

Note 7 - Deferred taxes

Deferred tax assets arise from:

	31-12-2021	31-12-2020
- temporarily non-deductible expenses	2,753	2,772
- provisions related to asset impairment testing	990	1,092
- tax loss carryforwards	1,623	1,310
- the following consolidation adjustments:		
Finance leases	(200)	(223)
Internal margins	724	578
Pensions and retirement benefits	11,885	12,464
Adjustment of foreign company depreciation/amortisation rates and provision policies to Group standards	1,291	2,171
Other items	80	211
Deferred tax assets	**19,146**	**20,375**

Deferred tax liabilities mainly relate to the NEU-JKF (€2,326,000) and DOM Security (€2,712,000) 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 unrecognised tax loss carryforwards amounted to €2.0 million at 31 December 2021. This item mainly concerns tax groups whose future profits are uncertain. Pursuant to current legislation, most of this amount may be carried forward indefinitely.

Note 8 - Inventories

Inventories break down as follows:

	31-12-2021			31-12-2020		
	Gross	Impairment	Net	Gross	Impairment	Net
Raw materials	72,061	(13,839)	58,222	57,150	(13,508)	43,642
Work in progress (goods and services)	25,376	(3,367)	22,009	16,304	(3,082)	13,222
Semi-finished and finished goods	15,967	(2,149)	13,818	12,898	(2,235)	10,663
Trade goods	12,248	(3,227)	9,021	9,657	(3,159)	6,498
Inventories	**125,652**	**(22,582)**	**103,070**	**96,009**	**(21,984)**	**74,025**

Note 9 - TRADE RECEIVABLES

Trade receivables:

	31-12-2021	31-12-2020
Gross	97,349	99,500
Impairment	(6,548)	(8,039)
Net	**90,801**	**91,461**

Reversals of impairment provisions on trade receivables were offset by impairment charges on bad debt totalling €420,000.

	< 1 month overdue	1-3 months overdue	3-6 months overdue	6-12 months overdue	> 12 months overdue	Total
Overdue, not covered by provisions	11,026	5,108	936	487	668	18,225
Overdue, covered by provisions	67	243	537	482	5,228	6,557
Total	**11,093**	**5,351**	**1,473**	**969**	**5,896**	**24,782**

NOTE 10 - OTHER CURRENT ASSETS

	31-12-2021	31-12-2020
Tax receivables	4,770	8,378
Other operating receivables	13,166	13,637
Prepaid expenses	3,119	2,898
Other current assets	**21,055**	**24,913**

Other operating receivables mainly include VAT receivables totalling €8.7 million.

NOTE 11 - CASH AND CASH EQUIVALENTS

Net cash and cash equivalents break down as follows:

	31-12-2021	31-12-2020
Cash equivalents	80,078	71,813
Cash	75,780	90,778
Cash and cash equivalents	**155,858**	**162,591**

Cash equivalents almost entirely consist of certificates of deposit issued by top-tier banks.

NOTE 12 - SHAREHOLDERS' EQUITY AND MINORITY INTERESTS

As at 31 December 2021, the share capital consisted of 99,317,902 shares with a par value of €0.90 each. The Company holds 6,578,472 treasury shares representing 6.6% of the share capital.

NOTE 13 - CURRENT AND NON-CURRENT PROVISIONS

Non-current provisions break down as follows:

	31-12-2021	31-12-2020
Retirement benefits and long-service awards - Non-current portion	60,175	64,963
Representatives' entitlements in Germany	1,486	1,493
Provision for subsidiary risk	470	
Non-current provisions	**62,131**	**66,456**

In 2020, provisions for retirement benefits and long-service awards included both the non-current portion and the current portion due in less than one year. These portions are now presented separately. The current portion amounted to €2,383,000 in 2020.

The provision for subsidiary risk was recognised in 2020 as a €452,000 deduction from 'Investments in associates' (Note 5).

Current provisions break down as follows:

	31-12-2020	Reclassification	Charges	Reversals (not used)	Reversals (used)	31-12-2021
Trade litigation	1,058		2,156	(346)	(558)	2,310
Tax litigation	354		85	(2)	(12)	425
Social security litigation	959		466	(227	(556)	642
Other contingencies and charges	674		163		(504)	333
Litigation and provisions for other third parties	206		93	(23)	(136)	140
Provisions for restructuring	2,274		102	(430)	(1,305)	641
Provisions for guarantees	4,322		4,888	(20)	(4,282)	4,908
Retirement benefits and long-service awards - Current portion		2,802				2,802
Current provisions	**9,847**	**2,802**	**7,953**	**(1,048)**	**(7,353)**	**12,201**

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:

	2021	2020
Retirement benefits and long-service awards b/fwd	**64,963**	**62,835**
Items recognised in the income statement	***838***	***527***
Cost of services provided during the year	2,954	2,513
Financial costs	402	527
Benefits paid/provision reversals	(2,294)	(2,513)
Reclassification	(224)	
Items recognised in other comprehensive income	***(2,825)***	***1,601***
Actuarial gains and losses before tax	(2,825)	1,601
Changes in consolidation scope	***0***	***0***
Retirement benefits and long-service awards c/fwd	**62,976**	**64,963**

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).

