2020 UNIVERSAL REGISTRATION DOCUMENT

Including the annual financial report

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Serge Ferrari group

SergeFerrari Group
A French limited liability company (société anonyme) with capital stock of €4,919,704
Headquarters: Zone industrielle la Tour-du-Pin 38110 Saint-Jean-de-Soudain
382 870 277 Vienne Commercial Register

2020 UNIVERSAL REGISTRATION DOCUMENT

Including the annual financial report

AMF | AUTORITÉ DES MARCHÉS FINANCIERS

This Universal Registration Document was filed on March 24 2021 with the French Financial Markets Authority (AMF), in its capacity as competent authority under Regulation (EU) 2017/1129, without prior approval in accordance with Article 9 of said regulation. The Universal Registration Document may be used for the purpose of an offer to the public of securities or admission of securities to trading on a regulated market if supplemented by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

This document may be obtained free of charge at the Company's headquarters or downloaded from the AMF website (www.amf-france.org) or the Company's website (www.sergeferrari.com).

Definitions

In this Universal Registration Document, unless specified otherwise:

- "Group" means the entity consisting of SergeFerrari Group SA and its consolidated direct or indirect subsidiaries,
- "Company" means SergeFerrari Group SA.

DISCLAIMER

This Universal Registration Document contains statements and information on the objectives of Serge Ferrari Group which are forward-looking in nature and may be identified as such by the use of the future tense or conditional mood, and by terms of a prospective nature such as "estimate", "consider", "have as objective", "aim to", "expect", "intend", "should", "hope", "could", "may" and similar. Such information is based on data, assumptions and estimates considered reasonable by the Company. The forward-looking statements and objectives in this Universal Registration Document may be impacted by known and unknown risks, uncertainties surrounding the regulatory, economic, financial and competitive environment, and other factors that may cause the Company's future profits, performance and achievements to be significantly different from the objectives as formulated or suggested. These factors may include, among others, the factors set out in Section 4. Risk management in this Universal Registration Document.

Investors are advised to take into careful consideration the risk factors described in Section 4 "Risk management" of this Universal Registration Document before making an investment decision. Should any or all of these risks materialize, they may have an adverse impact on the Company's activity, financial position, earnings or objectives. Furthermore, other risks, not yet identified or considered not significant by the Company, may have a similarly adverse impact and investors may lose all or part of their investment.

This Universal Registration Document contains information on the Group's markets and its competitive positions, including information about the markets' size. Due to the lack of market studies in the Group's sphere of activity, this information is drawn from Company estimates and is provided only for indicative purposes. The Group's estimates are based on information obtained from customers, suppliers, professional organizations and other participants in the markets in which the Group operates. Although the Group considers that these estimates are relevant as of the date of this Universal Registration Document, it cannot guarantee the completeness or accuracy of the data on which these estimates are based, or that its competitors define the markets in which they operate in the same manner. These estimates, and the data on which they are based, have not been verified by independent experts. In 2016, the Group updated these data by sizing and segmenting the markets in which the Group operates. This work was conducted with the methodological support from a strategy consulting firm and with significant involvement from the sales and marketing teams. Every year, the Group verifies that these estimates are valid. 2020, which saw business restrictions in many countries, must be considered as an outlier in terms of the normative size of end markets. The Group gives no guarantee that a third party using different methods to collate, analyze or calculate market data will obtain the same results. Since the data relating to market shares and market sizes in this Universal Registration Document are only Group estimates, they are not official data. As part of its ongoing strategic process, the Group updates and fine-tunes these market data.

1. OVERVIEW OF THE GROUP AND ITS BUSINESS ACTIVITIES

Stores intérieurs | Protection Solaire

1.1 OUR HISTORY: AN INDUSTRIAL ADVENTURE, INNOVATIVE AND RESPONSIBLE

Created in 1973 at La Tour-du-Pin (France), the Group designs, manufactures and distributes high-tech, innovative, eco-responsible composite membranes whose unique characteristics enable applications that meet the major technical and societal challenges of today and tomorrow. Energy-efficient buildings, shorter construction-deconstruction cycles, energy management, performance and durability of materials, concern for comfort and safety together with the opening up of interior living spaces and increasingly large glazed areas in living spaces are major growth trends in the Group's markets.

Its main competitive advantage lies in its ability to offer many differentiating technologies, starting with Précontraint®, and the proprietary industrial know-how it involves, combined with the use of specially designed PET (polyethylene terephthalate) micro-cables transformed into flexible woven membrane and covered while under tension with polymers that give the final material numerous physical properties, in particular strength, deformability and lightness, as well as acoustic protection and UV resistance. These materials are delivered in reels or rolls of composite materials mainly in thicknesses less than or equal to 2mm. Serge Ferrari's Précontraint® technology gives the Group a highly differentiated competitive positioning. The two advantages of high dimensional stability and long-term mechanical strength, have proved decisive in winning new market segments for the Group with highly demanding quality requirements or large-scale projects showcasing the Group's expertise. The patent has now fallen into the public domain.

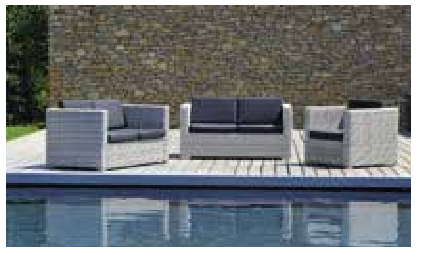
Since 2020, with the acquisition of a 55% stake in FIT Industrial Co Ltd (Taiwan) and the acquisition of Verseidag-Indutex (Germany) and its subsidiaries, the Group has enhanced its technological offering:

- In large-width PET/PVC materials (up to 5 meters) manufactured using some of Verseidag's equipment;
- In Polytetrafluoroethylene (PTFE) glass materials, well known by the general public for their domestic use under the Teflon® brand, which, when applied to glass yarn membranes, render the material non-combustible and resistant to surface fouling. These materials are manufactured by Verseidag-Indutex (for thickness of 3 to 4 microns) and by FIT Industrial Co (for thickness of 6 microns).

The Group markets its offering in three main areas of application:

- Architecture: Précontraint® tensile composite roofs, solar protection and microclimate facades, acoustic solutions, watertight under-roof membranes;
- Industry: light modular structures for industry, environmental protection, bioenergy and safety, visual communication; and
- Private individuals: marine, indoor and outdoor furniture, solar protection for homes.





FIT Industrial Co Ltd (via its subsidiary Taiwan Eden) and Verseidag-Indutex GmbH (via its joint-venture DBDS on the segment of biogas cover membranes for plants) promote and use their products in equipment delivered to end customers.

The Group's major milestones are as follows:

- **Creation and development of innovative technology and a corporate business model (1973 to 1989)**

The first Group company (Tissage et Enduction Serge Ferrari) originally specialized in the production of truck tarpaulins. In a relatively competitive market consisting of low value-added products, the founder and father of the two present directors, Serge Ferrari, wanted to implement a differentiated approach grounded in innovation. During this period, his efforts were focused on developing and perfecting the technology called Précontraint® which included setting up the first production line completely financed by the family shareholders. Sébastien Ferrari, the present Chairman and Chief Executive Officer, joined the Group in 1980.

- **Internationalization and external growth (1990 to 2001)**

In this second phase, a number of acquisitions were made for the dual purpose of greater vertical integration and broadening of the product range. In 1997, the Batyline® business was acquired (indoor and outdoor furniture range). In 2000, the Group acquired 50% of Tersuisse, a company based in Emmenbrucke near Lucerne, Switzerland, from Rhodia Group, which was the Group's main supplier of micro-cables at the time. In 2001, the Group acquired a competitor, Forbo-Stamoïd based in Eglisau near Zurich, Switzerland, which expanded its range of coating technologies and products (mainly marine and breathable protection for roofs and facades). The Group is growing steadily by approximately 10% a year. Romain Ferrari, currently Chief Operating Officer and engineer by training, joined the Group in 1990 and was given responsibility for the Group's technology and environment policy.

- **Acceleration of organic growth and internationalization of business activities (2002 to 2008)**

The Group entered an international expansion phase with the development of two marketing subsidiaries, in Florida in the United States, and in Hong Kong to cover China and Southeast Asia. These bases allowed it to gain knowledge of local markets through proximity, not only to end customers, but also to specifiers, consultants and potential customers. At the same time, the Group completed the consolidation of Serge Ferrari Tersuisse, its supplier of PET micro-cables, by increasing its stake in the company to 100%.

- **Group structuring and organization for future growth (2009 to 2013)**

Mindful of the environmental challenges connected with its activity, the Group designed and incorporated into its offering a recycling service for its materials (Texyloop®), based on a technology developed internally and operated under an industrial partnership originally with the Solvay Group. A structuring phase came next, to better consolidate the expanded scope achieved in previous years: an ERP (SAP) was implemented, the patent portfolio rationalized and the management team strengthened with the arrival of Philippe Brun in November 2010 (Chief Financial Officer). During this period, the Group experienced the combined effects of the economic slowdown and a sharp rise in raw-material prices (of over 40% between April 2010 and April 2012). Drastic measures were taken, by discontinuing unprofitable or low-profit entry-range products impacted by increasing raw-materials prices, which accounted for about 20% of sales in 2011, to refocus on innovative products with unique benefits and a higher margin. The Group also continued its marketing rollouts with the development of new marketing bases in Brazil and Japan.

- **Definition of an ambitious development plan based on organic sales growth and an IPO designed to finance that plan (from 2014 to 2018)**

Following two fiscal years, 2013 and 2014, which were characterized by a return to more satisfactory profit levels (adjusted EBITDA of over 12%, compared to 8% in 2012), the Group has defined and presented a development plan implementing development actions valued at €100 million over the period between 2014 and 2018:

- €40 million in industrial investment (of which €15 million relating to an investment in breakthrough technology);
- €35 million in business development (increase in working capital requirements and sales staff);
- €25 million in innovation expenditure.

To finance this development plan, the Group was listed on the stock market in June 2014, raising €43.4 million and strengthened its sales and marketing departments (as from 2014), as well as its industrial and innovation departments (as from 2018).
Over that period, the sales and marketing staff grew by over 60%. However, this growth did not translate into operating margins (operating income dropped from €8.9 million in 2013 to €2.8 million in 2018).

(Workforce at year-end)	2013	2018	2019
COMMERCIAL	139	227	237
Sales force and related staff	107	165	**174**
Sales support	18	26 (1)	**29**
Marketing and communication	14	36 (2)	**34**

(1) after reclassification of 7 FTE from Sales staff to Sales support
(2) after reclassification of 7 FTE from Sales staff to Marketing and communication

■ **From 2019 onward, focus on a targeted action plan with the aim of delivering a more profitable organic growth through improved commercial and operational efficiency**

In 2019, the Group changed its management organization and redefined the objectives of its development plan around the following three priorities:

1/ Achieving organic growth of over 4.5% at constant exchange rates. This objective involves focusing development priorities (innovation and marketing) on four strategic markets (solar protection, tensile architecture, modular structures and marine/ furniture). Sales organization is streamlined and the Executive Committee extended to include the heads of the geographic sales, marketing and communication departments;

2/ Bringing together through external growth, companies that are complementary in terms of sales, products or technologies, in order to support the Group's project;

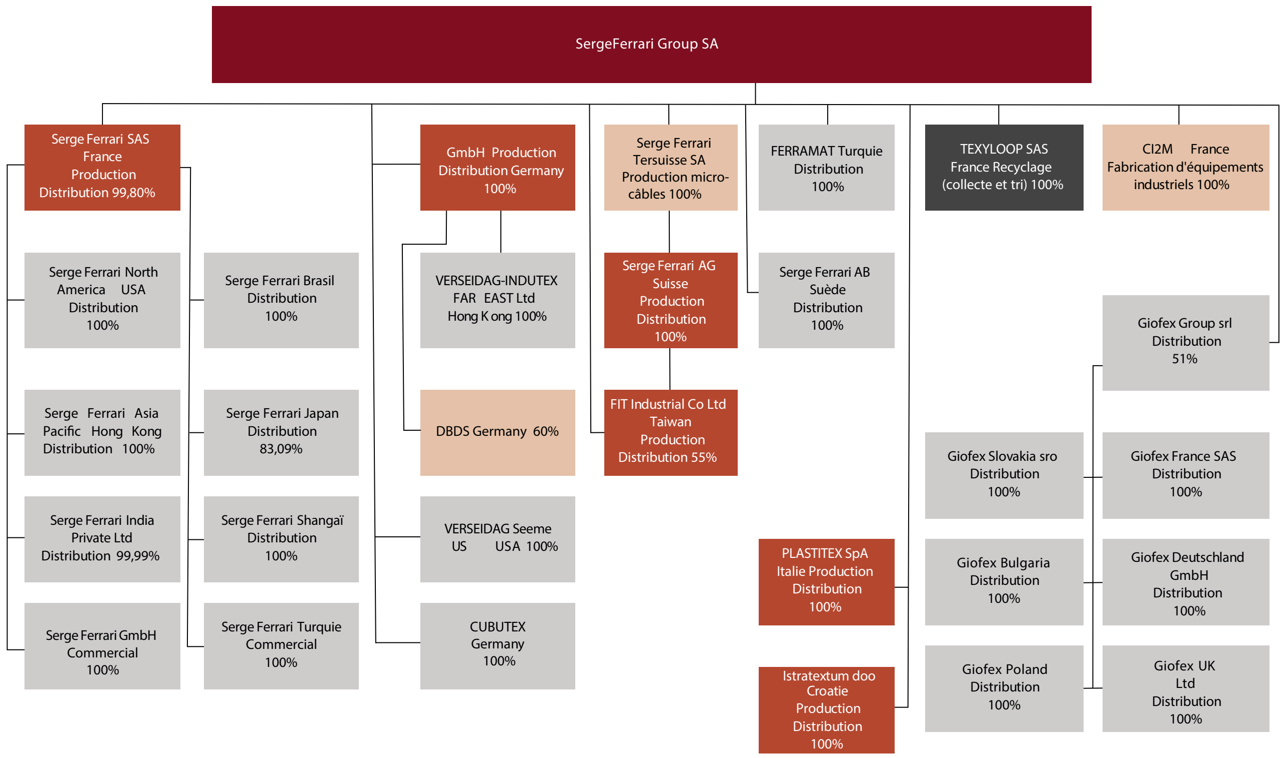
3/ Improving operating margins through the leverage effect of growth in revenues on a well-proportioned cost structure. As regards priority objectives, a plan to control operating costs, including sales costs, which should increase at a slower pace than that of the operating margin.

2020, an unusual year in many respects, has seen this plan fulfilled though the following actions:

- Adapting to a global health crisis, accompanied by lockdown and business restrictions imposed by the authorities in the context of the COVID 19 pandemic, and a strong cost-cutting plan aiming to maintain positive operating margin for businesses;
- Conducting two external growth operations (FIT Industrial Co Ltd in Taiwan and Verseidag-Indutex GmbH in Germany), resulting in 2019 proforma consolidated revenue of €273 million, reflecting the contribution of complementary product lines and technologies, and important markets for the Group.

These two operations have enhanced the Group's leadership position in strategic markets: tensile architecture (FIT and Verseidag), modular structures and solar protection (Verseidag). Industrial transformation (and in particular the downsizing of the coating site in Switzerland) which accompanied these operations, will in the medium term significantly increase the Group's industrial efficiency and profitability.

As of the date of this Universal Registration Document, the Group's legal structure is as follows (consolidated companies):



Since the shares in direct and indirect subsidiaries have no double voting rights, the percentages in terms of shareholding and voting rights are the same.

RECYCLING: A CORE CONCERN OF THE GROUP'S STRATEGY

Environmental policy and sustainable development have always been a major concern for Group. Early on, the Group began addressing environmental issues so as to limit its footprint both upstream and downstream in the value chain.

Specified by large international architectural firms, Serge Ferrari's materials contribute to the durability of structures by their lightness, low physical density and high performance. These materials combine insulation, translucence, lightness, resistance and stability. The Précontraint technology offers the best weight/performance ratio and dimensional stability over time; it is thus in tune with the challenge to conserve natural resources: to do better with less, for longer life.

In 1998, the Group laid the foundations for a recycling technology which became operational at industrial level in 2008. Until 2018, this unique technology called Texyloop®, gave composite materials a second life (manufacturing offcuts or materials at the end of the life cycle) by generating high-quality raw materials. This technology also facilitated the introduction of environment-friendly offerings that match the expectations of major customers.

The operational structure implemented by the Group between 1998 and 2008 included a collection network and a sorting plant managed by Texyloop (a company of the Group) and an industrial recycling plant managed by Vinyloop Ferrara SpA (in which Texyloop was a 40% minority shareholder). In June 2018, the industrial plant operator, Vinyloop Ferrara SpA, decided to discontinue its operations at the site, which brought an end to the recycling operations carried out for Texyloop.

The Group deems it vital to pay attention to environmental issues, the most prominent of which is the consumption of resources necessary for manufacturing goods. In developed countries, annual consumption of resources per capita is around 20 tons per year. The production of one smartphone (200 grams) requires around 100 kilograms of resources. The balance between consumption and renewal of resources, which would require dividing the current impact per capita by four, relies on a combination of the following measures:

- Reducing the need for resources,
- Extending the life of manufactured goods,
- Recycling end-of-life products.

The Group's businesses are particularly well positioned as regards the first measure: reducing construction infrastructure. The resistance and performance of the materials over time naturally result in long life applications.

Regarding recycling, in spite of a relatively moderate direct impact on sales (tensile architecture sales, more sensitive to the recycling offer, accounted for less than 8% of Group sales in 2019, which was a standard year), the Group reaffirmed its strategic intent to continue developing solutions for a circular economy, despite the shutdown of the Vinyloop plants, through the following steps:

- Sourcing recycled materials for use in composite membranes as replacement for virgin materials,
- Participating, as member of the consortium, in the project conducted by POLYLOOP SAS, relating to the creation and development of "miniature" recycling plants under smart factory environment. These low-capacity plants (no more than 500 tons of annual processing capacity) come with the advantage of multiple bases, using selective collection to regenerate high quality raw materials. These developments are coordinated by POLYLOOP SAS. The Group has no capital links to this company. POLYLOOP SAS formed a consortium consisting of, besides Serge Ferrari, MTB Recycling, Cethil laboratory (INSA – Lyon) and Techtera (European innovation cluster). POLYLOOP has obtained assistance from ADEME (French Environment and Energy Management Agency) to the tune of €2.7 million within the framework of projects relating to circular economy and waste recovery. 2020 was the year dedicated to testing. The pilot project should be created in 2021 and the units rolled out in 2022 for industrial use in 2023.

The Group considers that, with the alternatives already offered and/or under development, this situation should not have a significant negative impact on its future businesses.

In 2020, the Group undertook high-impact financings, which could improve its borrowing cost by up to 10 bps if the relevant impact criteria are met (creation of jobs in France and reduced carbon footprint).

1.2 NICHE MARKETS FOR PRODUCTS WITH UNIQUE BENEFITS

As stated in the disclaimer on page 2 of this Universal Registration Document, and in view of the lack of market studies in the Group's sphere of activity, information on the market served is drawn from Company estimates and is provided for information purposes only. The Group's estimates are based on information obtained from customers, suppliers, professional organizations and other participants in the markets in which the Group operates. Although the Group considers that these estimates are relevant as of the date of this Universal Registration Document, it cannot guarantee the completeness or accuracy of the data on which these estimates are based, or that its competitors define the markets in which they operate in the same manner.

The company defines its accessible market on the date of this Universal Registration Document as that made up of:

- Existing and priority market segments in which the Group currently generates most of its revenues;
- Existing market segments in which the Group carries out a business not likely to grow in the future, and to which the Group does not intend to allocate significant development resources in the future;
- Earmarked market segments in which the Group only carries out a marginal business, but that the Group intends to penetrate in the coming years, once it is established that these markets are relevant to the Group's strategic plan.

The main characteristics of the Group's markets are:

- Estimated size of €6.3 billion total broken down into €5.2 billion existing market and €1.1 billion target market;
- Average selling price per m2 between €3 and €35;
- Expected growth rate per market segment between 2% and 10% per year depending on the segments, excluding periods of pandemic as that witnessed in 2020;
- Group overall market share of about 3% of the global accessible market, with relatively high geographic disparities: based on an index of 100 for Europe, the market share for the rest of the world would be about 30.

These market data were first assessed in 2013, released in 2014 in connection with the company's IPO, then updated in 2016, with the methodological support from a strategy consulting firm. The Group considers that these data are still broadly valid after their 2020 review.

The areas of application of the materials marketed by the Group are as follows:

1. Architecture (€3.2 billion): Non residential solar protection, tensile architecture, acoustics, facade, breathable membranes
2. Industrial applications (€2.1 billion): Modular structures, environment, safety, visual communication, protection
3. Private individuals (€1 billion): Residential solar protection, furniture, marine

Architecture

These materials are intended for construction in general, in both the residential and commercial sectors, for infrastructures such as stadiums, airports, sports arenas, etc. In this sector, the influence of specifiers (architects, engineering offices, designers) is decisive, especially for the range of tensioned roofing which cannot be marketed directly to end-users.

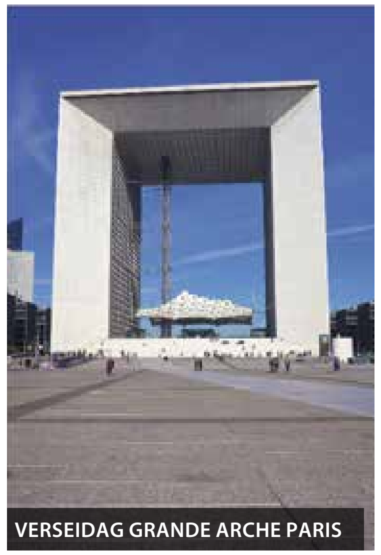
The product ranges and their respective applications are as follows:

- Composite tensile roofing (Précontraint range): for large-scale infrastructures (stadiums, sports arenas, museums, airports, etc.);
- Solar protection and bioclimatic facades (Précontraint and Soltis ranges): to provide a thermal shield for use on large glazed surfaces, in indoor or outdoor applications;
- Acoustic solutions (Batyline AW range): these materials have a sound absorption coefficient of up to 65%;
- Waterproof breathable membranes (Stamisol range): for insulating roofs or facades.


MEDLOV POINT BULDUING


GROUPAMA STADIUM - LYON


VERSEIDAG – ASCOT RACECOURSE UK


VERSEIDAG GRANDE ARCHE PARIS

Composite materials are delivered on reels to industrial processors, sometimes based in countries remote from where the building is to be constructed: in such cases, the materials are prefabricated, and delivered for installation at the place of destination.

For this area of business, its end-of-life recycling service is a strong differentiating factor. The interest of industry players did not falter in 2018, in spite of the closure of the Texyloop recycling line, due to the Group's capacity to offer alternative solutions. With the potential offered by POLYLOOP, the effective resumption of recycling (upcycling) operations can be expected in 2023.

Industrial applications

These materials are used by industry professionals for mainly industrial applications.

The product offering enables the Group to address the markets for the construction and leasing of lightweight, modular structures for industry, whether permanent or temporary (storage buildings, facilities for receiving the public during events); the Group occupies a dominant position in this area due to the technical performances of its materials. The anti-deformation and fire-retardant properties of the Group's materials fully meet industrial requirements for such uses and are compliant with fire-resistance standards. The Group's capacity to supply large-width materials of up to 5 meters is a major advantage for upstream operators who use these materials.
Products for industry professionals are also used in the bioenergy and environment markets (methanization facilities, waste-water treatment plant, etc.), and safety market. In this field, the Group has developed barrier materials that confine odors, gas releases and liquid flows. Builders' and manufacturers' requirements have evolved, since they are increasingly taking on the role of site operators: in the final analysis, their economic benefit relies on the use of materials exhibiting enhanced quality and durability from the moment the infrastructure is built.

Lastly, in the range dedicated to visual communication, Serge Ferrari materials allow easy winding of advertising materials, and can be adapted to any type of ink, and to the latest digital printing systems.

HANGAR EASY JET

COP 22 MARRAKECH

Private individuals

These are product ranges for which the end-users are private individuals. These product ranges and their related uses are as follows:

- Indoor and outdoor furniture: these materials are designed, where necessary, to withstand adverse weather conditions and to be used outdoors throughout the year;
- Solar protection: the uses are the same as for Architecture, but for private individuals;
- Marine: these materials are used to make boat and other covers, biminis and tops.

1.3 INNOVATION AT THE HEART OF OUR PRIORITIES

R&D lies at the heart of the design-marketing process, as it works in close collaboration with:

- marketing (planning the study and launch of new products);
- the engineering department, which designs high-tech industrial equipment;
- production (product quality);
- procurement (optimizing raw material costs).

As of December 31, 2020, R&D employs over 4% of the total Group workforce: the R&D teams are present at each of the industrial sites, most of them at La Tour du Pin.
Some R&D work is outsourced via contracts with external laboratories in Germany, Switzerland (EMPA, a materials research institution) and France (CEA Tech).

Projects are organized with the aim of:

- developing innovations in terms of new products or new markets for existing products;
- adjusting formulations to reduce costs by reducing the cost-mix of the raw materials used or to improve the properties of existing formulations;
- improving manufacturing processes and production tooling (for example, to reduce the rejection rate).

The R&D teams also operate a technology watch and participate in collaborative projects. Several dozens of projects of this type are currently under way. The arrival of Philippe Espiard in 2018, as General R&D Director, contributed to formalizing processes for project launches, the progress of which is broken down into five steps corresponding to five milestones measuring the project's progress and success. The achievement of certain milestones, and the outlook in terms of revenues and margins, may lead to capitalization of the costs incurred in connection with certain projects.

For highly innovative products, the Group works through partnerships with business clusters or public bodies such as the CNRS or CEA Tech. As is common with this type of collaborative project, the results, depending on the nature of the subject, could belong to any one of the partners or to several of them depending on their intellectual and financial inputs. It could therefore result in patents solely for the Group or co-owned patents or a patent solely for one or more partners.

The concerned project(s) could lead to joint patent applications. In this case, each private partner will benefit from a right of use in its field of activity and will pay the public bodies who run the research laboratories financial compensation, the amount of which and terms and conditions for payment will be defined by joint agreement among the various partners.

Within the Group's historic consolidation scope, excluding expenses incurred at Serge Ferrari SpA (ex plastitex) at FIT Industrial Co Ltd and Verseidag-Indutex GmbH and its subsidiaries, total R&D and development costs stood at €6.1 million in 2020 compared with €7.0 million in 2019, or 3.7% of consolidated revenues (standalone scope), in 2020.

	2019	2020
Total R&D and development costs	**6,963**	**6,102**
Personnel expenses and costs of studies	6,056	5,308
Production tests	907	794
Total IFRS restatements	**-1,367**	**-518**
Capitalization +CIR	-2,682	-2,275
Amortization	2,062	2,475
IFRS restatement CIR amort	-747	-718
Net costs in the income statement	**5,596**	**5,584**

Committed to innovation since its inception, the Group has full ownership of a portfolio of over 30 active patents, almost 20 of which are currently being used. The Group's patents are highly varied, covering:

- industrial processes for manufacturing materials;
- coating formulations;
- optimization systems and technologies for using materials;
- accessories associated with sales of materials;
- new products.

In addition to regularly filing patents (notifications submitted for 1 patent in 2015, 2 patents in 2016, 2 patents in 2017, 6 in 2018, 2 in 2019, 4 in 2020), the Group, through its proprietary know-how, has developed a type of natural protection that does not rely on patents.

1.4 OUR OPERATIONAL AND SALES ORGANIZATIONS

A GROUP PRESENT THROUGHOUT THE ENTIRE VALUE CHAIN

The Group covers the entire value chain with comprehensive vertical integration that includes:

- the creation of technological workstations along the PET-PVC coating lines; conversely, standard components such as kilns are purchased and not developed in-house. The Group is unique in designing its own production equipment and creating its own technological workstations. This know-how is a non-volatile intellectual property factor. Its CI2M subsidiary designs and manufactures production lines for the entire Group in close collaboration with the engineering department;
- the R&D and engineering departments responsible for process development, including formulation of raw materials, process and machine engineering as well as production tools manufacturing and formulation development;
- the supply of PET for micro-cables (with a dedicated subsidiary, avoiding any major dependency on third parties and offering tighter quality control) as well as the polymers needed for coatings;
- the production process with production capacities incorporating all the technologies involved in manufacturing flexible composite materials (spinning, weaving, coating including Précontraint®, and extrusion);
- logistics and order processing, to meet requests of any size using machines dedicated to transforming long-length reels into customized rolls, addressing distributors and end customers;
- a direct and indirect international distribution network covering more than 80 countries and structured to be as close as possible to customers, specifiers and contractors;
- an associated service for recycling its products using Texyloop®: since June 2018, following the shutdown of the Vinyloop Ferrara SpA plants, Texyloop has offered customers alternative less eco-friendly solutions which, however, allow the respective commitments to be met, and is working on the development of a 4.0 smart factory solution as part of the POLYLOOP project (recycling units processing a few hundred tons as opposed to an industrial unit processing several thousand tons, that are mobile and movable, based on highly selective sorting of inputs enabling the re-generation of very high quality raw materials).

	SUISSE	FRANCE	ALLEMAGNE	ITALIE	TAIWAN	US, CHINE, INDE, JAPON, BRESIL, SUEDE, ME	UK, POLOGNE, SLOVAQUIE, BULGARIE
Composants et équipements technologiques	SF TERSUISSE (cables PET)	CI2M					
Enduction Précontraint		Serge Ferrari SAS					
Enduction classique	Serge Ferrari AG		Verseidag-Indutex GmbH				
Enduction verre-PTFE			Verseidag-Indutex GmbH		FIT Industrial Co Ltd		
Extrusion		Serge Ferrari SAS		Serge Ferrari SpA			
Préparation des commandes et livraisons	Serge Ferrari AG Stamisol	Serge Ferrari SAS	Verseidag-Indutex GmbH	Serge Ferrari SpA	FIT Industrial Co Ltd	Serge Ferrari / Verseidag	GIOFEX
		GIOFEX	GIOFEX				

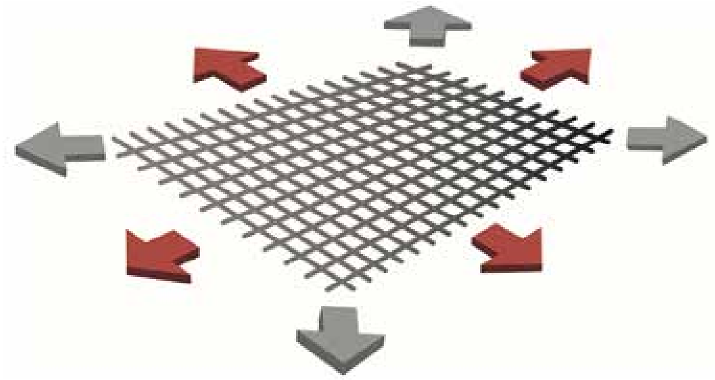
COMMAND OF DIFFERENT TECHNOLOGIES

The Group uses a number of technologies, including:

- Précontraint ® coating: this technology is used at the historic site of La Tour du Pin;
- other coating technologies: these technologies are used at the Krefeld and Eglisau sites;
- extrusion technologies: these technologies are used at the La Tour du Pin and Carmignano sites.

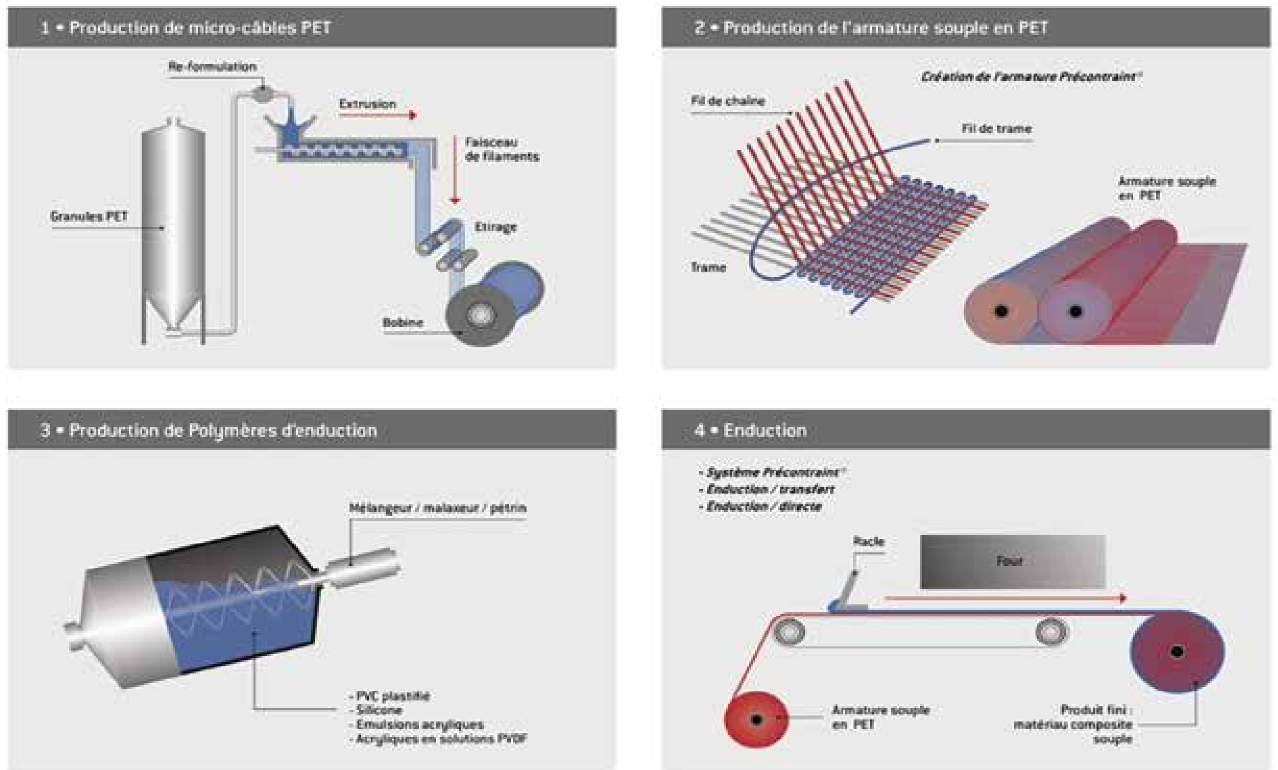
The Précontraint® coating technology

Précontraint® is a manufacturing technology that consists of applying the coating while keeping both warp and weft threads under tension throughout the manufacturing cycle. The main characteristics of the materials that use this technology include high durability, perfect uniformity between different batches manufactured and, pound for pound, greater durability due to the thickness of the coating that protects the material's membrane.



Bi-directional tension of the Précontraint materials

This coating technology developed by the Group consists of four phases:



Phase 1: Manufacturing micro-cables (in Switzerland)
A bundle of extruded PET strands (polyethylene terephthalate, a common polyester) is extruded to form a super-strong micro-cable made up of 192 strands. The characteristics of this cable vary according to the final product.

Phase 2: Weaving a membrane composed of PET micro-cables (in France)
The weaving process creates a membrane made of Précontraint® materials. The Group has about 100 equipment to produce every type of weave.
The weaving process gives the materials their mechanical properties: the size and number of micro-cables can be varied to alter the breaking strength.

Phase 3: Production of coating polymers
This stage consists of preparing the paste consisting of the coating polymers that will be applied to the PET weave from raw materials and formulations developed in-house. This paste is then mixed in a large mixer.
The R&D teams regularly work on optimizing the composition (or "formulation") of this paste in order to improve its performance in terms of cost, efficacy and color.

Phase 4: Coating with polymers (in France and Switzerland)
The most important stage in making a Précontraint® or standard material, this consists of covering the PET membrane with a PVC paste (a common thermoplastic polymer) used for its plasticizing properties and additives designed to provide flame retardant and UV resistance properties. Other liquid polymers such as silicones and acrylic resins are also used. Dye can be added immediately after making this paste by using a heavy mixer. The paste can also be stored in tubs and used later to add color depending on the customer order.

The PET membrane is then placed on a coating line. Once a layer of coating has been applied, the material passes into a firing kiln.

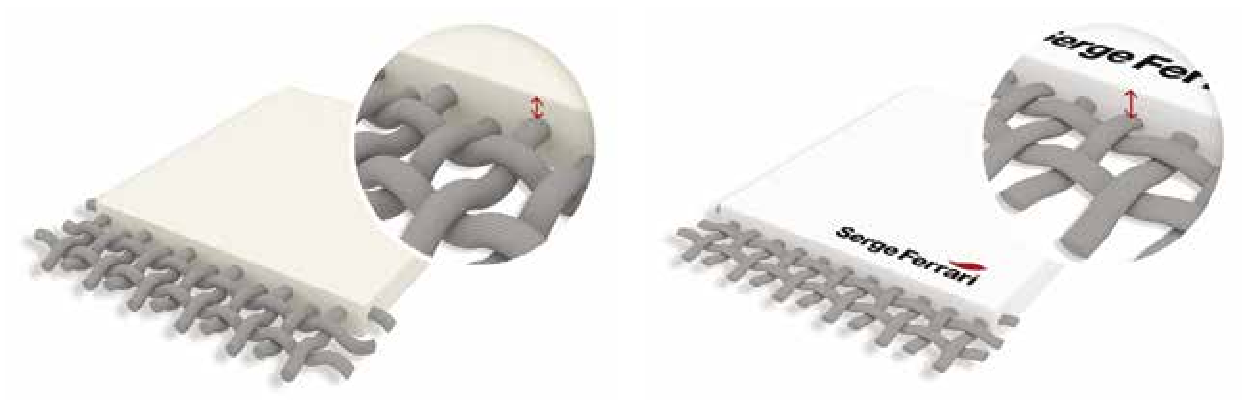
The membrane is tensioned in both weft and warp directions throughout the coating operation.
The tensioning process is shown in the following diagram:

The Group has a patent on the manufacturing process using Précontraint® technology, but as it was filed in 1974 it has now fallen into the public domain. This process is now "protected" by the Group's know-how, which is classed as proprietary due to the history of the development stage required to continuously improve this know-how.

The Group has three Précontraint® production lines at La Tour du Pin, (see table above), the most recent of them able to handle widths between 1.8 and 2.7 meters used mostly in architecture, with clients specifying large widths to minimize the number of welds.

The flexible PET (polyethylene terephthalate) micro-cable high-strength membrane is coated with several layers of polymers while under bi-directional tension: the result is the dual benefit of eliminating both deformation under load and thus the need to periodically adjust the tension of the material after installation, in contrast to competing products of lesser quality. The very high dimensional stability of the material is a decisive advantage in most application sectors.

Because of the tension applied, the underlying material is flatter and the polymer coating is uniform across the entire surface produced. In contrast, membranes produced using standard manufacturing technology have a less uniform thickness, as the micro-cables forming the membrane are less flattened. Standard technology produces a coating layer of irregular thickness (as shown in the diagram below), which results in earlier degradation of the material and weaker UV resistance, especially compared with products made using Précontraint® technology.



Standard coating

Serge Ferrari materials: coating of the high-strength polyester yarn membrane with layers of high performance polymers

Other coating technologies

However, the Group has production facilities that also incorporate other coating technologies in its Eglisau plant in Switzerland and its Krefeld plant in Germany in order to fill orders for materials whose desired characteristics have different specifications.

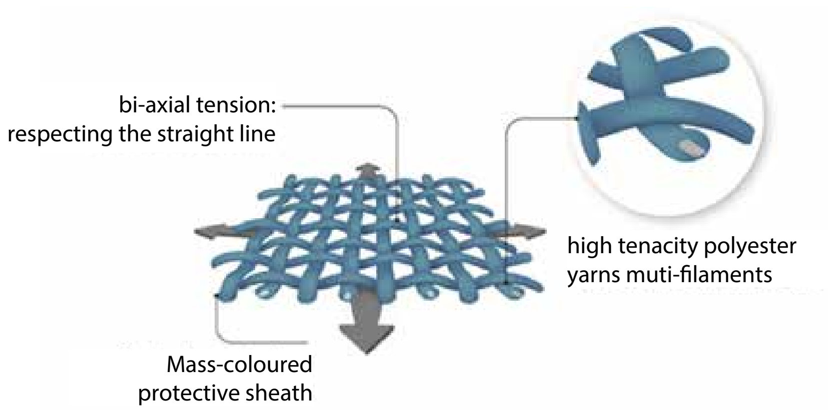
- Stamkin materials: this coating transfer technology guarantees high product elasticity. These materials are also very resistant to friction and the caustic effects of cleaning products. They are used to make seat covers for hospitals, airports, restaurants and general use.
- Stamisol materials: this technology (direct coating on non-woven substrate) produces lighter materials than via Précontraint®. They are waterproof while allowing water vapor to pass through and are called breathable membranes. They are used for roof and facade underlays, especially for old buildings.
- "SK" Silicone materials: these materials are highly resistant to chemical attack and have high flame retardant properties.
- PTFE coated glass fabrics: these technologies are used at Verseidag-Indutex GmbH and FIT Industrial Co Ltd. The products thus manufactured have non-stick, non-combustible, dimensional stability and very low stretching properties over time.