Actuarial gains and losses break down as follows:

Gains and losses on actuarial assumptions	2,522
Gains and losses arising from experience adjustments	303
Actuarial gains/(losses)	**2,825**

Sensitivity to actuarial assumptions:

	Impact of retirement benefits and long-service awards	
	Gross	**Net**
0.3 pp increase in discount rate	(3,260)	(2,388)
0.3 pp reduction in discount rate	2,409	1,555
0.3 pp increase in inflation or promotion rate	1,756	1,104
0.3 pp reduction in inflation or promotion rate	(2,758)	(2,039)

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 2021, they break down as follows by maturity and category:

Loans and borrowings	Total at 31-12-2021				Total 31-12-2020
	< 1 year	**1-5 years**	**> 5 years**	**Total**	
Loans and borrowings	18,375	53,069	2,651	74,095	91,698
Short-term bank loans and overdrafts	1,211			1,211	1,635
Due to credit institutions	19,586	53,069	2,651	75,306	93,333
Other financial liabilities	559	3,445		4,004	3,755
Employee profit-sharing	142	643		785	807
Due to other organisations	701	4,088	0	4,789	4,562
Loans and borrowings	**20,287**	**57,157**	**2,651**	**80,095**	**97,895**
Current and non-current	20,287	59,808			

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 €155,858,000 at 31 December 2021 versus €162,591,000 at 31 December 2020.

Net cash and cash equivalents changed as follows:

	31-12-2021	31-12-2020
Cash and cash equivalents	155,858	162,591
Borrowings from credit institutions	(75,306)	(93,333)
Net cash and cash equivalents held at credit institutions	80,552	69,258
Borrowings from other third parties	(4,789)	(4,562)
Net cash surplus	**75,763**	**64,696**

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

	DOM Security	NEU-JKF	MAC	MMD	SFPI & Others	Total 31-12-2021
Borrowings due in < 1 yr	4,293	6,142	4,067	2,092	3,693	20,287
Borrowings due in 1-5 yrs	13,774	18,842	10,918	4,868	8,755	57,157
Borrowings due in > 5 yrs	1,610	151	314	265	311	2,651
Loans and borrowings	**19,677**	**25,135**	**15,299**	**7,225**	**12,759**	**80,095**
Cash and cash equivalents	48,990	16,089	34,373	30,864	25,542	155,858
2021 net cash surplus	**29,313**	**(9,046)**	**19,074**	**23,639**	**12,783**	**75,763**
2020 net cash surplus	21,849	(9,774)	17,947	16,614	18,060	64,696

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 2021. These were valued at (€3,000) 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 2021 was 0.84% versus 0.81% in 2020. With a few exceptions, borrowings are contracted at fixed rates.

Security interests:

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

	31-12-2021	31-12-2020
Borrowings secured by pledges - current portion	5,116	6,128
Borrowings secured by pledges - non-current portion	20,361	26,765

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:

	31-12-2021	31-12-2020
Trade payables	**65,173**	**55,896**
Current tax liabilities	**3,188**	**3,228**
Social security and tax payables	41,980	40,643
Other payables	6,854	5,113
Advances and down payments received on orders	18,057	12,529
Deferred income	2,661	2,364
Other current liabilities	**69,552**	**60,649**

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 ITEMS

	DOM Security	NEU-JKF	MAC	MMD	SFPI & Others	Total 31-12-2021	Total 31-12-2020
Guarantees given		2,462	216	3,807		6,485	12,675
Guarantees received	105		745			850	2,015

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:

	2021		2020		Change	
	€000	%	€000	%	€000	%
DOM Security	197,715	34.75%	178,393	35.76%	19,322	10.83%
NEU-JKF	118,359	20.80%	101,001	20.25%	17,358	17.19%
MMD	59,682	10.49%	52,904	10.61%	6,778	12.81%
MAC	193,212	33.96%	166,436	33.37%	26,776	16.09%
Other businesses	2	0.00%	77	0.02%	-75	-97.40%
Net revenues	**568,970**	**100.00%**	**498,811**	**100.00%**	**70,159**	**14.07%**

Revenues by region break down as follows:

	2021		2020	
	France	Overseas	France	Overseas
Pôle DOM Security	76 521	121 194	57 877	120 516
NEU-JKF	46 649	71 710	43 585	57 416
MMD	27 364	32 318	19 629	33 275
MAC	187 031	6 181	161 136	5 300
Other businesses	2		77	
Net revenues	**337,567**	**231,403**	**282,304**	**216,507**