Extrusion technologies

Extrusion is a standard technology that is particularly appropriate for thermofixed materials. In contrast to Précontraint®, the micro-cables are first sheathed by an extrusion process before being woven.
The polyester micro-cables obtained in this way are high-tenacity strands due to the sheath's special formulation.

These micro-cables are then woven while being heated and widened using pins at the sides. This process is called thermofixing. The setting time depends on the end use of the material

Thermofixed composite material



This technology allows:

- the use of micro-cables of different colors;
- the production of shorter lengths;
- the creation of flexible products that adapt to shapes, which is useful not only for furniture but also for acoustic solutions and is not possible with Précontraint®.

This technology is used at La Tour du Pin (Batyline site) and Plastitex (Carmignano di Brenta site).

Overall, the Group estimates that the current configuration of its industrial facilities allows it to absorb, with no additional investment, an increase in volumes of approximately 20% to 25% based on its 2019 business for the French and Swiss plants, and up to 35% for the other plants, with a product-mix equivalent to that of the past three years. The availability rate per site is not relevant, given both the Group's degree of integration and the need to assess availability in light of the product mix in its order book. The availability rate per equipment shows significant differences compared with the average rate of a site: the existence of local bottlenecks in one step of the manufacturing process could prompt the Group to decide to undertake certain targeted capacity investments.

1.5 A PROACTIVE STRATEGY AIMED AT ACCELERATING GROWTH

The Group's ambition is to become the global benchmark for flexible composite materials by expanding its businesses through organic and external growth to ensure its sustainability. The Group relies on the following strengths:

Proprietary know-how, the Serge Ferrari Précontraint®, continuously improved by an integrated engineering and R&D team, and industrial equipment designed and built by a Group subsidiary: a differentiating element of its offering, the technology developed by the Group is today protected by integrated know-how embodied in its industrial processes, design, manufacturing and adaptation of production equipment. This know-how constitutes a non-volatile form of protection that is particularly important in view of the fact that some of the patents have fallen into the public domain (such as Précontraint®).

An integrated Group: via all of its industrial sites, the Group controls the entire value chain, featuring end-to-end vertical integration: innovation in raw-materials formulation, process and machine engineering, spinning of special PET micro-cables, production capacity covering all technologies for making flexible composite materials (multiprocess coating, coating with Précontraint® and extrusion), logistics, as well as an international network for distributing and recycling solutions for its products. Thereby avoiding any dependency on third parties, this integration allows it to sustainably ensure optimal high quality.

An innovation capacity which enables the Group to expand its commercial openings in the face of fast-changing demand and which alone can maintain or even boost selling prices: the strategic decision to invest strongly in innovation, implemented since its earliest years as a company, has led the Group to gradually strengthen its position in an increasing number of growing niche markets, meeting and even creating new needs or replacing traditional materials (such as concrete, steel, aluminum, glass, wood, etc.). This innovation capacity both in the formulation of products and in their physical properties, exerts powerful leverage on both commercial expansion and pricing power. This innovative power was one of the driving factors in the recovery of margins following soaring raw material prices in 2010 and 2011. Innovation functions employ some 5% of the total Group workforce, and innovation expenditure amounts to €6 million in 2020 within the Group's historic consolidation scope. The capacity of the research and development teams to meet the expectations of the markets targeted by the Group's marketing teams is vital in maintaining this competitive advantage.

Strong international exposure: in 2020, 75% of flexible composite materials sales (within the Group's historic consolidation scope) were made outside France leveraging an international distribution network covering nearly 80 countries, both directly (through nine Group subsidiaries and two sales offices) and indirectly (via more than 100 local distributors). This international anchoring constitutes a major advantage for growth over the coming years. This geographical presence enables it to make the most of its knowledge of end-customers and specifiers (such as architects and contractors). The breakdown of sales in 2020 was as follows: Europe (76% of consolidated sales), the Americas (10% of consolidated sales) and Asia Pacific (14% of consolidated revenues).

One of the widest innovative product ranges on the market: the Group boasts one of the market's widest product offerings. With a relative balance between the commercial outlets addressed by its three sectors, the Group optimizes its development potential while arming itself against the cyclical behavior of certain markets. Ongoing R&D initiatives continuously contribute to widening the fields of application for flexible composite materials. The development of products using components other than PET/PVC, such as silicon and PTFE glass materials, reflects the Group's capacity for innovation.

A market share of 2% to 10% per accessible market segment, for a market estimated at over €6 billion: in each of its market segments, the Group faces competition consisting of a large number of small or medium-sized players with diverse profiles, ranging from specialists to generalists whose offering is geared more to commodities than high-tech materials. In 2019, the Group decided to allocate its resources selectively across the four priority market segments: Solar protection, Tensile architecture, Modular structures, and Marine and Furniture.

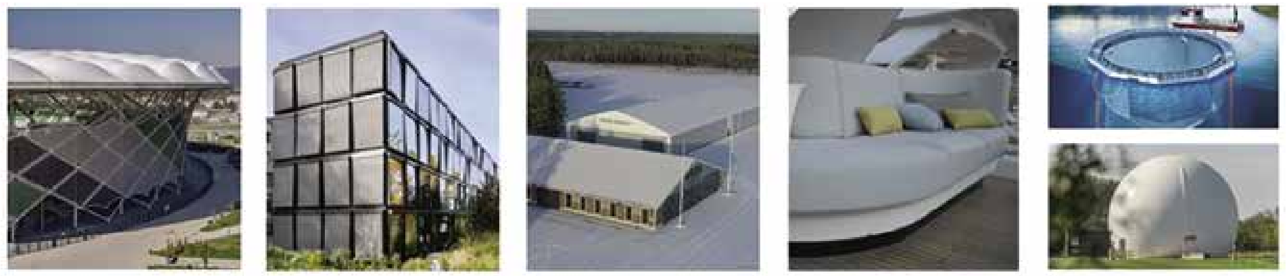
Sustainable development central to its concerns: the Group has always given consideration to the environmental impact of its activities and strives to limit its environmental footprint. In partnership with Solvay, then INOVYN, the Group has since 1998 been involved in the development of a technology for recycling end-of-life and production waste composite products, and for producing high-quality, second-generation raw materials. This technology is not available since 2018, due to the decision taken by INOVYN, the majority shareholder and industrial operator of the Vinyloop Ferrari SpA recycling site, to discontinue this company's operations. Convinced of the need to offer its stakeholders an efficient and cost-effective recycling solution, the Group joined a consortium coordinated by POLYLOOP SAS. 2020 to 2022 will be dedicated to the development and roll-out of the pilot plant, which will be a compact unit of reduced size (up to 500 tons of annual treatment capacity), that can be set up close to operators, in the form of modular constructions with options.

A model employer: the Group boasts a unique range of occupational skills, due to a human resources policy that combines demanding standards with special emphasis on productivity, the employability and training of employees, and an attractive pay policy. The Group was recognized in 2019 by the CCI of Isère for its simulation-based recruitment initiative, which identifies the skills required for a job in a person who does not have the prerequisite qualification for the given job.

A record of growth and profitability: the historical financial data reflect the Group's capacity to build a long-term policy of both organic and external growth, without sacrificing profitability. Between 1991 and 2007, average annual growth exceeded 13% with an adjusted EBITDA margin above 15%, based on data drawn from financial statements prepared to French accounting standard CRC 99-02. Despite the sharp drop in revenue in 2009 (down 14% in value), consolidated net income amounted to a slight loss (€1 million), reflecting the Group's relative protection against sharp fluctuations in business activity. Between 2014 and 2019, revenues grew by €148.4 million to €189.0 million. Reflecting the significant investments made, in particular in sales and marketing, net income in 2015 and in 2019 is comparable, at €4.8 million. A low was reached in 2018, with an EBIT of €2.8 million: in 2019, for revenues of €189 million, EBIT came in at €7.4 million following firm measures to cut costs and downsize organizations, and the favorable trend in raw materials costs. The measures taken in 2020 by the Group to maintain positive profits in spite of a 12% fall in sales at constant consolidation scope shows the Group's resilience and its capacity to ride through economic cycles.

An experienced management team with the support of a strategy committee: in December 2013, the Group set up a strategy committee composed of external independent figures, laying the foundations for a governance model in compliance with the Middlenext Code.
Around the two shareholder-directors, an Executive Committee, comprising eleven members, implements the defined strategy. The Group's Executive Committee was extended in 2020 to include the two CEOs of Verseidag-Indutex GmbH.

The actions taken in view of the Group's strategic markets development can be summarized as follows:



Tensile Architecture	Solar Protection	Modular Structures	Furniture Marine	Other Activities
Toitures	Stores extérieurs	Structures mobiles	Mobilier	Protection
Façades	Stores intérieurs	Lodges	Sellerie	Biogaz
Acoustique	Terrasse	Halls stockage	Yachting	Marchés niches
M&A Verseidag + FIT	Innovation	M&A Verseidag	M&A Plastitex	M&A Verseidag
Innovation	Croissance organique	Innovation	Innovation	GIOFEX
Croissance organique	Invest. industriels	Partenariats	Croissance organique	Devpt aval

Scaled sales and marketing teams allowing for a global specifier and sales network in the Group's four strategic markets

The Group has a sales organization affording it a direct presence, via marketing teams and subsidiaries, and an indirect presence, via partnerships with local distributors, in three regions. These regions were restructured on January 1, 2020 to account for the merger of the marketing teams of Serge Ferrari and Verseidag:

- Northern Europe: in this region, the Group has two of its original domestic markets (Germany and Switzerland). The distributor GIOFEX has 5 of its 6 Northern Europe subsidiaries
- Southern Europe & Americas: the main European countries concerned in this region are France and Italy, and USA in the Americas. The legal entities of Serge Ferrari and Verseidag in the USA were merged on January 1, 2021;
- Asia Pacific. The purpose of the local entities Serge Ferrari Japan, Serge Ferrari Shanghai and Serge Ferrari India Private Ltd is to develop sales to small and medium customers. Historically, FIT Industrial Co Ltd is active exclusively in this region

The publication of revenues broken down by these regions will, from January 1, 2021, replace the format application until 31 December, 2020 whereby revenues were broken down into Europe, Americas and Asia-Pacific.

The Business Groups, under a matrix structure with the Business Areas, are now four in number, in line with the number of strategic markets targeted by the company. Other businesses, whose sales forces could not be pooled together, are now structured as independent business units.

The Group develops a commercial approach tailored to the characteristics of each application sector. As in the case of any intermediate product aimed at a specialty market and having specific technical characteristics, it is essential to address the entire demand as best as possible.

This simultaneously involves:

- visiting and building relations with specifiers: in many markets, the decision to buy is usually made by the user-customer based on recommendations by specifiers and professionals;
- approaching end-customers directly, or accompanying distributors in the case of manufacturer-customers.

These actions require a larger sales force than for commodity products.

Innovation: leveraging technology to drive commercial expansion

The sales and marketing teams rely on technological innovation to maintain and develop the Group's differentiation and positioning. Accordingly, innovation initiatives must allow the Group to:

- improve the competitive positioning of its offering in its existing markets by boosting the performance of the products' technical properties as well as optimizing the formulation of certain raw materials (cost control, matching product formulation to production speed, enhancing pigment combinations for new dyes, etc.);
- create new products or adapt existing ones to new uses to expand the range of commercial openings in new fields such as acoustics and furniture with silicone products;
- continue the technological differentiation strategy pursued since the Group's foundation: an internal engineering office designs and develops critical technological processes, implemented by a Group company (CI2M) which makes critical production equipment (standard technical workstations are procured directly from the OEM market). Preserving and strengthening know-how is essential for growing revenues and maintaining appropriate margins by strong differentiation.

Innovation allows the Group to differentiate itself from commodity manufacturers and to retain its identity as a specialist manufacturer of high-tech, and therefore high-value-added products. These include flexible composite materials that can be used in new applications such as coating for robotics, materials for aquafarming, new energies or the oil & gas sector. It is also about using new technologies in existing sectors where they were not used before. The Group's capacity to increase its average selling prices per m^2 and/or its gross margin is the direct result of this advantage.

Since the arrival of Philippe Espiard as General R&D Director in April 2018, the objectives of the development functions consist in focusing on a smaller number of projects so as to reduce the time to market of products under development and increase the share of new products in the Group's revenues.

New products (launched within the last five years) accounted for about 10% of Group revenues in 2019.

They consisted of:

- new products for SF, relating to new applications in the market
- products existing in the market but new for SF
- structural changes made to existing products, thereby significantly extending their impact on the market.

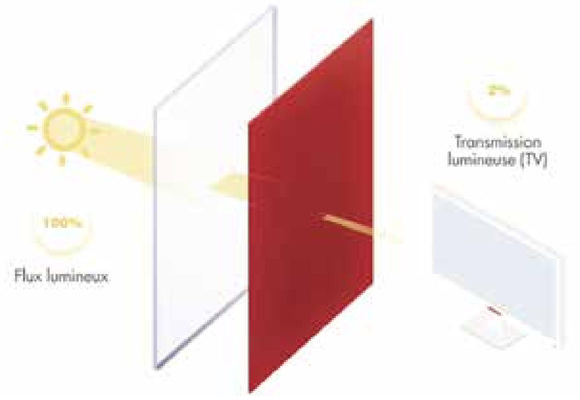
2020 cannot be used as a reference year due to market disruptions resulting, amongst others, from lockdown measures in many countries that hindered the launch of new products under "normal" conditions. Nevertheless, in 2020, the Group developed and launched the Agivir ® virucidal products and technology that eliminate corona viruses. These results derive from the antibacterial membranes previously used for seats in the medical sector (chairs for patients).

Properties meeting new environmental and societal challenges

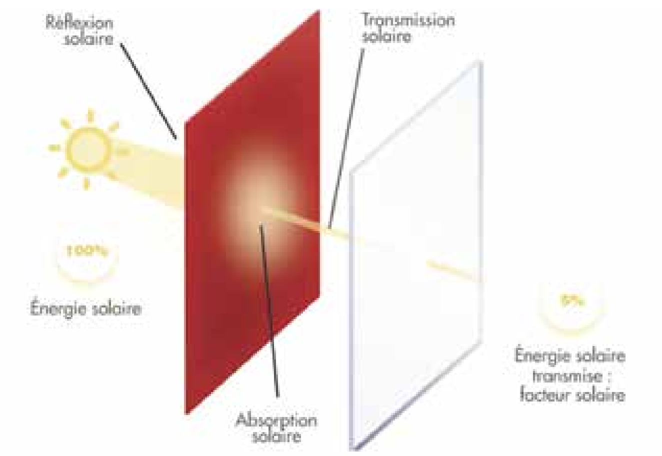
The proposed composite materials offer numerous advantages for all possible fields of application and cater to changing lifestyles and the challenges of sustainable development:

- thermal performance by using multiple layers;
- resistance to earthquakes and extreme weather conditions;
- aesthetics and comfort;
- solar protection, permitting light transmission while limiting thermal transmission;
- modularity;
- no need for tension adjustment;
- prefabrication before deployment;
- environmental performance: LCA (life cycle analysis) and Eco IDentity (measure of progress beyond regulatory requirements);
- superior durability.

Example of indoor solar protection: visual comfort



Example of indoor solar protection: thermal comfort



2. NON-FINANCIAL PERFORMANCE STATEMENT (NPFS)

Soltis | Protection Solaire

2.1 OUR VISION: TO DO BETTER WITH LESS

In response to today's climate change and environmental challenges, construction and housing are called upon to play a fundamental role. With almost half of energy consumption and a third of greenhouse gas emissions attributable to construction and the occupation of buildings, the question that arises is this: how should buildings be constructed? In particular, how should materials be chosen in the future so as to reduce the environmental impact?
The challenge is easy to define but difficult to tackle: in the future, it should be possible to offer the same performance level but using half the amount of natural resources, with lighter and more sustainable building materials. Yet, the consumption of natural resources continues to increase faster than the growth of economies[1].

Doing better with less is therefore no longer an option. It is a duty.
Building and developing better is not only a matter of paying attention to environmental issues. It also means providing effective solutions to address safety issues, by complying with and anticipating increasingly stringent fire safety standards. And equally, it means optimizing quality of life by responding to changes in the ways people work and live in the search for more comfort.
Improving thermal, acoustic and visual comfort, paying particular attention to the design of buildings and spaces are today an integral part of choices made when designing and constructing buildings. These changes represent a unique opportunity to reshuffle the deck and aim for alternative construction and development solutions that are efficient, healthy and virtuous. How? By echoing the needs of populations and businesses who want to give meaning to their production, consumption and life choices, and by closely aligning the modern-day requirements of performance, safety and comfort.
In this regard, the development of lightweight architectural and construction solutions, using new functional, aesthetic and sustainable materials, opens up great prospects for technical applications and bold designs, both outdoor and indoor.

[1] http://www.fondation-2019.fr/ged/public/resources/view/9409

12.2 / 12.4
Innovate with responsible products and services

12.5
Extend the life of products via recovery and recycling services

12.8
Responsible communication and consumer awareness

Our business

Serge Ferrari designs, develops, and manufactures innovative composite materials for lightweight architectural and outdoor applications. Intended primarily for four strategic and global markets
– solar protection, tensile architecture, modular structures, furniture/marine – Serge Ferrari's high-end solutions combine lightweight, durability, safety, design, comfort and ecoresponsibility. With strong development and innovation potential for a variety of construction and landscaping applications, ranging from everyday needs to the most spectacular projects.

Our mindset

INNOVATING OVER AND OVER
Experimentation and the constant desire to think outside the box underpin the company's daily life since its creation, setting it apart from others and creating unique value. This pioneering spirit is embodied at all stages of the value chain, from the formulation of raw materials through to recycling of end-of-life products, encompassing the design of production equipment and the development of application solutions. It has nurtured a unique capacity among the personnel for testing, innovating, trying, failing, restarting and succeeding.

ENCOURAGING INNOVATIVE AND AUTHENTIC BUSINESS MODELS
Whether through its customer culture at all times, shared at all levels of the company, or the vitality of its partnership relationships with its ecosystem, Serge Ferrari demonstrates the sincerity of its commitment.
With the conviction that in an increasingly collaborative economy, where co-creation and co-production are the norm, the quality of a company's relationships with its stakeholders is an increasingly decisive asset.

COMMITTING OVER THE LONG-TERM
Engaged in an industrial activity and a market environment characterized by long cycles, Serge Ferrari fosters the spirit of sustainability through:

- the reach of its strategic decisions,
- the performance of its solutions,
- the maintenance of a trusting environment among its personnel,
- the importance given to the transfer of values and know-how.