Income statements per division:

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%
Recurring operating income	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**

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

(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	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
DOM Security	234,017	222,597	68,896	75,155	52,314	45,767
NEU-JKF	87,682	81,080	26,046	30,936	45,474	39,305
MMD	70,041	63,643	8,739	11,154	23,037	19,047
MAC	125,056	119,231	18,165	20,899	45,549	42,598
Other businesses	25,187	40,597	8,837	16,862	11,036	9,537
Total	**541,983**	**527,148**	**130,683**	**155,006**	**177,410**	**156,254**

NOTE 19 - NET FINANCIAL INCOME/(EXPENSE)

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

	2021	2020
Cash and cash equivalents	358	344
Interest and similar expenses	(846)	(893)
Net cost of debt	**(488)**	**(549)**
Currency gains	648	675
Other financial income	783	2,281
Interest on operating & finance leases	54	(37)
Currency losses	(618)	(664)
Other financial expenses	(793)	(686)
Net financial income/(expense)	**(414)**	**1,020**

Note 20 - Income tax

Income tax breaks down as follows:

	2021	2020
CVAE	(1,204)	(2,087)
Income tax - France	(5,824)	(4,261)
Income tax - overseas	(4,595)	(3,846)
Net deferred tax	(366)	(284)
Income tax	**(11,989)**	**(10,478)**

Changes in the deferred tax account are analysed as follows:

	Asset s	Liabilities	Balance
Deferred tax at 31-12-2020	**20,375**	**5,912**	**14,463**
Change over the period			
change in income statement	*(655)*	*(289)*	*(366)*
change in items of other comprehensive income	*(574)*		*(574)*
change in consolidation			*0*
Deferred tax at 31-12-2021	**19,146**	**5,623**	**13,523**

Corporate income tax breaks down as follows:

	2021	2020
Earnings before tax	44,373	28,211
CVAE (included in income tax)	(1,204)	(2,087)
Tax credit (included under grants)	(827)	(745)
Goodwill impairment		2,671
Taxable income	42,342	28,050
Theoretical tax charge (27.5% rate applicable to consolidating parent company)	**11,644**	**8,696**
CVAE	1,204	2,087
Tax rate differences	(615)	(535)
Impact of unrecognised tax losses	(235)	170
Impact of permanent differences	17	344
Impact of changes in tax rates	16	480
Impact of prior year adjustments	(43)	(186)
Other (tax presented net under 'Non-recurring income')	0	(578)
Effective tax charge	**11,988**	**10,478**
%	**28.31%**	**37.35%**

All overseas tax rates are lower than the French rate and range between 9% (Hungary) and 25% (Netherlands), except for Italy (27.9%) and Germany (31.93%).

NOTE 21 - EARNINGS PER SHARE

	2021	2020
Number of shares outstanding (excl. treasury shares)	99,317,902	99,317,902
Treasury shares	6,578,472	3,038,663
Number of shares outstanding	92,739,430	96,279,239
Earnings per share (basic and diluted) (€)	**0.34**	**0.19**

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 14 June 2018 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	
	31-12-2021	31-12-2020	31-12-2021	31-12-2020	31-12-2021	31-12-2020
DOM Security	583	568	1,120	1,099	1,703	1,667
NEU-JKF	315	303	364	338	679	641
MMD	242	229	45	43	287	272
MAC	1,136	1,137	24	22	1,160	1,159
Other businesses	13	14	0	0	13	14
Headcount	**2,289**	**2,251**	**1,553**	**1,502**	**3,842**	**3,753**

Average Sfpi Group headcount for the year amounted to 3,723 FTE employees compared to 3,910 the previous year.

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		Payabl es	
	2021	2020	2021	2020	2021	2020	2021	2020
Controlling related parties	30	0	479	449	3	21		
Associates (equity accounted)	946	989	497	615	257	254	50	67
Other related parties			1,440	1,417			150	148
Total	**976**	**989**	**2,416**	**2,481**	**260**	**275**	**200**	**215**

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

	2021	2020
Short-term compensation excluding employer social security charges	627	588
Employer social security charges	263	249

Note 24 - Dividend proposal

A dividend of €0.08 per share will be proposed for approval by the General Meeting of shareholders on 17 June 2022.

NOTE 25 - STATUTORY AUDITORS' FEES

2021	EY	Grant Thornton
Financial statement certification	184	201
Other services		

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 2021.

NOTE 27 - POST BALANCE SHEET EVENTS

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.

STATUTORY AUDITORS' REPORT

on the parent company financial statements for the year ended 31 December 2021

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 2021, 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 2021 to the date of issue of our report. In particular, we have not provided services prohibited under Article 5, paragraph 1, of Regulation (EU) No. 537/2014.