2.2 BUSINESS MODEL

Resources

Human

- 839 employees
- Safety charter
- Charter home-office
- SF Academy

Industrial

- 4 production sites
- 11 sales and distribution entities
- raw materials from the petro-chemicals and inorganic chemistry

Intellectual

- 3.37% of sales devoted to R&D
- 4 laboratories
- 40 people in the R&D department
- 33 active patents

Financial

- 195.3 M € of CA

Societal

- Code of ethics
- Anti-corruption code of conduct

Environmental

- Eco-conception (Profil S+)
- LCA and EHSF
- Responsible purchasing charter

Chain value

Formulation of raw materials
Process and machine engineering
Spinning and weaving
Coating and extrusion
Logistics
Support services
End of life

Operational Excellence

Continuous improvement
Organization in project mode

(certifications ISO 9001, 14001 et 50001)

Our mission

Implementing alternative solutions for construction and development solutions which are efficient and virtuous

Creation of sustainable value

Human

- 92.25% of employees on permanent contracts
- 10.99 years Average employee tenure
- 31% of employees trained in Health and Safety

Intelectual

- 2 R&D partnerships (private and public)
- 4 patents filed in 2020

Financial

- 80 countries covered
- More than 100 distributors

Societal

- 1,500 direct customers
- 977 suppliers
- Patronage : 66 k

Environmental

- Energy: 2.37 kWh/m²
- BEGES: 494 gr eq CO2/m²
- Waste: 24 gr DD/m2 and 123 gr DND/m²
- Waste recovery rate: 83
- DND recovery rate: 66
- Water: 25.23 L/m²

MAJOR MARKET TRENDS

SOLAR PROTECTION
Energy efficiency
Living comfort

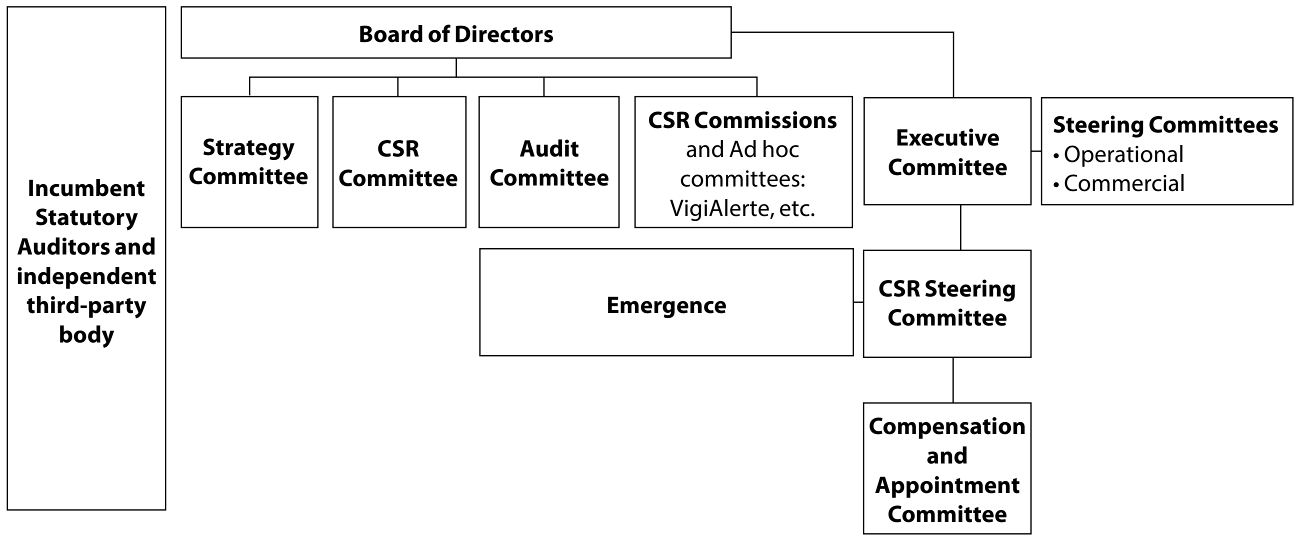
TENSIONED ARCHITECTURE
Sustainable construction
Energy efficiency
Living comfort

MODULAR STRUCTURES
Circular economy
Health safety

MARINE & FURNITURE
Health security
Living comfort

CSR GOVERNANCE AT SERGE FERRARI

Governance



The CSR Committee, an active body

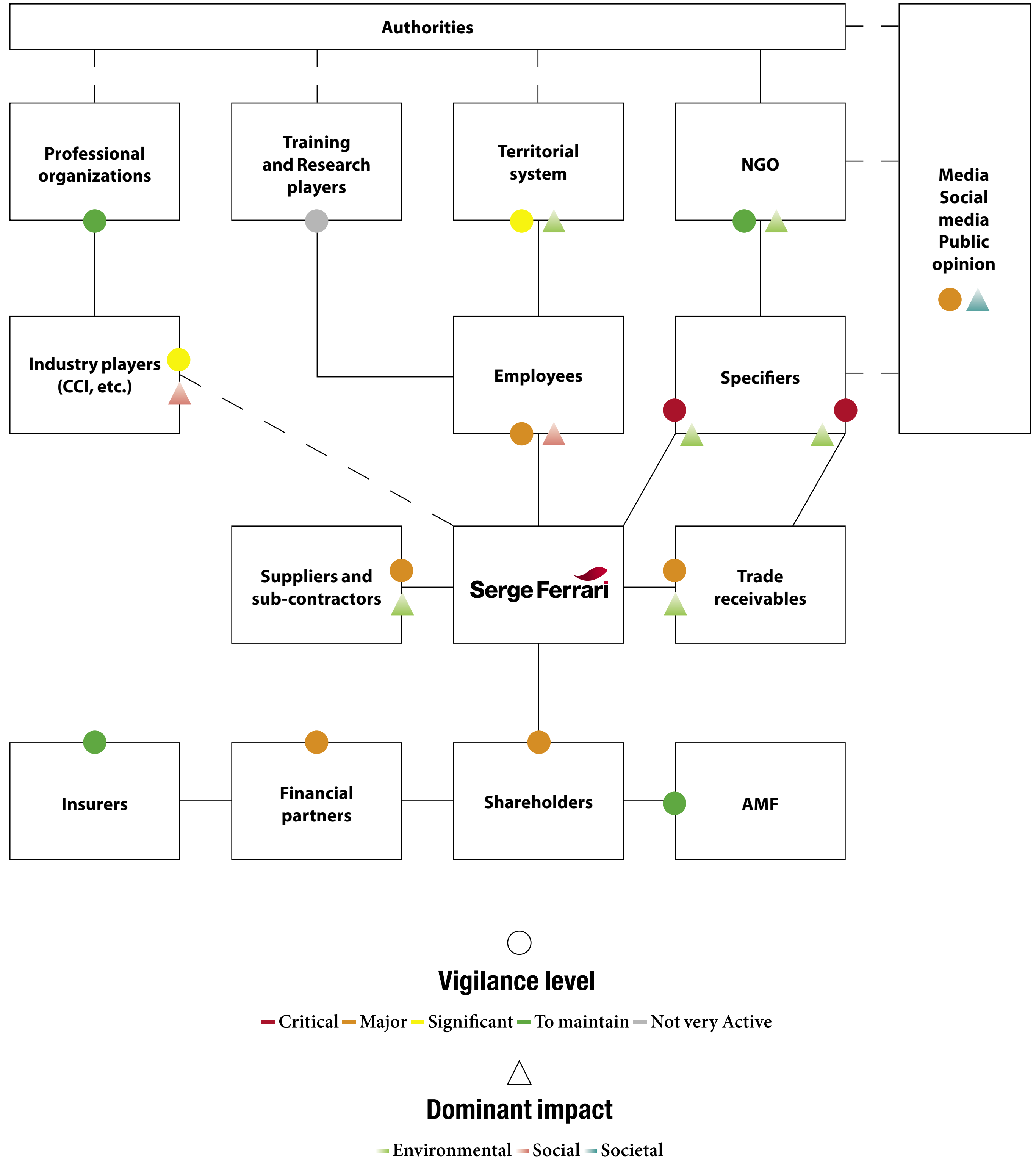
The CSR Committee takes its place alongside the Strategy Committee, the Audit Committee and the Nomination and Compensation Committee. Emergence meets and brings together employees who wish to drive cross-cutting CSR issues in the company. The projects are submitted to the CSR Steering Committee which approves their implementation.

The CSR Committee was created in 2018 following the proposal of the Serge Ferrari Board of Directors, which wanted CSR issues to be dealt with at the highest level. It is made up of Romain Ferrari (Chairman), Victoire Ferrari and two independent directors: Caroline Weber and Christophe Graffin.

The CSR Committee ensures that CSR issues are taken into account in the Group's strategy. It is tasked with structuring and giving clarity to Serge Ferrari's CSR policy. To this end, it carries out regular reviews of specific subjects: ecological transition, circular economy, environmental indicators, group safety policy, group corporate social policy, gender equality, etc. It reaches out to the teams tasked with these issues at the highest level to take stock of actions carried out and to look into the avenues for progress. This year, the CSR Committee has met with staff representatives, the Chief Operating Officer and the Human Resources Director. This system, put in place in 2020, is intended to continue at the rate of four meetings per year with those driving forward the different issues identified previously.

The CSR Committee also works on matters that the company must further explore (anti corruption, sustainable procurement, etc.) and checks that the initiatives and actions put in place comply with the legal framework.

Stakeholder mapping



2.3 MAPPING OF CSR ISSUES

Development methodology

Record and identification of issues

- Decree No. 2017/1265 on the NPFS
- Certifications obtained: ISO 9001, 14001, 50001
- "Serge Ferrari CSR 2020/2024" Business strategy

Assessment

- Process-based approach
- Expert working groups per component (Environmental, Social, Societal)
- Identification of risk scenarios
- Analysis of the probability and impact of each scenario

Prioritization

- Matrix score of gross risk
- Matrix score of net risk indicating the level of control of each risk

Main players and related initiatives

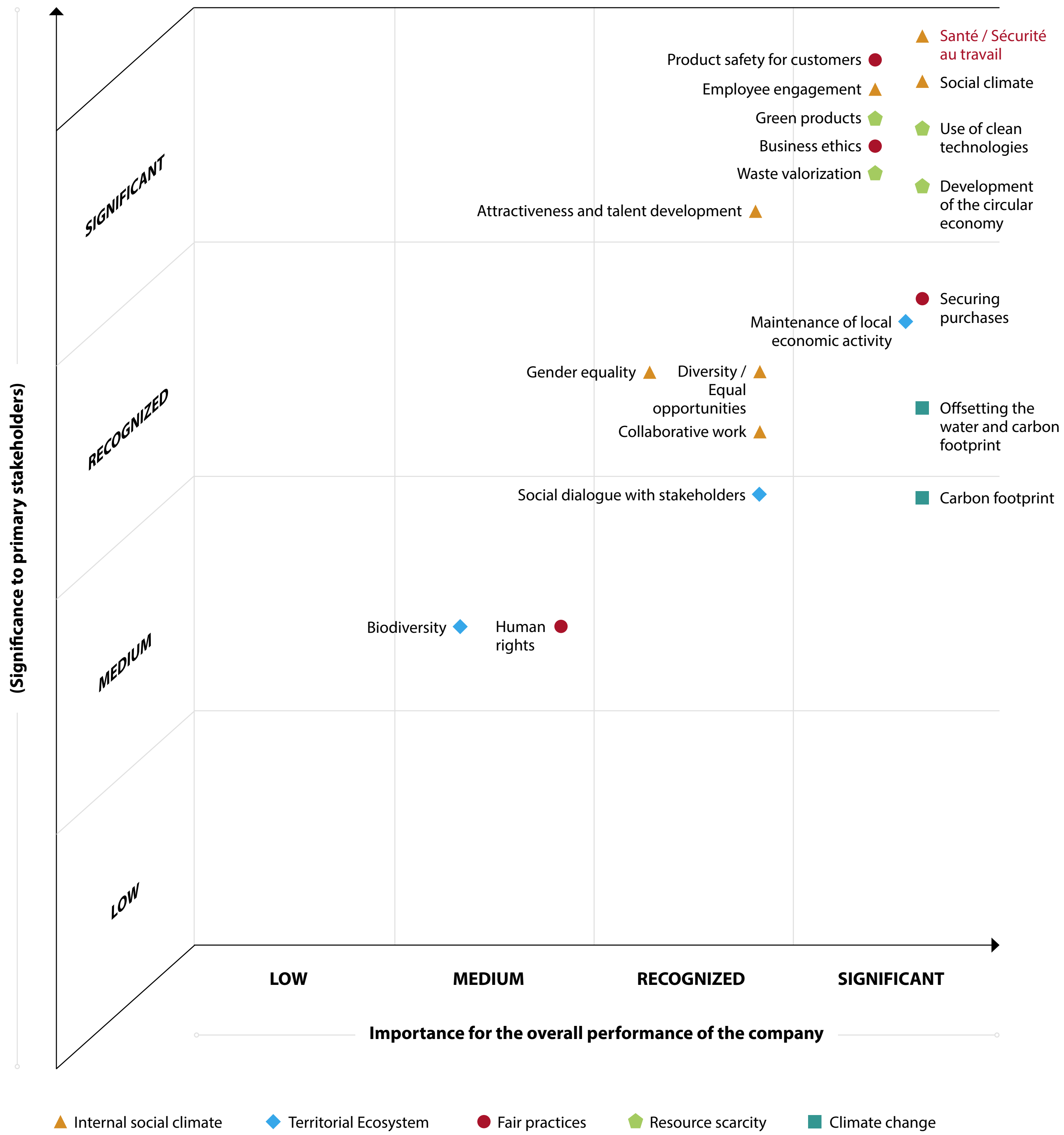
- CSR Projects Committee (Emergence)
- CSR Steering Committee
- Executive Committee
- Formalization of CSR commitments and policies

Targets, performance and monitoring

- Targets (table of indicators) - Benchmark year 2018
- KPI
- Scope of measurement

Summary of results

The map below presents the main issues identified, grouped by risk family, taking as a reference value the gross risk which is equivalent to the severity x frequency.



PRIORITY ISSUES AND ASSOCIATED ACTIONS

Environmental issues

Related actions	SDGs concerned
REDUCTION OF THE ENVIRONMENTAL IMPACT	
Priority issues and associated actions	**6.4** Access to safe water and sanitation - Sustainable management of water resources **9.4** Modernization and sustainability of industrial sectors **12.2** Responsible consumption and production - Sustainable management of natural resources
Optimizing the energy performance of our industrial sites	**7.3** Energy efficiency **13.1** Action on Climate Change - Resilience and Adaptation
Increase the valorisation of our waste	**12.5** Waste reduction
Substitute solvents	**9.4** Modernization and sustainability of industrial sectors
Use of clean technologies	**9.4** Modernization and sustainability of industrial sectors **12.2** Rational use of natural resources
Integrate more recycled raw materials into our processes	**9.4** Modernization and sustainability of industrial processes **12.5** Waste reduction
GREEN PRODUCTS AND SERVICES	
Promote eco-design	**3.9** Health and Environment
Develop and maintain recycling technologies	**12.5** Waste reduction **17.16** Partnerships for sustainable development

Societal issues

Related actions	SDGs concerned
FIGHT AGAINST CORRUPTION	
Generalize the involvement of employees in the applicable rules	**16.5** Corruption
Activate the alert procedure for all Group sites	
Controlling contractual commitments Products/Services	
VISION, FORESIGHT, SUSTAINABILITY	
Prospective monitoring of alternative materials and substances of concern	**9.4** Modernization and sustainability of industrial sectors **9.5** Innovation, R&D **17.17** Multi-stakeholder partnerships
Prospective monitoring of market solution disruptions	
Prospective monitoring of possible shortages of strategic raw materials	

Social issues

Related actions	Concerned SDGs
SAFETY	
Reducing accidents at work	**8.8** Rights and Safety in the workplace
Reducing strenuousness, exposure to VOCs and nanoparticles	
DIVERSITY	
Increasing gender equality	**4.4** Skills and access to employment
Guaranteeing non-discriminatory recruitment processes	**4.5** Equal opportunities
Developing the integration process, including among employees of different generations	**5.1** Ending all forms of discrimination against women
Creating more positions for people with disabilities	**5.5** Guaranteeing the presence of women in executive positions **10.2** Promoting inclusion
Enhancing women representation at management level	
ATTRACTIVENESS AND TALENT DEVELOPMENT	
Promoting the recruitment of employees living in the local catchment area	**8.3** Creating decent jobs in the territory
Generating interest for career choices in the group through visibility in the local employment catchment area	
Focusing on the generation of millennials to offer them appropriate career paths	**4.5** Equal opportunities
Supporting retraining	
Promoting pre-recruitment opportunities (including young people on work-study training programs)	**4.4** Skills and access to employment
Giving priority to internal promotion (internal mobility)	
Capitalizing on the company's training initiatives	
EMPLOYEE RETENTION	
Ensuring the proper onboarding of new employees	**4.5** Equal opportunities
Retaining employees	**8.3** Creating decent jobs in the territory
HEALTH / WELL-BEING	
Facilitating work-life balance	**3.8** Universal health-care coverage
Ensuring job retention and return to work of employees	
Reducing absenteeism by promoting employee well-being	**3.4** Promotion of mental health and well-being
SOCIAL DIALOG	
Developing the representation system	**16.7** Inclusive decision-making
Improving internal communication	
Extending the reach of our CSR strategy across the Group	

Finance and social impact
3 questions to Philippe Brun,
Chief Financial Officer of Serge Ferrari Group

In this unprecedented context, with a first half-year disrupted by the COVID-19 crisis, Serge Ferrari Group had recourse to social impact borrowing. Philippe Brun talks about this first initiative.

What is social impact borrowing?

This borrowing includes social objectives in the methods used for calculating the cost of financing agreed with the lender. In our case, they involve criteria linked to job retention and job creation in France and the achievement of specific targets in terms of safety in the workplace. Depending on our capacity to meet these targets, the cost, i.e. the margin of the banking partner, may increase or decrease. It is monitored through an annual review.

Is a first for Serge Ferrari?

It is indeed! And we stand out as a pioneer in our category of mid-cap companies. This concretely shows and rewards the central place that our CSR approach has occupied for many years now, including in the financing of our development.

In what way is this social impact borrowing indicative of an underlying trend?

Some of the funds to which we have recourse are partly financed by public institutions such as BPI (Banque Publique d'Investissement). The latter includes CSR criteria in its funding. This confirms the role that CSR plays in mechanisms for assessing the overall performance of businesses. CSR is now a prerequisite for obtaining funding and our partners play close attention to our progress in this area.

Philippe BRUN, Chief Financial Officer - CFO.

Adapting our industrial operations during the pandemic

*Paying close attention to warning signs, Serge Ferrari set up a special committee in March 2020 in order to get through the health crisis due to the spread of COVID-19, the **Safe Reopening Committee (CORES),** made up of Romain Ferrari (COO-CSR), Jean-Yves Stephan (COO), Philippe Espiard (General R&D Director), Joëlle Barussaud (Occupational health nurse), Hervé Garcia (HR Director), Thierry Combot (Production and Maintenance Director), Éric Carpentier (QHSE Director) and Christèle Muret (HR Manager - industrial sites).*

Its objective: to enable the gradual but sustainable restart of operations in a reconfigured organization guaranteeing the health and safety of employees.

Initial lines of thinking

Even before the official announcement of lockdown in France, the CORES decided, as a precaution, to close the production units at the La-Tour-du-Pin site for a minimum of 15 days. The objective: giving ourselves the means to properly prepare the gradual restart of operations. Initial discussions, which started on March 19, 2020, aimed to establish baseline scenarios from internal and external data. The aim was to determine the targeted safety conditions and define the measures to adopt to achieve these conditions. One of the initial questions raised by CORES was the notion of contact. *"We called upon external consultants specialized in this area. On March 20, Jacques de Gerlache, environmental toxicologist and infectious disease specialist, informed us that this would last at least six months. While the forecast was not exact, he highlighted several key points: firstly, it is a problem that will need to be managed for a long period; secondly, management must focus on facts and not disseminate contradictory messages to employees; thirdly, the commodification of risk must be prevented at all costs,* explains Romain Ferrari, COO-CSR. From then on, the CORES considered a resumption plan based on a few fundamental principles to adhere to strictly: restrict interactions between people and isolate teams in which the slightest symptom is detected. The committee makes the assumption that any person potentially exposed is likely to be contaminated in spite of personal protective measures.

"The only viable approach from an operational point of view was to determine jointly with the production teams the rules and solutions to be put in place."

A protocol jointly defined with the teams

Given the proven lack of knowledge about COVID-19, certain matters quickly became the subject of debates within the CORES - such as employee temperature checks upon entry to the site. "We soon realized that this technique could not solve everything. The only viable approach from an operational point of view was to determine jointly with those primarily concerned - i.e. the production teams - the rules and solutions to be put in place", Romain Ferrari emphasizes. Small working groups made up of volunteer employees were formed to devise methods to be tested in the field. Staff representative bodies (CSE, Serge Ferrari union) were immediately involved in this initiative that was constantly challenged by the recommendations of health care professionals. "This enabled a single stand to be adopted towards employees. The occupational health nurse, as the leading medical staff, played a key role, including in highlighting the uncertainties about the virus. This resumption plan was developed step by step, while also ensuring, in spite of the social distancing measure imposed, that the connection and dialog with team members were maintained", emphasized Thierry Combot, Production and Maintenance Director. "We leveraged the common sense and pragmatism of our operators who are very familiar with the habits of their workshop colleagues. For these volunteers who, right from the start of the lockdown, have contributed to developing and improving these preventive measures, we have introduced an 'inventiveness' bonus", adds Hervé Garcia, Human Resource Director.