Justification of our assessments - Key audit matters

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

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

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

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 2021, equity investments are carried on the balance sheet at a net value of €128 million compared to a balance sheet total of €187 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 2021, our firms were in the first 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. In addition:

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

- the auditor examines the aspects of the internal control system that are relevant to the audit, in order to define the audit procedures, appropriate in the circumstances but not for the purpose of expressing an opinion on the efficacy of the internal control system;

- the auditor assesses the appropriateness of the accounting methods adopted and the reasonableness of the accounting estimates made by management, as well as the related information provided in the company financial statements;

- the auditor assesses the appropriateness of management's application of the going concern principle and, according to the information gathered, the existence or absence of material uncertainty regarding events or circumstances liable to jeopardise the company's ability to continue its operations. This assessment is based on information gathered up until the date of the auditor's report, provided, however, that any subsequent circumstances or events could jeopardise business continuity. If the auditor finds that material uncertainty exists, the auditor draws the attention of the readers of the auditor's report to the information provided in the company financial statements regarding this uncertainty or, if such information is not provided or is irrelevant, issues certification with reservations or refuses to certify;

- the auditor assesses the presentation of the company financial statements, taken as a whole, and assesses whether they reflect the underlying transactions and events in such a way as to give a true and fair view thereof.

Report to the Audit Committee

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

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

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

Neuilly-sur-Seine and Paris-La Défense, 28 April 2022

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
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,

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, 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

L. 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 Deny 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 and CSR policy, 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 2021 breaks down as follows:

Subsidiary	Amount (€)
DENY SECURITY SAS	115,960.5
DOM-METALUX SAS	169,370.0
NEU-JKF SA	359,983.0
NEU-JFK FEVI SA	121,496.0
ASET SAS	49,560.0
Total	**816,369.5**

- **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, an 85% 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 2021 was €28,700 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 2021 was €289,392 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 2021 was €77,230 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 2021 was €1,250,000 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 2021 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 €30,000 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 2021 was €30,000 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 2021 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 by your Company in respect of this commercial lease for the year ended 31 December 2021 was €598,000 excluding tax (annual rent excluding taxes and charges).

Neuilly-sur-Seine and Paris-La Défense, 28 April 2022

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

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 consolidated financial statements of GROUPE SFPI for the year ended 31 December 2021, 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 2021 to the date of issue of our report. In particular, we have not provided services prohibited under Article 5, paragraph 1, of Regulation (EU) No. 537/2014.

Justification of our assessments - Key audit matters

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

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

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

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 2021, goodwill and property, plant and equipment are stated on the balance sheet at a total amount of €126 million and represent 23% of consolidated net 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 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; • analysing the determination methods used or the documentation corroborating the parameters applied, in particular the discount rates, comparing these parameters with external market data or 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 examined in particular the sensitivity analyses presented in the consolidated financial statements and verified their mathematical 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 2021, retirement benefits and long-service awards, which are recognised under non-current provisions, are stated on the balance sheet at a value of €63 million compared to a balance sheet total of €542 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 and the probability of employees' presence at the subsidiary upon retirement and at the date on which termination benefits and pensions are paid; • the discount rate applied. A change in these assumptions would be liable to have a material impact on the value of recognised liabilities as well as on 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 have ascertained the process whereby your Group measures retirement benefits and long-service awards and defines actuarial and demographic assumptions. We have also analysed the compliance of the methods used with applicable accounting standards, assessed the competency and independence of the independent actuary enlisted to estimate the value of Dom GmbH pensions and assessed the work performed by this person. Furthermore, we carried out sample testing to assess the completeness and validity of the individual databases used for the purposes of 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; • analysed the method used to estimate the impact of the IFRIC decision of May 2021; • 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.

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 2021, our firms were in the first year of their engagement.

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

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

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

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

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

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

Audit objective and approach

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

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

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

- the auditor identifies and assesses the risks that the consolidated 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 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, 28 April 2022

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 12)

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,

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, 12 May 2022

The Statutory Auditors

GRANT THORNTON
French member of Grant Thornton International

Arnaud Dekeister

ERNST & YOUNG Audit

Marie Le Treut

STATUTORY AUDITORS' REPORT

on the authorisation for allocation of existing or future bonus shares (Resolution 14)

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,

In our capacity as your Company's statutory auditors and pursuant to the engagement provided for in Article L. 225-197-1 of the French Commercial Code, we hereby present to you our report on the proposed authorisation for allocation of existing or future bonus shares to your Company's salaried employees and/or corporate officers, a transaction on which you are called to vote. The total number of shares that may be allocated under this authorisation may not represent more than 10% of the Company's share capital.

On the basis of its report, your Board of Directors proposes that you authorise it, for a period of 38 months, to allocate existing or future bonus shares.

It is the Board of Directors' responsibility to prepare a report on this transaction that it wishes to carry out. It is our responsibility to inform you, where applicable, of our observations on the information thus provided to you on the proposed transaction.

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 mainly in verifying that the proposed terms and conditions set out in the report of the Board of Directors are in compliance with statutory provisions.

We have the following comment to make with regard to the Board of Directors' report: this report does not set out the proposed terms and conditions governing the allocation of bonus shares proposed to you. As a result, we are unable to verify whether these terms and conditions comply with statutory provisions.

Neuilly-sur-Seine and Paris-La Défense, 12 May 2022

The Statutory Auditors

GRANT THORNTON
French member of Grant Thornton International

Arnaud Dekeister

ERNST & YOUNG Audit

Marie Le Treut

STATUTORY AUDITORS' REPORT

on the authorisation for allocation of stock options (Resolution 15)

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,

In our capacity as your Company's statutory auditors and pursuant to the engagement provided for in Articles L. 225-177 and R. 225-144 of the French Commercial Code, we hereby present to you our report on the authorisation for allocation of stock options to the salaried employees, or to certain employees, and/or to corporate officers of the Company or its affiliates, a transaction on which you are called to vote.

On the basis of its report, your Board of Directors proposes that you authorise it to allocate stock options.

It is the Board of Directors' responsibility to prepare a report on the reasons for the allocation of stock options and on the proposed terms and conditions for setting the purchase price.

It is our responsibility to issue our opinion on the proposed terms and conditions for setting the purchase price of the shares.

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 mainly in verifying that the proposed terms and conditions for setting the purchase price of the shares are specified in the Board of Directors' report and that they comply with statutory and regulatory provisions.

We have the following comment to make with regard to the Board of Directors' report: this report does not set out the proposed terms and conditions for setting the share purchase price, as provided for in Article R. 225-144 of the French Commercial Code. Accordingly, we are unable to verify whether these terms and conditions comply with the statutory provisions and, therefore, to issue our opinion on this matter.

Neuilly-sur-Seine and Paris-La Défense, 12 May 2022

The Statutory Auditors

GRANT THORNTON
French member of Grant Thornton International

Arnaud Dekeister

ERNST & YOUNG Audit

Marie Le Treut

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

Financial year ended 31 December 2021

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 under number 3-1055 (the scope of this authorisation may be consulted on www.cofrac.fr), we hereby submit to you our report on the statement of non-financial performance for the year ended 31 December 2021 (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)(3) and (II) of the French Commercial Code, namely the results of the policies, including key performance indicators, and the measures taken in response to the main risks (the “Information”).

It is not our responsibility, however, to issue an opinion on the entity’s compliance with other applicable statutory and regulatory provisions, including those regarding the vigilance plan and the prevention of corruption and tax evasion, or on whether products and services comply with applicable regulations.

Nature and scope of the work

Our diligences as set out below were conducted in accordance with the provisions of Articles A. 225-1 et seq. of the French Commercial Code:

- We familiarised ourselves with the activity of all the companies included in the consolidation scope and the explanation of the main risks;

- We verified that the Statement covers each category of information referred to in Article L. 225-102-1 (III) of the French Commercial Code in terms of social and environmental responsibility as well as human rights and the prevention of corruption and tax evasion;

- We verified that the Statement presents the information provided for in Article R. 225-105 (II) of the French Commercial Code, where relevant with regard to the main risks, and, where applicable, that it includes an explanation of the reasons for the omission of information required under the second paragraph of Article L. 225-102-1 (III);

- We verified that the Statement presents the business model and a description of the main risks related to the activity of all the companies included in the consolidation scope, including, where relevant and proportionate, the risks generated by its business relations, products or services, as well as the policies, measures and effects, including key performance indicators related to the main risks;

- We consulted documentary sources and held interviews to:
  - assess the process of selecting and approving the main risks and the consistency of key performance indicators with regard to the main risks and policies presented;
  - corroborate the qualitative information (measures and results) that we deemed most significant[1]. In the case of certain risks (governance, markets and consumers, ethics and compliance), our work was carried out on the consolidating entity. For other risks (human resources, environment), work was carried out on the consolidating entity and a selection of entities[2];

- We verified that the Statement covers the consolidation scope, i.e. all the companies included in the scope of consolidation pursuant to Article L. 233-16 of the French Commercial Code subject to the limits set out in the Statement;

- We reviewed the internal control and risk management procedures applied by the entity and we assessed the Information collection process with regard to its completeness and fair presentation;

- We implemented the following procedures in respect of key performance indicators (historical data) and a selection of the other quantitative results that we deemed most significant[3]:
  - analytical procedures to verify the due consolidation of the data collected and the consistency of comparative data;
  - sample tests to verify the due application of definitions and procedures and reconcile the data contained in the supporting documentation. This work was carried out on a selection of contributing entities and covers between 8% and 24% of the data selected for these tests;

- We assessed the consistency of the Statement as a whole in light of our knowledge of all of the companies included in the consolidation scope.