Adopting personal protective measures

During the weeks when the production units had stopped, the QHSE Department, the occupational health nurse and industrial managers worked in coordination to reconfigurer the workplace, redefine organizations, review the management of human flows, put in place preventive measures aligned on the recommendations of the competent health authorities, ensure supply of the required protection equipment, design awareness and poster campaigns on-site to support employees willing to get back to work. Situations when employees had to group together are reduced to a minimum and supervised when they are necessary. Break-out areas – coffee machine, fridge and microwave – are blocked. Work start times are staggered to reduce the concentration of operators in changing rooms at the same time. Floor markings set out the direction of movement, forklifts are individually assigned and disinfected, computer keyboards are covered by a protective film which is removed at the end of each shift, contact points are disinfected with Isopropanol.

Guaranteeing the supply of protective equipment

The QHSE Department, which is also responsible for providing masks and hand sanitizers to all employees, is fully mobilized on this issue, more so since there is a shortage of such equipment. The stocks of pharmacies, replenished with bleach-based disinfectant before the lockdown, were rapidly sold out. *"With the QHSE team, we went out of our way to restock and find whatever was not available then: masks, hand sanitizers, specific disinfectant. Initially we had FFP2 masks but we gave them away to hospitals", underlines the occupational health nurse, Joëlle Barussaud. "We explored around us and other entities of the Group, which were less impacted by the pandemic at that time, helped us by providing stocks and connecting us with local suppliers. An external company then supported us to source the necessary products. We no longer have supply issues.*
We have also aligned our protocols on changes in recommendations from the government and health authorities. Visors, considered sufficient in March, are now complementary to masks and not used as replacement" states Franck Brasier, Safety Supervisor.

Reconciling health issues, human issues and economic issues

Production restarted on April 1, on a voluntary basis for employees with no conditions deemed to be risky. The personnel was first checked by the occupational health nurse, in strict compliance with medical and professional secrecy.

Resumption under supervision

The restart of production units in a vertically integrated process is a complex exercise. *"Each stage of manufacturing requires the right number of operators in the right positions to operate the production lines, manage the overall flow and maintain safe operations. We have examined the different possible scenarios to include volunteer employees in the light of their know-how and versatility in order to meet customer orders. The Group, which exports to 80 countries, faced a relatively high level of demand. Certain countries were under lockdown, while others were no longer so or were not yet impacted. It was necessary to restart operations at the La Tour-du-Pin site to support ongoing projects"* explains Thierry Combot. The units operate firstly on a 1 x 8 basis, then 2 x 8, to gradually ramp up to 3 x 8, still with a reduced number of operators on the production lines. Each shift rotation is accompanied by a briefing to explain all the measures put in place and create awareness about the importance of applying the personal protective measures. The preventive actions of the lean managerial are relayed by the occupational health nurse. *"I moved around a lot in the workshops to explain as well as to reassure. As and when operations restarted, I communicated a lot, particularly by mail: I wrote articles with tips on the right ways to protect oneself, I sent educational videos",* recalls Joëlle Barussaud.

Focusing on essential productions

The Group chose to give priority to relaunching lightweight productions in meter squares designed for applications directly useful in the health crisis situation, such as modular structure solutions used to build field hospitals. Simple productions such as the Soltis were also reactivated as they are easily controlled. Above all, Serge Ferrari introduced on its production lines a new solution incorporating a virucidal technology developed by the R&D teams: AGIVIR. *"Its production lead time was optimized thanks to our agility. R&D, procurement, scheduling, production, marketing are some of the departments that worked hard to be able to launch this range of products, which contribute to combating the spread of COVID-19. Participating in our own capacity in the national effort was very motivating for our teams",* underlines Thierry Combot.

"Participating in our own capacity in the national effort was very motivating for our teams."

COVID safety rules specific to each work station

To ensure that personal protective measures are applied beyond the industrial area (cross-functional departments, support functions, etc.) and in a long-lasting manner, the Group implements a complementary and global system. As of April 20, after gathering the opinions of specialized independent experts, CORES decided that the maintenance of barrier actions should be extended at least for the 6 to 12 months after the end of lockdown, which, for the moment, remains a distant prospect. The QHSE department was immediately tasked with establishing safety fact sheets along with specific rules. *"We used the same format as the Specific Safety Rules (RSS) that the Group had introduced in 2016. We defined special rules for COVID-19 per activity and for each building, according to the working situations in the given company. Some employees work in offices, others on production equipment, others receive goods or welcome visitors, etc. We have adapted the RSS sheets for each work station existing in the Group based on a precise set of guidelines: safety measures to apply upon arrival at the work place, on starting work, correct behavior during the day, when leaving the company and outside the site. For example, what should a salesperson do when he/she visits a customer or receives a customer in the company",* explains Franck Brasier. These safety sheets, which are included in the single document, are disseminated to the concerned employees with the support of the occupational health nurse, who had established beforehand the required distancing in offices and where necessary redefined their layout.

Based on the same principle, the QHSE department draws up specific protocols for service providers, who are gradually allowed to enter the site. *"We have also added these measures to our prevention plans, which now systematically include COVID risk",* stated Franck Brasier.

"We used the same format as the Specific Safety Rules (RSS) that the Group had introduced in 2016. We have adapted the RSS sheets for each work station existing in the Group based on a precise set of guidelines: safety measures to apply upon arrival at the work place, on starting work, when leaving the company and outside the site."

Yves MOSSOT, Fab Lab Technical Manager - Customer Assistance.

Maintaining dialog with team members

An enhanced HR communication system

During the first lockdown, a regular information relay was rolled out for employees via emails and SMSs to keep in touch with them and inform them in a transparent manner of the measures gradually being implemented by the company. *"We asked those who so wished to give us their mobile number to send information to them. This was extremely important given that 30% of employees in production do not have a work e-mail. The HR teams worked actively to answer all questions",* notes Hervé Garcia. This overall system was welcomed by the various teams, who also ensured that they maintained the social links among themselves. WhatsApp groups were created per activity (weaving, sales administration, etc.).

A long-term support team

Employees who wished to do so, had the opportunity to talk to the occupational health nurse about their personal situation or their fears in the face of the epidemic (anxiety, comorbidities, fear of bringing the virus home and contaminating their loved ones). This personalized management approach threw light on the psychological impact of lockdown, which is not the same from person to person. Some employees needed to get back to work because they were in good health, others because they were tired of staying at home, and yet others because not working had a significant financial impact on their household. Another major role now increasingly played by Joëlle Barussaud: managing COVID cases and contact persons. *"I spend a lot of time on the phone with each and everyone to know their symptoms, reassure them, assess the number of quarantine days, do contact tracing. It's time-consuming."*

Preparing the future

In July 2020, Serge Ferrari decided to invest in training for the production teams. Objective: develop their skills to prepare for long-term recovery. The program undertaken consists of two modules particularly designed for team leaders and operators. It aims to enhance their hard and soft skills in matters of safety and promote their employability. The entire production personnel, operators as well as team leaders, are made to be an active player in this training scheme. Operators are called upon to reflect on their personal and group behavior, identify and visualize potentially risky situations in order to adopt the appropriate response. Team leaders are encouraged to improve their approach to supervision in order to strengthen prevention by the teams and ensure compliance with the applicable rules. By being able to take a step back, operators and team leaders are satisfied that they now have better awareness of their position and respective roles, which is that ensuring safety is an individual and collective responsibility. Besides the dissemination of an integrated safety culture, other training initiatives concern the development of versatility and support to change on a work station.

Although the workshops are not back to a normal production pace, the activity is continuously adapting to the needs of the markets. Indeed, the absence of a cluster of contamination in the company shows the effectiveness of the protocols and measures put in place with the support of the personnel.

A unique technology for which patent applications have been filed

AGIVIR

During the first phase of the health crisis in France, Serge Ferrari teams rallied to roll out in record time an application solution aimed to stem the spread of the virus: AGIVIR. Developed in-house, AGIVIR is a technology with virucidal properties that can be applied to membranes designed and manufactured by the Group. Explanation by Philippe Espiard, R&D Director.

Philippe ESPIARD, R&D Director.

How did this solution come about?

Philippe Espiard:By reviewing the medical and scientific literature, we noted that silver is known for its virucidal properties. We therefore thought of using silver on the surface of our membranes. We were already using this component for its antibacterial properties - known since ancient times - but not for its antiviral properties which were revealed recently. We based ourselves on studies conducted by university laboratories in the USA and a research conducted in Lyon on this subject. Major work was undertaken on the formulation, as it is not simply a matter of depositing silver. The silver layer applied must be durable.

The silver must properly adhere to the surface of the membranes which must also maintain their resistance to abrasion and to UVs. In other words, this addition must guarantee the initial properties of our products under conditions of use.

What are the main stages of development?

Philippe Espiard: Among the R&D teams, about ten researchers started working hard right from the beginning of the lockdown in mid-March. We spent one month developing formulations which then had to be tested for their antiviral properties. We chose to call upon approved independent laboratories specialized in virology. These include VirHealth laboratory, a spin-off of VirPath. This laboratory conducted all the required tests on a human coronavirus strain 229E (COVID-19) in accordance with the ISO 21702 standard.
This first series of tests showed that the effectiveness level of our membranes is very high. The viral load of the human coronavirus strain 229E (HCoV-229E) was reduced by 95% after 15 minutes and by over 99% after an hour. We then subjected these membranes to the performance tests that we systematically perform to simulate different usage scenarios (resistance to UVs and abrasion, durability, etc.). We conducted thousands of abrasion cycles for applications intended, for example, for the furniture and -modular structures markets. With the assistance of other approved laboratories, we also obtained assurance as to the safety of this technology (no skin irritation) which, when applied on door handles, for instance, is in contact with the human body. Following these successful tests, we moved to the industrialization

Serge Ferrari's R&D teams actively working on the development of the AGIVIR technology.

> "Besides the imperative to act fast due to the health crisis, our success is also the result of our firepower and mastery of our technologies."

Tests conducted by the VirHealth laboratory on a human coronavirus strain 229E (HCoV-229E)

phase, step by step, first on a pilot basis then on our industrial lines. The marketing of the solution was thus launched in May 2020.

How do you explain this rapid development?

Philippe Espiard: "Besides the imperative to act fast due to the health crisis, our success is also the result of our firepower and mastery of our technologies. Serge Ferrari invests almost 4% of its revenue every year in R&D, which is substantial. The Group has three laboratories and some forty researchers. We leverage our solid expertise in chemistry and in process management.

The organization and management of the project were vital. We had to reconcile a degree of intellectual flexibility to investigate unknown areas and innovate, on the one hand, with a highly structured and rigorous approach, on the other hand, with a daily or even bi-daily monitoring of our progress, planning and well defined responsibilities. During this peculiar period, we were lucky to be able to maintain a certain level of activity.

The research teams based in Eglisau (Switzerland) continued to operate normally, while those based at La Tour-du-Pin worked from home. The support of VirHealth laboratory was obviously crucial. Lastly, the adoption – as part of CORES[1] – of a health protocol suitable for a very gradual resumption of operations in our industrial units helped us to proceed to development and manufacturing. The task force that we dedicated to the project was highly motivated to make it a success. One of the strengths of the Group is precisely the commitment of its teams. The context heightened the engagement of employees, whether in R&D, marketing or production. Everyone was fully committed. We knew that we were on to something great, that we had a responsibility to society and that the stakes were high.

What are the possible applications?

Philippe Espiard: If you ask me, there are no limits! Initially, we were targeting our traditional markets: It started very well in France and internationally thanks to the hard work of our sales and marketing teams. In accordance with the different regulations applicable locally, like in France, we registered our products for their marketing.

Based on your personal experience, is this a first?

Philippe Espiard: It is an exceptional adventure. The teams are all driven by the determination to undertake something and to succeed. When we need to get cracking, we all pull together! The structure of the Group facilitates decision-making as well as fast execution. Above all, this experience confirms the relevance and effectiveness of the project-

"There is great pride in this project that encompasses the entire Group. To be able to come up with a solution so impactful for society is highly rewarding for all Serge Ferrari employees."

solar protection, furniture, modular structures.

AGIVIR can be applied everyday on all types of surface covering: door handles, handrails, grab bars in public transport, trolley handles, table coverings or counters in bars, restaurants and hotels, desk covering for students and teachers, seat covers, shelves in trains, etc. There is a whole range of possibilities, particularly since our products are in flexible and adhesive materials. In the modular structures markets, our AGIVIR technology has been applied to set up tents and field hospitals to support the French hospital system.

based approach adopted by Serge Ferrari a few years ago.

It's a real team effort: the laboratories worked together with production for the testing phase on our industrial lines; marketing worked flat out to promote our solution on the different markets, and the sales teams deployed their sales strategy including online sales via an e-commerce site. There is great pride in this project that extends well beyond R&D and encompasses the entire Group. To be able to come up with a solution so impactful for society is highly rewarding for all Serge Ferrari employees.

[1] Safe Reopening Committee

Deepening our perma-circular business model

For over 20 years, Serge Ferrari has been committed to the recyclability of its end-of-life products. The Group, which supports a new recycling process rolled out under smart factory environment, is also present upstream of its value chain. It aims in the short term to incorporate recycled components in its solutions.

This project, initiated in January 2020, reconciles the requirements of markets sensitive to sustainable development with the Group's proactive CSR undertakings. For the concerned employees, it is also a means to "close the loop".

A momentum brought about when Marketing joined hands with R&D

The profile of the consumer is constantly growing. Better informed, their requirements now extend beyond health and environmental concerns. Besides questioning the recyclability and safety of a product, they also scrutinize the social and societal undertakings of the manufacturer. *"This attitude, which prevails in the food and textile industries, is extending to the furniture sector. At the environmental level in particular, end consumers want to know if the product, besides being recyclable, contains recycled content in its initial composition. It is one of the rising trends that will influence the development of our products in the medium term. And it so happens that the R&D teams were already working on this subject in terms of technological innovation. Our respective ambitions – geared to end consumers and product innovation – are perfectly aligned"*, explains Constance Kocher, Head of Furniture market.

The objective of the Furniture Business Group is clear: incorporate recycled materials in products that it markets as soon as possible. Several areas are being investigated by the R&D teams which are looking at all our composite membranes. *"This objective is very much achievable in 2021 for semi-finished products and likely in 2022 for finished products. We have promising areas showing encouraging results for the moment. The challenge is highly motivating as there is a real customer demand to be met and executive management has a strong interest in the subject"*, states Emmanuel Tapie, Chartered Engineer from the Materials, Mechanical and Yarn development department.

Emmanuel TAPIE, Chartered Engineer from the Materials, Mechanical and Yarn development department.

"The challenge is highly motivating as there is a real customer demand to be met and executive management has a strong interest in the subject."

Constance KOCHER, Head of Furniture market

A cross-cutting project

At this stage of the project the main departments at the forefront are R&D, Procurement and Marketing. Together they are exploring two sources of materials: waste generated internally that can be recovered through recycling, and materials from outside the company. *"Besides recycling our offcuts from spinning and weaving, we want to give a second life to raw materials not initially created for our products, by incorporating them into our products. Both scenarios are meaningful for the Group", underlines Emmanuel Tapie. For outside recycled materials, the Group is uncompromising on traceability. "We check their origin and quality. Our products comply with very strict sanitary requirements, particularly for the Furniture market where our applications are in contact with the final user"*, states Constance Kocher.

The R&D and Marketing departments of the Furniture BG are jointly working on the specifications for future developments. *"The main challenge is to maintain the initial performance of our products since adding recycled materials can potentially diminish performance"*, notes Emmanuel Tapie. *"We have to define acceptable tolerance limits on our market segments. For certain applications, we have some room for maneuver on the products without impacting the final application. And durability is a long-standing commitment that we intend to maintain. Going beyond the required standards is also a strategic choice for Serge Ferrari. One must always have a holistic view and take a step back. It is R&D's role to question everything: raw materials, packaging, regulatory environment, etc. We want to remain true to the company's DNA, that is to adopt a serious approach"*, adds Constance Kocher.

The R&D teams are also in contact with the application plants. *"For us, yarn is the starting point of our manufacturing process, which is integrated. It therefore concerns all our industrial sites. Very quickly the project takes on a systemic inter-plant dimension. It is fantastic because tests under way in our laboratories can give new meaning to our products for our teams. For operators, handling materials from recycled products or from our own offcuts, is something concrete"*, explains Emmanuel Tapie.

"We want to remain true to the company's DNA, that is to adopt a serious approach. This project reaffirms the consistency of the Group's CSR undertakings."

Potentially significant benefits

With all our solutions fully designed and manufactured in-house, the estimated benefits, if successful, can be immense. *"If the use of recycled materials works well, we could ideally imagine its incorporation into a wider range of our products. However, the impacts would still be substantial even if they were incorporated into only one range of products, whether in terms of tonnage or percentage of recycled materials used every year. The room for progress would also be significant for life-cycle assessment: energy savings, reduction in CO2 emissions, minimum materials impact upstream. And that's not even taking into account the reuse of our own offcuts which is an economic and environmental issue. Not only would we buy less raw materials but we could also maximize the yield of our plants. We are in line with our vision which is to do better with less"*, comments Emmanuel Tapie.

For the Furniture Business Group, it would be a clear differentiation factor compared to our competitors. *"More generally, it is a way of reaffirming the consistency of the Group's CSR undertakings"*, concludes Constance Kocher.

MATERIALS EFFICIENCY AT THE HEART OF ENVIRONMENTAL PERFORMANCE

Serge Ferrari's environmental performance is first and foremost a matter of materials efficiency.

It is about aligning on the overriding strategy of decoupling economic growth from resource extraction and embracing the key principles of the circular economy (source: ADEME) that play a key role in the three main stages of the value-creation chain:

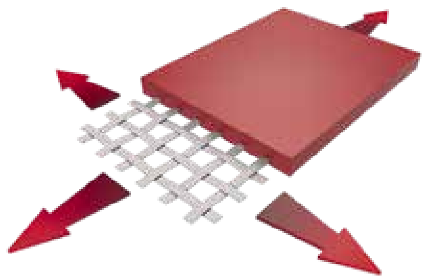
- **Production phase:** sustainable supplies, eco-design, usage strategy;
- **Consumption and utilization phase:** responsible application, extension of the life of products, service economy;
- **End-of-life phase:** recycling and energy recovery.

During these three phases, materials efficiency is decisive. Therefore, the priority areas, considering the company's activity and its significant challenges, are:

- weight/performance ratio (less material density at comparable performance),
- product lifespan,
- product recyclability and the search for a solution suitable to the user's situation,
- reduction of the environmental footprint,
- direction of the marketing strategy.

Weight/performance ratio

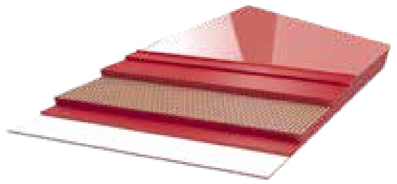
The Précontraint technology offers the best weight/performance ratio and dimensional stability over time; it is thus in tune with the challenge to conserve natural resources and achieve the expected efficiency: to do better with less and to last longer. The efforts made in research and development tend to enhance this characteristic to contribute to lighter construction systems. But the company pursues this objective across all its markets, as evidenced with the Smart Coating technology which substantially reduces the weight of products, thereby giving them a significant advantage in the aeronautical and marine sectors.

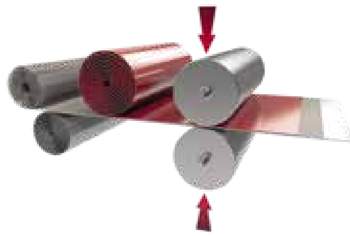


Product lifespan

As a pioneer of light architecture, Serge Ferrari has, in some 40 years, monitored over 1,000 projects and established an impressive durability result.

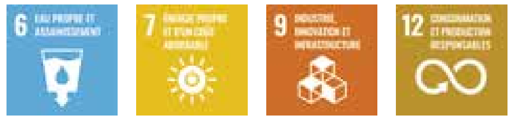
The products' intrinsic resistance (mechanical properties and resistance to abrasion and chemical attacks) is the subject of numerous innovations which extend the lifetime of products in all the markets served by the company. This is the case of the following technologies: Smart Coating, Smart Lam, Smart Yarn.





Recyclability

A pioneering recycling player via the Texyloop industrial unit, Serge Ferrari is committed to the new industrial generation suitable to the situation of users by actively supporting the Polyloop start-up. Polyloop develops a solution to regenerate PVC composites on a scale that meets the needs for flexibility and for geographic proximity to industrial operators. Recycling units of the size of a container are to be installed either permanently or temporarily at production sites. The use of a prototype at the La Tour-du-Pin site is scheduled at the beginning of 2022. Serge Ferrari thus encourages a major change in recycling based on a Smart Factory principle, shifting from a heavy centralized industry to a light integrated modular equipment.



Reduction of the environmental footprint

The reduction of the company's environmental footprint (water, energy, waste) is being implemented based on different strategies:

- **Optimization of our industrial performance:** the environment committee monitors this objective on an ongoing basis. This operational committee is made up of the Production Directors of French and foreign sites, the Director of Industrial Operations, the COO-CSR and members of the QHSE team. It meets every four months to monitor and define the action plans necessary to manage our indicators. The monthly management of data and of meter index readings enable rapid control in the event of any drifts. The monitoring of macro indicators by country and by production site provides a global view of the Group's environmental and energy performance. The use of micro indicators closer to operators and to the field facilitates day-to-day actions.
- **Use of own technologies:** Serge Ferrari continues its work on solvent substitution and exploration of the best technologies available. The Group designs and manufactures equipment and facilities taking into account environmental and energy aspects.
- **Conduct of Life Cycle Assessment:** Serge Ferrari focused on conducting the Life Cycle Assessments (LCA) of its products, of which 80% of impacts are upstream of production, during the extraction and raw materials production stages. This allows the company to adopt an eco-design approach.
- **Introduction of voluntary advances serving a pedagogical purpose:** Serge Ferrari has created a device: S+ which establishes the profile of each of its composite materials. S+ represents the Group's voluntary advances in the area of environmental performance: in concrete terms what the company does "over and above" its obligations. S+ complies with the environmental communication standard ISO 14021: exact, verifiable, relevant, not misleading. Thus, in terms of environmental footprint, the company systematically goes beyond the regulations in force by adapting its measurements and analysis of issues: analysis of generic impacts, specific analysis that corresponds strictly to a referenced product, knowledge of global impacts by including the stages of production and, in certain cases, of usage.

Ratio of energy consumption for 1 m² of product manufactured by Serge Ferrari Group in 2020

Energy: 2.37 kWh per m²

Greenhouse gas emissions assessment (BEGES):
494 Gr eq CO2 per m²

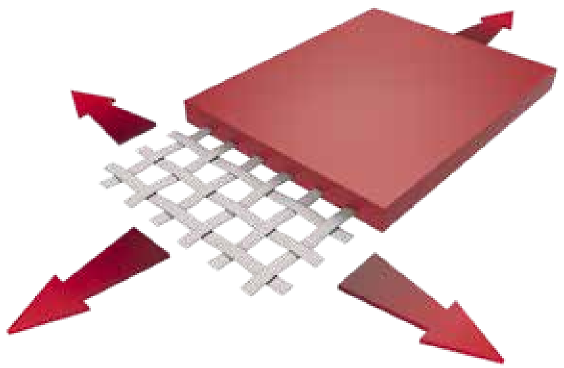
Déchets :

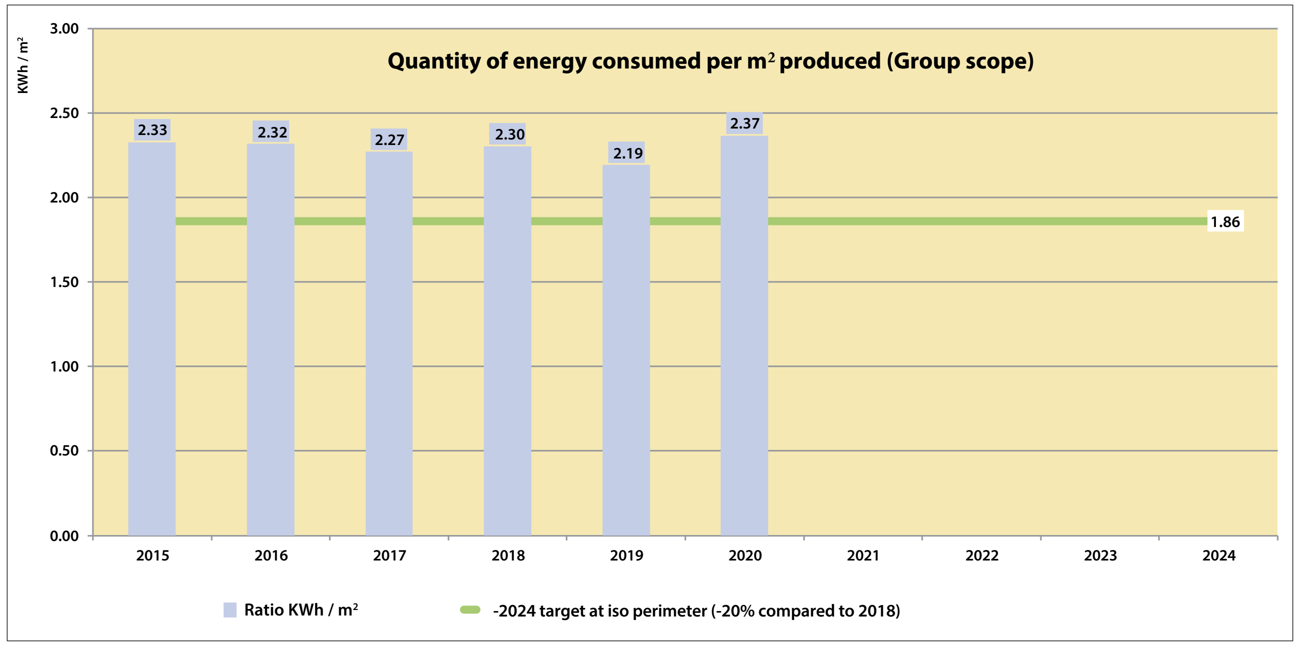
- 24 gr of hazardous waste per m²
- 123 gr of non-hazardous waste per m²

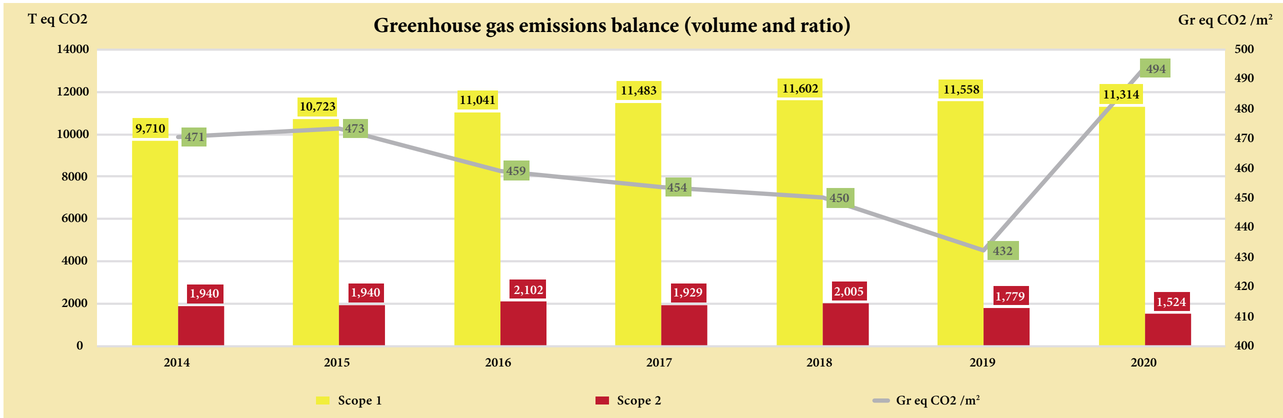
Valorisation :

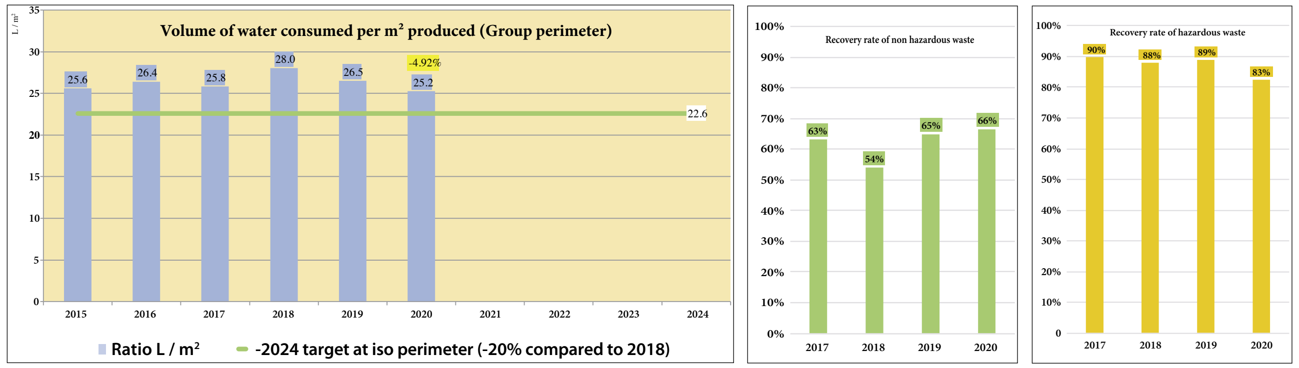
- 83% of hazardous waste and
  66% of non-hazardous waste

Water impact: 25.23 liters of water per m²









The disruption in business in 2020 caused by the COVID-19 pandemic is one of the factors adversely impacting our ratios. The off-production energies required to maintain the production equipment also impact the ratios per m² of finished goods. Unlike the other years, unstable production, with numerous stoppages followed by restarts, is an additional factor that has hampered our business in 2020. Lower electricity consumption, waste volume below that of previous years, and the sharp fall in water consumption are not representative of our efforts to contain our ratios. As a result, our energy consumption is not directly correlated with actual production in m².

RALLYING OUR TEAMS AROUND OUR BUSINESS PLAN

Since its creation, the Group has always relied upon and invested in its people who have contributed to shaping a very strong culture at Serge Ferrari. A culture to which all stakeholders – employees, partners as well as customers – are very attached. The Group continues to nurture this DNA which fosters collective action, entrepreneurial spirit and innovation, in particular when it undertakes external growth operations. However, in a constantly changing environment and in the face of challenges arising from digitization of organizations, we must evolve and adapt by leveraging our know-how and the commitment of our teams by maintaining the quality of the industrial relations climate, which is our strength.

In accordance with our Serge Ferrari 2020 – 2024 strategy, we continue to consolidate our commitments and initiatives at the social level to carry forward the values of the Group in line with our business plan, while adopting a structured and integrated CSR approach.

Our ambition is structured around five strategic areas, for which we have set priority objectives:

- **Remain an attractive business:** capitalize on our brand and our capacity for innovation to attract talents;
- **Retain our employees:** increase internal promotion and roll out the project mode. The aim is to promote inclusion and team work which impact working conditions and offer career prospects and development within the Group;
- **Expand mobility and flexibility:** promote new methods of collaboration and work as much as possible while ensuring that they co-exist and counter-balance with the more conventional modes of operation;
- **Promote health and well-being at work:** support our managers in fostering and maintaining a peaceful and secure working environment;
- **Continue to prioritize safety:** reinforce our prevention, training and support measures for our employees on matters of safety.

An attractive company in terms of innovation and know-how

Serge Ferrari enjoys a good reputation, which is based in particular on the technical expertise of the Group. We intend to continue to attract talents to lastingly embody our know-how, which is our differentiating factor.

Serge Ferrari Academy

Our Serge Ferrari Academy currently structures the onboarding and inclusion process for new employees. We continue to attract specialized profiles, in particular to ensure that our R&D department remains at the cutting-edge of innovation. This type of highly sought after profile compels us to offer a career path and projects that appeal to candidates who wish to join a committed company and who are sensitive to its values.

We are also involved upstream in sectors offering training specific to our area of activity where expertise will become increasingly scarce. We encourage different forms of learning: professional training contracts, internships, work-study contracts. Besides engineering profiles, we also focus on training young talents for sales and marketing jobs.

Renewal and maintenance of skills

We see to it that the skills of our operators in production are maintained through the regular renewal of the specific licenses required to exercise their trade (CACES for operating material handling equipment and forklifts, electrical accreditation, training in health and safety at work, etc.). While the health crisis compelled us to significantly reduce our face-to-face training activities, distance training continued.

Our Serge Ferrari Academy also plays a central role in our continuous training policy which aims to deepen the knowledge and skills of our employees. Modules on specific themes (technical, managerial, commercial) are rolled out every year for the different trades present in the Group, based on prior needs assessments. In 2020, the Serge Ferrari Academy thus delivered 475 hours of training to its employees aimed to enhance product knowledge and technical trades.

Promoting health and well-being at work

For the Group, working conditions have always been a priority in order to provide employees with a clean and conducive environment and contribute to work-life balance.

Serge Ferrari is pursuing its work on Quality of Life at Work through the think-tank and the multi-disciplinary steering committee set up for this purpose in 2019. Thanks to this steering committee, several lines of action have led to the emergence of a project aimed to create a series of training sessions intended for all managers of the Group. The theme of these training sessions was “Identifying and anticipating difficulties arising from the COVID-19 crisis”. The objective was to give managers useful insights and tools for identifying hardship situations. All the sessions were co-conducted by Human Resources, a member of the CSSCT and our occupational health nurse.

Retaining our employees

Loyalty is a historical value for the Group and we continue to capitalize on it.
The sense of belonging of our employees in France and internationally is a strength for us. The average years of service of employees of the Group is 10.99.

Working in project mode
To contribute to reinforcing this sense of belonging, we put in place more inclusive and cooperative modes of operation by rolling out the project-based approach Group-wide.

Recognizing our employees' loyalty
Every year, long-standing employees are rewarded with the long-service awards, a recognition of their long years of involvement in the company.

Extending the home office and pursuing coworking
The Group home office agreement signed in 2019 gives eligible employees the possibility to work from home one day a week. This agreement has allowed us to massively extend the home office scheme during the lockdown periods due to the health crisis. Besides the early provision of IT equipment, we noted that the system was effective for functions for which the home office scheme was not initially considered (such as Sales administration). Backed by this experience, we will continue to develop the home office scheme and maintain it over time while also managing in a smart and humane manner the required measures for on-site and remote working. In parallel, we will support managers who manage and coordinate teams working partly from home. For Serge Ferrari, the absence of physical proximity must not spell the end of conviviality.

An increasing number of our employees come to the headquarters from Lyon and Grenoble. To ease the commute and limit long car journeys, the Group has chosen to test co-working spaces located in these two cities. The pilot project launched in 2019 showed encouraging results which we could not confirm in 2020 due to the health crisis. Nevertheless, the initial feedback that we have confirms our desire to expand co-working, which is a driver of performance and creativity for our teams.

Expanding mobility

As part of organizational changes, Serge Ferrari has decided to give priority to internal mobility.
This policy is largely relayed by Human Resources to managers who are generally in keeping with this trend.

Mobility concerns any type of function within the Group: Marketing, Sales, Support, Production.
The Group also encourages geographical mobility and gives interested and competent employees the opportunity to further their career internationally. International presence is a strength for Serge Ferrari Group which promotes to its employees the possibility of developing their career elsewhere.

Continuing to prioritize safety

Over and above the regulatory aspect, safety remains an ongoing priority for Serge Ferrari.
Many years back, the Group created the post of internal trainer dedicated to safety. This was a key step in structuring and disseminating a safety culture among the production teams who are the most concerned. Our teams are therefore continually trained and accredited to manage risky situations. To deepen the dissemination of our safety culture, the Group has implemented a training program delivered in small groups of six persons to team leaders and operators. Specific modules per function, including the related targets, were defined beforehand. Almost all the training sessions were delivered in 2020. The remaining ones, which were postponed due to the health situation will be conducted in the first quarter of 2021. More generally, 31% of employees have been trained in Health and Safety this year.

Since 2018, our Personal Protection Equipment (PPE) plan has been constantly improved to:

- upgrade existing equipment in order to ensure maximum protection for our teams working in Production (widespread use of goggles, etc.),
- extend it to employees entering occasionally in an area where it is required to wear them.

In the context of the health crisis, all necessary equipment (masks, hand sanitizers, special disinfectant) are provided to all our teams, in support of the prevention protocols and measures specifically applied to each existing work station in the Group (COVID RSS for teams working on production lines, support functions and cross-cutting departments based in offices). We have also adapted these protocols to off-site staff (sales people) working in France and abroad.

A health protocol dedicated to external service providers having to interact with our employees for the purposes of their work has been implemented to reinforce the safety of our teams. All our prevention plans now include the COVID risk.

Reconciling business and social utility

Business ethics

Since January 2018, an anti-corruption code of conduct which refers to the United Nations Convention against Corruption, is applicable within the Serge Ferrari Group. It is set within the framework of Law No. 2016-1691 of December 9, 2016 on transparency, the fight against corruption and modernization of economic life. Its implementation is supported by:

Awareness creation and training initiatives
Managerial and non-managerial employees most exposed to corruption and influence peddling are offered training which they must follow. Other employees of the Group are required to acquaint themselves with said code and are made aware by their managers of the fight against corruption and influence peddling. To perform their work in compliance with the applicable regulations, employees have, in addition to the anti-corruption code of conduct, the following charters: Safety, Ethics, Internal Rules of Procedure, Harassment and Violence at work, IT, Sustainable procurement, home-office/co-working.

A global professional whistle-blowing system
It aims to receive reports from employees relating to the existence of conducts or situations contrary to the established anti-corruption code of conduct. The whistle-blowing procedure is described in the Ethics Charter (Article 3). To ensure the roll-out of the overall system and the confidentiality of information collected, the Serge Ferrari Executive Committee has appointed two Whistle-blowing coordinators:

- Françoise Fournier (France, bât F): françoise.fournier@sergeferrari.com
- Niklaus Zemp (Switzerland): niklaus.zemp@sergeferrari.com

They can be contacted directly or on the following email address: referent.alerte@sergeferrari.com If any employee considers that a serious breach of the rules of business ethics listed in this charter and the rules set out on the anti-corruption code of conduct has been committed or is about to be committed, he /she may contact members of the Ethics Committee, made up of the Chief Financial Officer, COO-CSR, HR Director, who can be reached on the email address: ethics.committee@sergeferrari.com or the telephone number: +33 4 74 97 41 33.

Françoise FOURNIER, Whistle-blowing coordinator.

Regular internal controls
These are implemented in order to check the compliance of practices.
Corporate governance bodies also regularly monitor the implementation of internal controls and follow-ups given to the alerts.

Sanctioning of established breaches
Non-compliance with the rules renders the employee personally responsible and makes him/her liable to sanctions, including criminal sanctions. Any breach of one of the provisions of the code may be subject to one of the disciplinary sanctions mentioned in the Internal Rules of Procedure. If an executive or employee of a foreign subsidiary is concerned, the disciplinary sanctions shall be established in accordance with laws applicable to contractual relations.

Dissemination in accordance with regulations
A copy of the anti-corruption code of conduct is given to each new recruit.
The anti-corruption code of conduct is posted in the different entities of the Group, on its intranet and its website. Two copies are provided to the labor inspectorate.

Direction of the marketing strategy

Proactive in terms of application and very involved with the business sector, Serge Ferrari achieves more than 80% of its revenue from applications which:

- improve the heat balance of buildings,
- directly protect the environment,
- contribute to the development of alternative energies.

Engagement with civil society

Investing in markets serving society
Serge Ferrari develops niche applications that represent a small share of the Group's revenue but have obvious societal impact:

- Fish farming (aquaculture) promotes alternative modes of production and consumption, preventing overexploitation of fisheries resources and pollution of the aquatic environment;
- Flexible tanks enable drinking water to be carried to areas where access to water is limited and not secure;
- Modular structures (bungalows, tents, etc.) are emergency or semi-emergency shelters in areas of the world affected by climate related disasters and/or conflicts;
- Snow farms protect the natural resource to prevent massive recourse to canons in ski stations in high and medium mountain areas, while ensuring the maintenance of their activity.
- In 2020, Serge Ferrari developed and patented a virucidal technology named AGIVIR which, when applied on its composite membranes, contributes to the fight against the spread of COVID-19. Since it was launched, this solution has been used on different applications: modular structures for building field hospitals, medical furniture, protective sheaths for handrails, etc.

Dialog with local associations
Serge Ferrari Group has obtained the label "Action Bourbre Responsable" from the association BeE (Bourbre Entreprises Environnement) for seven consecutive years (2013, 2014, 2015, 2016, 2017, 2018 and 2019). The association brings together and promotes businesses which voluntarily undertake initiatives to protect the environment (pollution treatment systems, creating catchment areas in wetlands, etc.). It also works at the Isère territorial level through its financial contribution to concerted operations (reforestation of rivers which are thereafter maintained by the local communities for example).

As the representative of industrial operators, Serge Ferrari also works with the Joint Planning Association of the Bourbre Basin (SMABB), which manages the Water Development and Management Scheme (SAGE). Serge Ferrari SAS has set up a biodiversity plan on the banks of the creek bordering its properties: all technical actions concerning maintenance or modifications are carried out if necessary under the supervision of the river technician of the SMABB.