Means and resources

Our review was conducted by four people over a total period of 29 weeks between September and April. We conducted around ten interviews with the persons responsible for preparing the Statement.

2 *SIPA; DOM KG; DOM MCM; JKF POLSKA; DOM METALUX*

3 List of information we deemed most significant: Key performance indicators and other quantitative results:

- *Voluntary departure rate*
- *Staff turnover rate*
- *FR1*
- *SR*
- *Electricity consumption/€000 revenues*
- *Gas consumption/€000 revenues*

Based on our work, we identified no material misstatements liable to call into question the fact that the statement of non-financial performance complies with the applicable regulatory provisions and that the Information, taken as a whole, is fairly presented.

Comments

Without prejudice to the foregoing conclusion and in accordance with Article A. 225-3 of the French Commercial Code, we hereby issue the following comments:

- As specified throughout the Statement, the “NPS” and “OTIF” performance indicators relating to “*Market and consumer*” risks are currently being defined; the “waste generation control” performance indicator relating to “*Environment”* risk is currently being created; and the “Manager training rate” performance indicator relating to “*Ethics and compliance”* risk has not been calculated for 2021.
- The key performance indicators relating to “*Human resources”* risk present an uncertainty inherent in the chosen method, in particular with regard to the sources used and control procedures.
- We draw the reader’s attention to the scope set out in paragraph entitled “Note on methodology”.

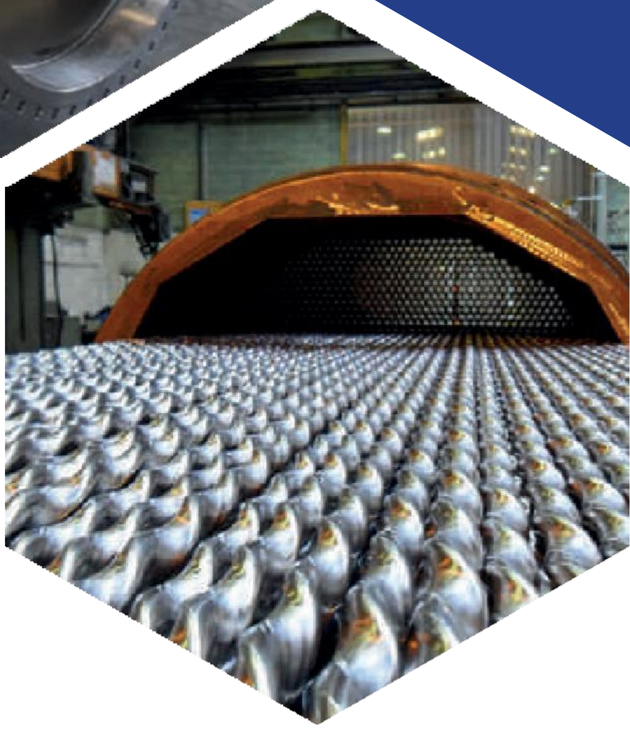
Toulouse, 22 April 2022

INDEPENDENT THIRD-PARTY BODY

SAS CABINET DE SAINT FRONT

Pauline de Saint Front

Chairwoman



COMBINED ORDINARY AND EXTRAORDINARY GENERAL MEETING OF 17 JUNE 2022

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 2021, hereby approve said financial statements as presented to it, showing net income of €14,918,466, 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 €1,646 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 €14,918,466 is appropriated 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.

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 24 June 2022.

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
2018	€4,965,895.10	€0.05
2019	None	
2020	€5,959,074.12	€0.06

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 2021, hereby approves the consolidated financial statements for the financial year ended 31 December 2021 as presented, showing net income of consolidated companies of €32,384,000, 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 €32,165,000.

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 2021 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 2021

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 2021, 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 2021

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 2021, as described in the corporate governance report (section 4.3).

Tenth resolution

Reappointment of Arc Management SAS as director

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Ordinary General Meetings and noting that Arc Management SAS's term of office as director expires at the end of this meeting, hereby resolves to renew said appointment for a further term of three years until the close of the General Meeting called in 2025 to approve the financial statements for the 2024 financial year.

Eleventh resolution

Authorisation to be granted to the Board of Directors to carry out transactions in the Company's shares

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Ordinary General Meetings, having reviewed the Board of Directors' report, hereby authorises the Board of Directors, with the option of further delegation, in accordance with the provisions of Article L. 22-10-62 of the French Commercial Code, Articles L. 241-2 et seq. of the General Regulation of the French Financial Markets Authority (**AMF**) and European Parliament Regulation no. 596/2014 of 16 April 2014 on market abuse, to purchase or arrange the purchase of Company shares for the purpose of:

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

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

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

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

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

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

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

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

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

- the number of shares held by the Company at any given time may not exceed 10% of the Company's total share capital.