Fabien DRAY, Team Leader Enduction Ligne PRE3.

METHODOLOGY NOTE

The method for developing the business model

The business model showcases Serge Ferrari Group's way of creating value and protecting it over the long term through its activities and offer of services. It reflects the Group's strategic vision.

Its formalization is the result of joint work, at Group level, in particular among the following departments: Executive Management, Finance Department and QHSE Department.

Organization and reporting method

For this new edition, the information required for drafting the Non-financial performance statement was compiled from different Departments (Human Resource, QHSE, Procurement, Finance, etc.) and from the subsidiaries. Data provided by the different departments were then consolidated at Group level.

Qualitative data were compiled through dedicated interviews with people inside and outside the Group, and checked internally by the different Departments involved in the reporting.

The Chief Operating Officer - CSR is designated as the person responsible for the non-financial reporting at Group level. Furthermore, a drafting committee for the CSR report made up of the same Departments performs a data consistency check at each stage of the preparation of the report.

Reporting scope and period

The non-financial reporting of Serge Ferrari Group in respect of fiscal year ended December 31, 2020 concerns two distinct scopes:

- The industrial scope consisting of the following entities: Serge Ferrari SAS, Serge Ferrari AG, CI2M SAS, Serge Ferrari Tersuisse, and Plastitex (including Istratextum);
- The sales and distribution scope covering the following entities: Serge Ferrari North America, Serge Ferrari Asia Pacific, Serge Ferrari Japan, Serge Ferrari Latino America, Serge Ferrari Brasil, Serge Ferrari India Limited, Serge Ferrari Shanghai, Serge Ferrari GmbH, Serge Ferrari AB, Serge Ferrari Tekstil, Ferramat Tekstil, Giofex Group Srl.

These entities are all fully consolidated in the non-financial reporting.

The external growth of Serge Ferrari Group through the acquisition of F.I.T. and Verseidag is not included in the reporting scope of the year 2020. However, the integration of these two entities is a major issue for the Group in 2021.

Relevance of indicators used

The choice of relevant indicators was made by the report's project team: Executive Management, Human Resource Department and QHSE Department. The relevance of the chosen indicators is assessed by reference to the social, environmental and societal impacts of the activity of Group companies and the risks related to the businesses carried out. The risk analysis performed showed macro-risks for which commitments have been or will be taken, and led to the definition of key performance indicators to be used to monitor the effectiveness of the measures undertaken.

Details about the methodology

Energy consumption takes into account the energy used for heating buildings and for the production processes across the Group's industrial scope.

Water consumption takes into account water uses and cooling water. They are measured in accordance with the criteria recommended under ISO 140 40.44 for Life Cycle Assessments. Accordingly cooling water is considered as water consumed.

All water and energy readings across the industrial scope are taken using the same method, physical readings from meters or records of invoices showing the consumption period. Energy and fluids of low-consumption companies were not taken into account for the sales and distribution scope (marketing subsidiaries). Since most sites are under the ISO 50 001 management system, these readings are audited every year.

CO_2 emissions relate to energy consumption due to processes and the thermal oxidation of solvents in the treatment of smoke from flexible composite materials. Due to technical constraints, it is not possible currently to obtain all carbon balance data. The greenhouse gas emissions assessment (BEGES) thus covers the industrial scope and provides the results of Scope 1 and 2 (excluding company vehicles). Hazardous waste and non-hazardous waste concern volumes collected at production sites (industrial scope).

As regards the workforce, French employees come under French social law and conversely for foreign employees. Workforce is counted as of December 31, 2020. It includes permanent and fixed-term contracts, professional training contracts, apprenticeship contracts and wage portage.

The absenteeism rate is calculated by dividing the number of days lost of all employees in the industrial scope by the average workforce in the year, divided by the number of working days in the year.
Industrial accidents concern accidents at work in 2020, excluding relapses.

The different rates are calculated as follows*:
TF1 = No. of lost-time accidents x 1,000,000 / by hours worked.
TF2 = No. of reporting level of accidents x 1,000,000 / by hours worked.
TG = No. of working days lost for WA x 1,000 / by hours worked.

** We do not take into account the treatment of long-term absences and relapses in our calculations of the absenteeism rate.*

The Full Time Equivalent (FTE) is a unit of measurement equivalent to the work load for an activity in the defined period. In our case, we calculate the presence in effective number of hours as a proportion of the duration of activity for the calendar year. One person present for 8 hours for an activity of 8 hours will be equal to 1 FTE. One person present for 4 hours for an activity of 8 hours will be equal to 0.5 FTE. For the Serge Ferrari Group NPFS, we apply the following rule: FTEW = Full time equivalent worked over the year, taking into account presence during the calendar year.

Calculation rule: Individual x Work percentage[1] x period of activity in year[2]

[1] Work percentage = working time, full-time or legal full-time in the country. Prorata if part-time
[2] Period of activity in year = Value of 1 if full presence.
Prorata if joined/left during the period with a minimum of 15 calendar days per month, if no = 0
Beyond 90 days, employees on continuous leave are no longer taken into account in the FTEW calculation.

Exclusions

In view of its activity, the Group is not directly concerned by issues relating to food waste and the fight against food insecurity, protection of animal welfare and responsible, fair and sustainable food choices. These factors have therefore not been addressed in the Non-financial performance statement.

External audit procedure

The social, environmental and societal information published in this Non-financial performance statement, have been audited by an Independent Third-party Body for the purposes of issuing an opinion on:

- the Statement's compliance with Article R. 225-105 of the French Commercial Code;
- whether the information provided is true and fair pursuant to Article R. 225-105 (3) I and II of the French Commercial Code, namely the outcome of policies including key performance indicators and actions related to the principal risks.

The nature of the work conducted and the findings are presented in the Section "Report from the Independent Third-party Body" on the Non-financial performance statement page XX.

2.4 CORRESPONDENCE TABLE FOR THE NON-FINANCIAL PERFORMANCE STATEMENT

Correspondence table of the 2020 annual report with the decree n° 2017-1265 of August 9, 2017 taken for the application of Ordinance No. 2017-1180 of July 19, 2017 on the publication of non-financial information

Designation	Presentation of the main offers and services
Business model	
Business model summary	Chapter DPEF - Business Model (see chapter 2.2 of the EDU)
Description of the main activities and distribution by geographical area	
Group presentation	Chapter 1 of the EDU
Presentation of the main offers and services	Chapter 1 of the EDU
Presentation of the company's markets and customers	Chapter 1 of the EDU
Geographic presence of the Group	Chapter 1 of the EDU
Description of the business model	
Organization and governance of the company (Financial and non-financial resources)	Chapter 1 and 3 of the EDU & Chapter DPEF - Governance (see Chapter 2.2 of the DEU)
Competitive positioning	Chapter 1 of the EDU
Positioning in the industry	Chapter DPEF - Stakeholder Mapping (see chapter 2.2 of the EDU)
Future prospects and objectives	Chapter 5 of the UD - 5.5 Perspectives & ECD Chapter
Risks related to the company's activity	Chapter 4 of the EDU - Risk Management & Chapter DPEF - Mapping of CSR issues (see chapter 2.3 of the EDU)
Policies, results and key performance indicators	Chapitre DPEF (cf. chapitre 2.5 du DEU)

2.5 REPORT OF THE VERIFICATION BODY

Serge Ferrari

Industrial scope (>98% of the Group's activities)

Registered name	Address
Serge Ferrari SAS	La Tour-du-Pin (France)
Ci2M Sas	La Tour-du-Pin (France)
Serge Ferrari AG	Eglisau (Switzerland)
Serge Ferrari Tersuisse (Ex Ferfil Multifils)	Emmenbrucke (Switzerland)
Plastitex / Istratextum	Carmignano di Brenta (Italy)

Sales and Distribution perimeter (>95% of Group activities)

Registered name	Address
Serge Ferrari North America	Pompano beach (USA)
Serge Ferrari Asia Pacific	Hong Kong (HK)
Serge Ferrari Japan	Kamakura (Japan)
Ferrari Latino America	Santiago (Chili)
Serge Ferrari Brasil	Sao Paulo (Brasil)
Serge Ferrari AG	Eglisau (Switzerland)
Serge Ferrari India Limited	Delhi (India)
Serge Ferrari Shanghai	Shanghai (China)
Serge Ferrari GmbH	Berlin (Germany)
Serge Ferrari AB	Veddige (Sweden)
Serge Ferrari Tekstil	Istanbul (Turkey)
Ferramat Tekstil	Istanbul (Turkey)
Giofex Group Srl	Milan (Italy)

Performance and monitoring indicators

Indicators	2020	2019	Reference framework ISO 26000	Comments	Objectives by 2024	SDGs shared reference framework
ENVIRONMENTAL ISSUES						
Reduction of environmental impact						
Water consumption per m² produced (L/m²)	25.23	26.8	Sustainable use of resources	The data include the water consumption of our industrial scope.	Reduce by 20% the liter per m² ratio of finished good compared to 2018 (28 L/m²)	**6.4** Sustainable management of water resources **9.4** Modernization and sustainability of industrial sectors **12.2** Sustainable management of natural resources
Energy consumption per m² produced (kWh/m²)	2.37	2.22		The data include the consumption of energy resources (electricity, gas, fuel, diesel) of our industrial scope.	Optimize the energy efficiency ratio by 20% across our industrial scope compared to 2018 (2.30 kWh/m²)	**7.3** Energy efficiency **9.4** Modernization and sustainability of industrial sectors
Consumption of renewable energy produced or bought (in MWh)	1,342,439	1,607,843	Mitigation of climate change and adaptation			**7.2** Renewable energies
Material balance (raw materials bought in gr. per m² produced)	643	661	Sustainable use of resources			**12.2** Sustainable management of natural resources
Greenhouse gas emissions assessment - Scope 1 (t. eq. CO_2)	11,314	11,624	Mitigation of climate change and adaptation	We draw up a Greenhouse gas emissions assessment (BEGES) Group-wide since 2015. Scope 1: combustion, non-energy processes (solvents) and fugitive hydrocarbon leaks.		**7.3** Energy efficiency **13.1** Measures to combat climate change - Resilience and adaptation
Greenhouse gas emissions assessment - Scope 2 (t. eq. CO_2)	1,522	1,945		Scope 2: electricity		
Greenhouse gas emissions assessment (Scope 1 + 2) per m² produced (gr. eq. CO_2 / m²)	494	444				
Recyclability						
Hazardous waste (HW) recovery rate in %	83	89	Sustainable use of resources	Industrial scope	0 tonne of waste sent to landfills by 2024	**12.5** Waste reduction
Non-hazardous (NHW) waste recovery rate in %	66	65				
Tons of hazardous waste per m² produced (gr. HW/m²)	24	23				
Tons of non-hazardous waste per m² produced (gr. NHW/m²)	123	131				

Performance and monitoring indicators

Indicators	2020	2019	Reference framework ISO 26000	Comments	Objectives by 2024	SDGs shared reference framework
SOCIAL ISSUES						
Attractiveness						
Total number of employees as of December 31 of the year	839	851	Employment and employer-employee relations	Group scope		**8.1** GDP growth **8.5** Full employment and decent work
Total payroll (in €'000)	56,183	54,107				
Total number of employees as of December 31 of the year across the industrial scope	678	682		Industrial scope		
Total workforce at year-end in FTE	836.5	768.04		incl. fixed-term contracts, temporary, etc.		
Permanent workforce at year-end in FTE	758.7	716.37				
Non-permanent workforce at year-end in FTE	77.84	51.67		Fixed-term, temporary, apprenticeship contracts, etc.		
Average workforce	852.28	838.3				
Average workforce industrial scope in FTE	671.04	677.25		Incl. permanent, temporary, etc.		
Number of recruitments of permanent employees in FTE	21	37.97		excl. acquisitions		
Number of recruitments under permanent contracts	30	37				
Total training budget (in € net of taxes)	450,018	399,434	Development of resources			**4.3** Professional training
Rate of contribution to training	0.8	0.74		Training budget / payroll		
Total number of training hours (incl. SF Academy)	7,108	8,116		Excl. new employees and excl. external customers		
Percentage of trained employees (all training programs) (in %)	54	72				
Average number of training hours per employee	8	9.68		Number of training hours / total average workforce		
Average hours of training per employee trained	19.58	16.53		These training programs are intended for the company's personnel (production and marketing)		
Number of training hours delivered by SF Academy for product knowledge and technical trades	475	403				
Commitment						
Average years of service	10.99	9.95	Employment and employer-employee relations	excl. disposals		
Staff turnover excl. fixed-term contracts (in %)	7.87	8.98		The calculation is based on permanent employees	Reduce staff turnover to 5%	
Number of departures of permanent employees in FTE	34.23	38.59		excl. disposals		
Percentage of employees under permanent contracts (in %)	92.25	90.6			Sustain employment	**4.4** Skills and access to employment
Percentage of employees under fixed-term contracts, incl. work-study contracts (in %)	7.75	8,58			Prioritize pre-recruitment opportunities (incl. work-study contracts)	
Number of training hours delivered by SF Academy for onboarding new employees	355.5	1439			Ensure that 100% of new employees attend onboarding sessions	**4.3** Professional training **10.2** Autonomy and onboarding

Performance and monitoring indicators

Indicators	2020	2019	Reference framework ISO 26000	Comments	Objectives by 2024	SDGs shared reference framework
SOCIAL ISSUES						
Diversity						
Percentage of men out of total workforce (in %)	73.42	72.27	Employment and employer-employee relations			**4.5** Equal opportunities
Percentage of women out of total workforce (in %)	26.58	27.73			Increase the number of women recruited	
Breakdown by age group in %						
< 30 yrs	10.85	11.99	Employment and employer-employee relations			**4.4** Skills and access to employment
30-39 yrs	24.91	26.32				
40-49 yrs	31.23	30.43				
> 49 yrs	33.02	31.26				
Workforce average age	44	42.94				**4.5** Equal opportunities
Percentage of total workforce in the country of the headquarters	53.75	58.87				
Percentage of permanent workforce in the country of the headquarters	54.52	52.92				
Number of men recruited under permanent contracts	23	37				**4.5** Equal opportunities
Number of women recruited under permanent contracts	7	22				
Percentage of workers with disabilities (in %)	2.23	3.4		France scope	Aim for 6%	**5.1** Fight against discrimination
Health / Well-being						
Rate of absenteeism (illness and accidents at work)	3.76	4.27	Health and Safety at work	Industrial scope	Reduce rate of absenteeism to 2.5%	**3.4** Promotion of mental health and well-being
Percentage of employees working part-time (in %)	5.36	5.64	Employment and employer-employee relations		Facilitate access to part-time work	
Safety						
Accident frequency rate (TF1)	16.82	19.86	Health and Safety at work	Industrial scope Calculation based on norms recognized by CARSAT. In 2020 there was no accident involving temporary workers.	By 2024, reduce the number of accidents at work by 50% compared to 2018 TF1 = 19.07% TF2 = 22.88%	**8.8** Rights and safety in the workplace
Accident frequency rate (TF2)	22.08	25.82				
Accident severity rate (TG)	0.22	0.56				
Accident frequency rate among temporary workers (TF1)	0	22.99		(Number of lost-time accidents x 1,000,000 / Number of hours worked) TF1		
Accident frequency rate among temporary workers (TF2)	0	22.99		(Number of accidents without lost-time x 1,000,000 / Number of hours worked) TF2		
Accident severity rate among temporary workers (TG)	0	0.07				
Number of occupational diseases	0	0		The company has recorded no occupational disease to date.		
Percentage of employees trained in health and safety (in %)	31	61		Industrial scope	50% of employees trained in health and safety	**4.3** Professional training **8.8** Rights and safety in the workplace
Total expenses incurred for training on Health and Safety in €	183,573	148,513				

Performance and monitoring indicators

Indicators	2020	2019	Reference framework ISO 26000	Comments	Objectives by 2024	SDGs shared reference framework
SOCIETAL ISSUES						
Investing in markets serving society						
Share of total revenue dedicated to innovation (in %)	3.37	3.84	Deployment of corporate social responsibility	The percentage is calculated on the basis of the entire industrial scope.		**9.5** Innovation R&D
Number of active patents	33	35	Development of technologies			
Number of patents filed	4	19				
Number of external training hours delivered by Serge Ferrari Academy for our customers and service providers	51	585	Development of technologies and access to technology	These training programs are intended for our external stakeholders.		**12.8** Environmental training and information
Percentage in volume of CMR substances used in production	12	7.9	Protection of the health and safety of consumers	These substances are classified CMR1B and CMR 2. Our products do not contain CMR1A. New CMR substances were reassessed in 2019.	Limit the use of CMR products while taking into account new regulations	**9.4** Modernization and sustainability of industrial sectors **12.8** Environmental training and information
Emergency sponsorship						
Sponsorship (in €'000)	66	834	Deployment of corporate social responsibility	Due to the impacts of the health crisis, we were not able to maintain our usual sponsorship initiatives. The Group has focused its commitments to the development of application solutions directly contributing to preventing the spread of COVID-19.		**17. 17** Multi-player partnerships

Commitment indicators

Indicators	Comments	Core subjects and Issue ISO 26000	SDGs shared reference framework
GOVERNANCE AND STRATEGY			
Signature of the United Nations Global Compact	The Group signed up to the Global Compact on December 19, 2019	**6.2** Organizational governance	**17.** Partnership for achievement of the global goals
Formalization of a structured CSR strategy, including action plans or goals on issues which are social, environmental and linked to stakeholders	The Group's social and environmental goals are formalized in the 2024 strategy.		**12.6** Corporate social responsibility
Existence of a person or a department responsible for CSR/sustainable development issues	Romain Ferrari is the Group Chief Operating Officer - CSR.		
Presence in the Executive Committee (or the management committee) of a person responsible for CSR/sustainable development issues	Romain Ferrari and several members of the CSR Committee are part of the Executive Committee		
Presentation of the CSR strategy to the Board during the year	The Group CSR Committee meets four times a year to assess the progress of the strategy.		
Analysis of the Group's non-financial issues	The Group has developed a materiality matrix which presents and prioritizes non-financial issues, published since 2019.		
Prioritization of non-financial issues			
The non-financial issues identified as most material are reflected in the risk factors			
Formalization of a Business Continuity Plan	The plan is being updated following the different acquisitions.		
IT risks are presented to governance bodies at least once a year.	An annual audit conducted by an external service provider highlights the IT risks, which are presented to the Executive Committee.		
Existence of IT systems intrusion tests	IT systems intrusion tests are performed every three years.		
Existence of an internal IT charter	The IT charter was formalized in 2016.		
SOCIAL DIALOG			
Existence of a Human Resource Director	Hervé Garcia, Human Resource Director, is a member of the Executive Committee, responsible for the proper implementation of the Group's strategy and related policies.	**6.4.5** Employment relations and working conditions - Social dialog	**4.3** Professional training **4.4** Skills and access to employment **4.5** Equal opportunities
Engagement in the promotion of social dialog	Serge Ferrari has a trade union representation and a Social and Economic Committee.		
Number of collective agreements signed in France	Three agreements were signed in 2020.		
HEALTH & SAFETY AT WORK			
Existence of a SHH (safety, health and hygiene) management system	The Group has had a safety, health and hygiene management system for many years.	**6.4.6** Employment relations and working conditions - Health and Safety at work	**8.8** Rights and safety in the workplace
Percentage of activities having an external SHH certification (e.g. OHSAS 18001)	This activity is not subject to certification.		