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

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

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

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

The General Meeting hereby sets the maximum purchase price per share at €5.00 excluding acquisition costs.

The General Meeting grants the Board of Directors, with the option of further delegation in compliance with applicable statutory provisions, in the event of transactions in the Company's share capital, including in the event of a change in the share par value, a capital increase by capitalisation of reserves, an allocation of bonus shares, a share split or reverse share split, the power to adjust the aforementioned maximum purchase price in order to take into account the impact of these transactions on the value of the share.

The General Meeting grants the Board of Directors full powers, with the option of further delegation in accordance with applicable statutory provisions, to decide upon and exercise this authorisation, to set the terms and conditions thereof, where necessary, with the option of further delegating the execution of the buyback programme in accordance with applicable statutory provisions, and in particular to place all trading orders and enter into all agreements for the purpose of keeping registers of share purchases and sales, to make all declarations, in particular to the AMF and any other authority substituted in its place, to complete all formalities and, in general, to do whatever is necessary.

This authorisation is granted for a term of 18 months from the date of this General Meeting, i.e. until 17 December 2023, 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 18 June 2021 under its 23rd resolution.

RESOLUTIONS TO BE SUBMITTED TO THE EXTRAORDINARY GENERAL MEETING

Twelfth 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.

Thirteenth resolution

Amendment of Article 11 - "BOARD OF DIRECTORS" of the articles of association

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Extraordinary General Meetings, having reviewed the report of the Board of Directors, hereby resolves, in order to enable the directors representing employees to be reappointed and their number to be adjusted, to partially amend the wording of paragraphs 6, 14 and 15 of Article 11 of the Company's articles of association, as follows:

> Directors may always be reappointed, ~~with the exception of~~ **including the** employee representative director(s) appointed in accordance with the provisions of this Article 11. **The term of office of the employee representative director(s) may not exceed six years. All directors excluding the employee representative director(s)** may be dismissed at any time by decision of the General Meeting of shareholders.
>
> Where the Company falls within the scope of application of Article L. 225-27-1 of the French Commercial Code, the Board of Directors shall also include one or two directors representing the employees. Pursuant to these statutory provisions, when the number of members of the Board of Directors, calculated in accordance with Article L. 225-27-1 (II) of the French Commercial Code, is less than or equal to ~~twelve~~ **eight**, a director representing the employees is appointed by the Group Works Council.
>
> Where the Company has more than ~~twelve~~ **eight** directors whose number and method of appointment are provided for in Articles L. 225-17 and L. 225-18 of the French Commercial Code, the appointment of a second employee representative director shall be mandatory, in accordance with the procedure set out below. This second director is appointed, in accordance with Article L. 225-27-1 of the French Commercial Code, in accordance with the procedures set out in paragraph III-4° of said article, namely appointment by the Company's committee referred to as the "Group Works Council".

Fourteenth resolution

Authorisation to be granted to the Board of Directors to allocate existing or future bonus shares to the salaried employees and corporate officers of the Company and its subsidiaries

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 and deliberating in accordance with the provisions of Articles L. 225-129 et seq. and L. 225-197-1 et seq. of the French Commercial Code:

- hereby authorises the Board of Directors, with the option of further delegation to any person authorised in accordance with statutory and regulatory provisions, to allocate, on one or more occasions, existing and/or future bonus shares of the Company to certain salaried employees and/or corporate officers of the Group that are directly or indirectly related to it as provided by Article L. 225-197-2 of the French Commercial Code, or to certain categories of them;
- hereby resolves that the Board of Directors shall determine the identity of the beneficiaries of the allocations, the number of shares allocated to each of them, the terms and conditions of allocation and the criteria for allocating the shares;
- The Board of Directors shall make the allocation of all of the shares subject to a condition of presence and performance criteria for corporate officers.
- hereby resolves that the number of bonus shares that may be granted under this authorisation shall not exceed 10% of the Company's share capital as determined on the date of the Board of Directors' decision to allocate the shares, on the understanding that:
  - (i) this cap does not take into account any statutory, regulatory or contractual adjustments required to preserve the rights of beneficiaries; and
  - (ii) the total number of bonus shares allocated shall not exceed 10% of the share capital on the date of the Board of Directors' decision to allocate them.
- hereby authorises the Board of Directors, during the vesting period, to make any required adjustments to the number of shares allocated in accordance with any transactions involving the Company's share capital, in order to preserve the rights of the beneficiaries;

- hereby authorises the Board of Directors, in the event of the allocation of new shares, to carry out one or more capital increases by capitalisation of reserves, profits or additional paid-in capital in favour of the beneficiaries of said shares and duly notes that this authorisation automatically entails the corresponding waiver by the shareholders, in favour of the beneficiaries, of their preferential subscription rights to said shares and to the portion of reserves, profits and premiums thus capitalised, a transaction for which authority has been delegated to the Board of Directors pursuant to Article L. 225-129-2 of the French Commercial Code;
- hereby delegates full powers to the Board of Directors, with the option of further delegation in accordance with statutory and regulatory provisions, to exercise this authorisation, in particular for the purpose of:
  - (i) determining whether the shares allocated shall be new or existing shares;
  - (ii) determining the identity of the beneficiaries and the number of shares allocated to each of them;
  - (iii) setting, in accordance with statutory conditions and limits, the dates on which the shares shall be allocated;
  - (iv) setting the other terms and conditions applicable to the allocation of the shares, including the vesting period and lock-in period, in the bonus share plan rules;
  - (v) deciding on the conditions under which the number of performance shares allocated shall be adjusted, in accordance with statutory and regulatory provisions and any applicable contractual terms;
  - (vi) more generally, entering into all agreements, preparing all documents, recording the capital increases resulting from the vesting of the shares, amending the articles of association accordingly, completing all formalities and making all declarations to all bodies;
- hereby resolves that this authorisation shall be granted for a period of 38 months from the date of this General Meeting, i.e. until 17 August 2025.

Fifteenth resolution

Authorisation to be granted to the Board of Directors to allocate stock options covering existing or future shares to salaried employees and corporate officers of the Company and its subsidiaries

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:

(1) hereby authorises the Board of Directors, in accordance with the provisions of Articles L. 225-179 et seq. of the French Commercial Code, to allocate, on one or more occasions, under such conditions as it shall determine, stock options covering existing or future shares to salaried employees or certain employees and/or corporate officers, as provided by law, of the Company and entities related to it under the conditions referred to in Article L. 225-180-I- 1° of the French Commercial Code;

This authorisation automatically entails the shareholders' express waiver of their preferential subscription rights to the shares to be issued as and when the beneficiaries exercise their stock options.

(2) hereby resolves that the total number of options allocated pursuant to this authorisation shall not entitle the holders to purchase a number of shares in excess of 10% of the shares comprising the Company's share capital at the time of the Board of Directors' exercise of this authorisation, without prejudice to the impact of the adjustments provided for by Articles R. 225-137 et seq. of the French Commercial Code, on the understanding that this amount shall be deducted from the overall cap established under the 16th resolution;

(3) hereby resolves, pursuant to Article L. 225-177 of the French Commercial Code, that the purchase price of the shares resulting from the exercise of the options shall not be less than 80% of the average listed market price during the twenty trading sessions preceding the date of the Board of Directors meeting at which the options are allocated;

(4) hereby authorises the Board of Directors to set the maximum period for exercising the options, in accordance with statutory and regulatory provisions.

(5) Full powers are granted to the Board of Directors within the above limits to: (i) draw up the list of option beneficiaries;

(ii) set the terms and conditions under which the options shall be allocated and exercised, set the terms governing dividend entitlement, prohibit the immediate resale of all or part of the shares, as applicable, and make any subsequent additions or amendments to the terms governing these options, as required;

(iii) set the purchase price of the shares and decide on the conditions under which the price and number of shares may be adjusted, including in the cases provided for by Articles R. 225-137 et seq. of the French Commercial Code;

(iv) set the exercise period(s) for the options thus allocated;

(v) provide for the option of temporarily suspending the exercise of options for a maximum period of three months in the event of financial transactions involving the exercise of a right attached to the shares;

(vi) and, more generally, do all that is necessary.

(6) hereby sets the term of validity of this authorisation at 38 months from the date of this General Meeting, i.e. until 17 August 2025.

Sixteenth resolution

Overall cap for authorisation to issue shares resulting from the exercise of stock options or bonus share allocations

The General Meeting, deliberating in accordance with the quorum and majority requirements applicable to Extraordinary General Meetings, having reviewed the report of the Board of Directors, hereby resolves that the number of stock options or existing or future bonus shares allocated by the Board of Directors pursuant to the 14th and 15th resolutions shall not represent a total number of shares in excess of 10% of the number of shares comprising the share capital at the time the Board of Directors exercises said authorisations, on the understanding that, where applicable, the par value of the additional shares issued to protect the rights of holders of stock options or bonus shares, in accordance with the law, shall be added to this amount.

Seventeenth resolution

Powers for formalities

The General Meeting hereby grants full powers to the bearer of an original, copy or certified true extract of the minutes of this meeting to complete all statutory and administrative formalities and carry out all filings and publications required by applicable legislation.

LET'S CREATE SHARED VALUE.

Sfpi GROUP

Safety for people & industry