Commitment indicators

Indicators	Comments	Core subjects and Issue ISO 26000	SDGs shared reference framework
GENERAL ENVIRONMENTAL POLICY			
Percentage of activities directly meeting a sustainable development goal (SDG)	100% of the Group's activities.	**6.5** Environment	**17.** Partnership for achievement of the global goals
Existence of installations listed for the purposes of environmental protection (ICPE)	Serge Ferrari Group has ICPE authorization orders for the French sites.		**7.3** Energy efficiency **9.4** Modernization and sustainability of industrial sectors **13.1** Measures to combat climate change - Resilience and adaptation
Conduct of an energy audit in the last four years	Under French regulations, companies that are ISO 50001 certified are exempted from an energy audit.		
Percentage of the consolidated environmental reporting scope	100%		
Formalization of an environmental policy (issues and goals)	The environmental policy is formalized as required under ISO 14001.		
Existence of an environment management system	The Group's EMS is supported by ISO 9001, ISO 14001, ISO 50001 certifications.		
Percentage of activities having an environmental certification (e.g. ISO 14001, EMAS)	100% of activities have the certification		
Existence of audits, measures or reporting on issues linked to air pollution (excluding GHG issues)	Audits and regulatory measures		
Provisions and guarantees for environmental risks (in €)	373,211		
Existence of a quality management system	The Group is ISO 9001 V2015 certified		
Percentage of activities having a quality certification (e.g. ISO 9001)	100% of activities have the certification		
WASTE MANAGEMENT			
Existence of a waste sorting system	The company sorts its waste in accordance with the (5 flows) regulation and a selective waste sorting process established in administrative departments.	**6.5.3** Environment Pollution prevention	**12.4** Ecological management of chemical products **12.5** Waste management
Existence of an action plan for the management of waste and hazardous substances (DEEE, REACH, ROHS, etc.)	The action plan aims to reduce the ratio of volume of waste to volume produced: a quarterly ratio measures this performance.		
SUSTAINABLE USE OF RESOURCES			
Initiatives/actions to reduce the quantity of inputs/consumables - excluding energy - (paper, water, raw materials, etc.) and/or waste	The purpose of the Environment, Energy, Waste (W2E) committee is to initiate, compile and measure ongoing actions.	**6.5.4** Environment Sustainable use of resources	**6.4** Sustainable management of water resources **12.2** Sustainable management of natural resources
Analysis of critical natural resources	The Group measures its water impact (taken from the ground water in La Bourbre) and aims to reduce it by 20% by 2024.		
CLIMATE CHANGE			
Existence of an action plan for energy savings and reduction of GHG emissions	These needs as a whole are partly managed by ISO 50001 standard for which the company is certified.	**6.5.5** Environment Mitigation of climate change and adaptation	**7.2** Renewable energies **13.1** Measures to combat climate change - Resilience and adaptation
Initiatives aiming to reduce the environmental impact of business trips or commuting	Internal car pooling initiative and bicycle sharing system		
Initiatives aiming to reduce the environmental impact of internal and outsourced logistics	The Group's logistics is included in the environmental analysis that it is required to do.		
Conduct / revision of a greenhouse gas emissions assessment in the last three fiscal years	The Group conducts the Greenhouse gas emissions assessment (BEGES) since 2015 across its global scope.		
Detailed publication of the breakdown of energy sources or types of energy consumed	In its policy, Serge Ferrari undertakes to perform on the ratios of energies consumed per unit produced. The breakdown of energies consumed without correlation with a production volume was not chosen by our organization as a performance criterion.		

ICommitment indicators

Indicators	Comments	Core subjects and Issue ISO 26000	SDGs shared reference framework
PROTECTION OF BIODIVERSITY			
Initiatives for the protection and preservation of biodiversity in the company's infrastructures	"Agrion" Biodiversity Plan on the maintenance of its green spaces, with the objective of improving the habitat and enabling species to develop.	**6.5.6** Environment Biodiversity protection	**15.5** Biodiversity and endangered species
Biodiversity analysis (assessment of the impacts and dependence of the company's activities)	An audit was conducted to enable the company to adopt long-term measures through the "Agrion" plan.		
FIGHT AGAINST CORRUPTION			
Unjustified presence of subsidiaries registered in countries where there is a risk of financial opacity	All foreign subsidiaries of the Group are justified by our activities.	**6.6.3** Fair practices Fight against corruption	**16.4** Organized crime
Commitment to fiscal responsibility	All types of prohibited behavior are listed in our anti-corruption code for executives and employees.		**16.5** Corruption
PROMOTION OF CORPORATE SOCIAL RESPONSIBILITY IN THE VALUE CHAIN			
Incorporation of environmental criteria in procurement / sub-contracting practices	Our suppliers commit to and sign our Sustainable procurement charter which sets out a number of environmental criteria.	**6.6.6** Fair practices Promotion of corporate social responsibility in the value chain	**12.2** Sustainable management of natural resources **12.5** Waste management **12.6** Corporate social responsibility
Existence of audits of suppliers / sub-contractors to check the proper application of these environmental criteria	One job creation in 2019 was dedicated to this task in order to conduct regular audits using a pre-established environmental check-list.		
Existence of audits of suppliers / sub-contractors to check the proper application of these environmental criteria	Our external audit approach allows for verification of these criteria.		
Support to sub-contractors / suppliers as regards social and/or environmental criteria	Serge Ferrari grows and shares its knowledge through its experience and the certifications that it holds. Through this approach, sub-contractors can benefit from the experience acquired, if they wish to. Working groups are regularly set up to look into specific issues.		
Identification of suppliers in a position of economic dependence	The verification and identification of suppliers is subject to a search by rating agencies (example: Crédit Safe).		
Certification of a life cycle assessment (LCA) of products (e.g: ISO 14040) (last five years)	erge Ferrari has always been mindful of the possible impacts or risks on the products' LCA. In 2011, the company helped its customers conduct LCAs for items they were marketing. Since 2015, the company conducts EPDs for the solar protection products Soltis and Acoustic ceilings.		
Introduction of a process for the eco-design of products.	The EPD is an improvement on the Product LCA, which it has replaced. An S+ classification establishes the profile of each of these composite materials.		**3.9** Health environment
PROTECTION OF THE HEALTH AND SAFETY OF CONSUMERS			
The risks related to endocrine disruptors are identified	Work of the Monitoring-Warning Committee (regulatory watch) and work on substitution	**6.7.4** Questions related to consumers Protection of the health and safety of consumers	**3.9** Health environment
Greenguard Label for interior building products for the USA	Compliance with and control of the rate of VOC emission in ambient air		
SUSTAINABLE CONSUMPTION			
PVC Best Practice label for Australia	Manufacture and use PVC under the best possible conditions so as to protect the environment	**6.7.5** Questions related to consumers Sustainable consumption	**3.9** Health environment
Products and/or services with environmental and/or social added value	Ecocage since 2015. Virucidal AGIVIR technology developed in 2020.		

2.6 REPORT FROM THE VERIFICATION AGENCY

To the Shareholders,

Following the request made to us by SERGEFERRARI GROUP (hereinafter "entity") and in our capacity as an independent third party body whose accreditation has been accepted by the COFRAC (Comité Français d'Accréditation) Inspection under N° 3-1081 (scope available on www.cofrac.fr), we hereby report to you on the consolidated Non-financial performance statement for the year ended December 31, 2020 (hereinafter the "Statement"), presented in the Group's management report in accordance with the legal and regulatory requirements of Articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

Responsability of the entity

It is the responsibility of the Board of Directors to prepare a Statement in accordance with the legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to these risks and the results of these policies, including key performance indicators.

The Statement has been prepared in accordance with the framework used (hereinafter the "Framework") by the entity, the significant elements of which are available on request from the company's headquarters.

Independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the profession's code of ethics. In addition, we have implemented a quality control system that includes documented policies and procedures to ensure compliance with ethical rules, professional doctrine and applicable laws and regulations.

Responsibility of the independent third party

It is our responsibility, based on our work, to express a reasoned opinion with a moderate level of assurance on:

- the Statement's compliance with Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225-105 of the French Commercial Code, namely the results of policies, including key performance indicators, and actions relating to the main risks, hereinafter referred to as the "Information".

However, it is not our responsibility to express an opinion on:

- the entity's compliance with other applicable legal and regulatory requirements, in particular with regard to the due diligence plan and the fight against corruption and tax evasion;
- the compliance of products and services with applicable regulations.

Nature and scope of our work

We conducted our work in accordance with the standards applicable in France governing the procedures to be followed by independent third-party auditors and with the ISAE 3000 International Standard.
Our work was performed between January 5, 2021 and March 11, 2021 for a duration of approximately 8 days/person. We conducted 6 interviews with the persons responsible for the Statement.

We conducted work enabling us to assess the compliance of the Statement with regulatory requirements and the fairness of the information:

- We reviewed the activities of all the companies included in the scope of consolidation and the main social and environmental risks associated with these activities;
- We assessed the appropriateness of the Framework in terms of its relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices in the sector;
- We verified that the Statement covers each category of information required by Article L. 225-102-1 on social and environmental matters;
- We verified that the Statement presents the business model and the main risks related to the activity of all the entities included in the scope of consolidation, including, where relevant and proportionate, the risks created by its business relationships, products or services, as well as the policies, actions and results, including key performance indicators;
- We verified, where relevant with respect to the principal risks or policies presented, that the Statement presents the information required by Article R. 225-105;
- We assessed the process for selecting and validating the main risks;
- We verified the existence of internal control and risk management procedures implemented by the entity;
- We assessed the consistency of the results and key performance indicators with the main risks and policies presented;
- We verified that the Declaration covers the consolidated perimeter, i.e. all the companies included in the scope of consolidation in accordance with Article L. 233-16;
- We assessed the collection process implemented by the entity to ensure the completeness and fairness of the information;
- We implemented for the key performance indicators and other quantitative results that we considered the most important:
- Analytical procedures consisting of verifying the correct consolidation of the data collected and the consistency of changes in the data;
- Detailed tests on a test basis, consisting of verifying the correct application of definitions and procedures and reconciling the data with supporting documents. This work was carried out on a selection of contributing entities1 and covered between 65% and 100% of the consolidated data for the key performance indicators selected for these tests2;
- We consulted documentary sources and conducted interviews to corroborate the qualitative information (actions and results) that we considered most important;
- We assessed the overall consistency of the Statement in relation to our knowledge of all the companies included in the scope of consolidation.

We believe that the work we have performed in the exercise of our professional judgment enables us to provide a moderate level of assurance; a higher level of assurance would have required more extensive audit work. Due to the use of sampling techniques and other limitations inherent in the operation of any information and internal control system, the risk of not detecting a material misstatement in the Statement cannot be completely eliminated.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Non-Financial Performance Statement is not in compliance with the applicable regulations and that the Information, taken as a whole, is presented fairly, in accordance with the Standards.

Lyon, March 11, 2021

FINEXFI
Isabelle Lhoste Partner

[1] Industrial scope: Serge Ferrari SAS, CI2M, Serge Ferrari AG, Serge Ferrari Terresuisse, Plastitex / Istratextum
[2] Reduction of the environmental footprint, Recyclability, Attractiveness, Loyalty, Diversity, Health & well-being, Safety, Investing in socially oriented markets

3. CORPORATE GOVERNANCE

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To the Shareholders,

The Board of Directors' report on corporate governance focuses on, as part of the preparation of the financial statements for fiscal year 2020, the conditions for the preparation and organization of the work of the Board of Directors and its committees, the powers of the Chairman and Chief Executive Officer, the approved rules and principles to determine the remuneration and benefits of all kind granted to corporate officers, the components of corporate officer remuneration, the remuneration policy applicable to the Chairman and Chief Executive Officer, the managing directors and directors, pursuant to Article L. 22-10-8 of the French Commercial Code, as well as other information that must be included by virtue of Articles L. 225-37 et seq. of the French Commercial Code.

This report was submitted to the Audit Committee on March 8, 2021 and approved by the Board of Directors on March 11, 2021. It will be presented to the shareholders at the General Meeting on May 19, 2021.

BOARD OF DIRECTORS' REPORT ON CORPORATE GOVERNANCE

The Board of Directors has adopted the Middlenext Code of Corporate Governance, which may be found on **www.middlenext.com.**
The Company applies all recommendations of the Middlenext Code: the internal rules of procedure of the Board of Directors may be found on **www.sergeferrari.com**

3.1 COMPOSITION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

The Company's Board of Directors consists of a minimum of three and a maximum of eighteen members, except in the case of an exemption provided for by law. The members of the Board of Directors are appointed by the General Meeting on the Board of Directors' recommendation.

The term of office as director has been set at three years and is renewable. This term is adapted to the specific features of the Company, in accordance with Recommendation R 9 of the Middlenext Code. No one can be appointed director if, being older than 70 years of age, his/her appointment has the effect of increasing the number of directors older than 70 to more than a third of Board members.

At the date of filing this Universal Registration Document, the Board comprises 10 members, including 4 women and 6 independent directors in accordance with the criteria laid down by the Code: Karine Gaudin, Carole Delteil de Chilly and Caroline Weber, Bertrand Neuschwander, Christophe Graffin, Bertrand Chammas and Jan Kleinewefers. One director, Victoire Ferrari, represents the family shareholders.

The Executive Management team consists of Sébastien Ferrari, who has held the positions of both Chairman of the Board of Directors and Chief Executive Officer since April 30, 2014, Romain Ferrari, (Chief Operating Officer responsible for Corporate Social Responsibility - CSR) and Philippe Brun (Chief Financial Officer in charge of finance and information systems). Sébastien Ferrari, Romain Ferrari, and Philippe Brun are also directors of SergeFerrari Group. Membership of the Audit Committee, Strategy Committee, Remuneration and Appointments Committee and CSR Committee is set out below.

Ferrari Participations, the Group's main shareholder holding 70.4% of the capital stock (directly and indirectly), is not represented directly but indirectly via Sébastien Ferrari and Romain Ferrari, respectively Chairman and Chief Executive Officer of Ferrari Participations.

Subject to approval by the General Meeting of shareholders convened on May 19, 2021, the composition of the Board of Directors and the expiry dates of members' terms of office are as follows:

Name	Position	Start of office	End of office	Audit Committee	CSR Committee	Remuneration and Appointments Committee	Strategy Committee
Sébastien FERRARI	Director	Apr-25-16	2022 AGM	---	---	Member	Chairman
	Chairman - CEO		2022 BoD				
Karine GAUDIN	Director	Apr-25-16	2022 AGM	Chairman	----	---	---
Victoire FERRARI	Director	Apr-17-18	2024 AGM	Member	Member	---	---
Bertrand NEUSCHWANDER	Director	May-14-20	2023 AGM	---	---	Chairman	Member
Romain FERRARI	Director	May-14-20	2023 AGM	---	Chairman	---	Member
	Chief Operating Officer		2023 BoD				
Philippe BRUN	Director	Apr-17-18	2024 AGM	---	---	---	---
	Chief Financial Officer		2024 BoD				
Christophe GRAFFIN	Director	Apr-17-18	2024 AGM	Member	Member	---	---
Carole DELTEIL de CHILLY	Director	May-14-20	2023 AGM	---	---	Member	---
Caroline WEBER	Director	May-14-20	2023 AGM	Member	Member	---	---
Bertrand CHAMMAS	Director	Apr-17-18	2024 AGM	---	---	---	Member
Jan KLEINEWEFERS	Director	To be voted by the May 19, 2021 GM		---	---	---	---
Félicie FERRARI	Director	To be voted by the May 19, 2021 GM	2024 AGM	---	---	---	---

During the three-year period following the creation of the Board of Directors, one third of the directors were reappointed every year by means of a draw, in accordance with Recommendation R 9 of the Middlenext Code. Thereafter, directors will be reappointed in accordance with Article 14 of the Articles of Association based on seniority of appointment.
Four members of the Board of Directors, whose term of office will expire at the General Meeting on May 19, 2021, will be proposed for reappointment and shareholders will be asked to vote on this resolution at said General Meeting. The appointment of two new directors will be put to the vote at the General Meeting: Félicie Ferrari and Jan Kleinewefers.

Directors' independence

Recommendation R 3 of the Middlenext Code establishes five criteria for determining the independence of non-executive Board members, based on the absence of a financial, contractual or family relationship that could impair the objectivity of the person's judgment. According to these criteria, the Board of Directors has six independent members out of ten.

Each independent director reviews his/her situation every year in light of the criteria set out in the Middlenext Code and informs the Board accordingly.

	Sébastien FERRARI	Karine GAUDIN	Victoire FERRARI	Bertrand NEUSCHWANDER	Romain FERRARI	Philippe BRUN	Christophe GRAFFIN (1)	Carole DELTEIL de CHILLY	Caroline WEBER	Bertrand CHAMMAS	Jan KLEINEWEFERS	Félicie FERRARI
1- has not been in the last five years and is not an employee or executive officer of the Company or any of its subsidiaries	No	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes
2- has not been in the last two years and is not in a significant business relationship with the Company or any of its subsidiaries (customer, supplier, competitor, service provider, creditor, banker, etc.)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3- is not a major shareholder of the Company or does not hold a significant percentage of voting rights	No	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4 - has no close relationship or family ties with any corporate officer or major shareholder	No	Yes	No	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No
5- has not been a statutory auditor of the Company over the last six years	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Board's conclusion on the classification of its members as independent: Six directors are classified as independent by the Board of Directors	Not independent	Independent	Not independent	Independent	Not independent	Not independent	Independent	Independent	Independent	Independent	Independent	Not independent

(1) Interim appointment as director at the request of Bpifrance. In February 2013, Bpifrance (via OSEO) granted an interest-free innovation loan of €1 million, together with an innovation advance of €107,000. As of December 31, 2019, these loans and advances had been fully repaid. Given the amount and nature of the funding, these loans and advances did not entail Bpifrance becoming a "significant banker" of SergeFerrari Group during its term of office from March 18 to December 9, 2015.

Information on corporate officers and their expertise

In accordance with Recommendation R 8 of the Middlenext Code, information on the biography, list of offices held, experience and expertise of each director is provided below. This information is also provided upon the appointment or reappointment of each director.

Sébastien Ferrari,
born in 1959, a French national

Business address: ZI de La Tour du Pin, 38110 Saint Jean de Soudain, France
Director, Chairman and Chief Executive Officer

Term of office and expiry date
Mr. Sébastien Ferrari was appointed director by the shareholders' ordinary General Meeting of April 30, 2014, then appointed as Chairman and Chief Executive Officer by the Board of Directors at its meeting on April 30, 2014.

Sébastien Ferrari's reappointment was voted on at the second General Meeting held during that first 3-year period, on April 25, 2016. Sébastien Ferrari's term of office expires at the General Meeting to be held in 2022 to approve the annual financial statements for 2021.

Biography and experience
Sébastien Ferrari joined the family business in 1980 to take charge of developing its marketing and international business. He was a member of the Supervisory Board of Banque de Vizille (which later became CM-CIC Capital Finance, which owns CM-CIC Investissement) from 2002 to 2011.

Nature of any family ties with SergeFerrari Group corporate officers
Romain Ferrari (brother) – Director and Chief Operating Officer of SergeFerrari Group
Victoire Ferrari (daughter) – Director of SergeFerrari Group
Félicie Ferrari (daughter) – Director of SergeFerrari Group

Current offices and positions within the Group
Chairman of Serge Ferrari North America
Sole Director of Serge Ferrari Asia Pacific
Director of KK Serge Ferrari Japan
Representative of Ferrari Participations, Chairman of Serge Ferrari SAS
Representative of Ferrari Participations, Chairman of Texyloop
Chairman of Serge Ferrari Tersuisse in his capacity as representative of Ferrari Participations
Chairman of Serge Ferrari AG
Chairman of Serge Ferrari Brasil
Chairman of the Board of Directors of Serge Ferrari India Private Limited
Chairman of Serge Ferrari Shanghai Co
Chairman of Serge Ferrari Deutschland GmbH
Chairman of Serge Ferrari Tekstil Sanayi Ve Ticaret Anonim Sirketi
Chairman of Ferramat Sanayi Ve Ticaret Anonim Sirketi
Director of GIOFEX Group srl
Chairman of Plastitex SpA
Chairman of Serge Ferrari AB
Chairman of FIT Industrial Co Ltd
Geschäftsführer (Managing Director) of Verseidag-Indutex GmbH

Current offices and positions outside the Group
Manager of SCEA Malherbe agricultural investment company
Chairman of Ferrari Participations
Chairman of FERRIMMO
Chairman of Immobilière Ferrari

Group and non-Group offices and positions expiring within the last five years
None

Romain FERRARI,
born in 1960, a French national

Business address: ZI de La Tour du Pin, 38110 Saint Jean de Soudain, France
Director and Chief Operating Officer

Term of office and expiry date
Romain Ferrari was appointed director by the Ordinary General Meeting on April 20, 2017. He was reappointed as director by the General Meeting on May 14, 2020. His term of office expires at the General Meeting to be held in 2023 to approve the annual financial statements for 2022.

Romain Ferrari is Chairman of the CSR Committee.

Biography and experience
Romain Ferrari holds a certificate as a Deck and Engine officer of the French Merchant Navy. From 1985 to 1990, he worked as an engineering specialist at a subsidiary of Technip before joining the family firm in 1990, to take on responsibility for industrial projects and processes and sustainable development.

Nature of any family ties with SergeFerrari Group corporate officers
Sébastien Ferrari (brother) – Director, Chairman and Chief Executive Officer of SergeFerrari Group
Victoire Ferrari (niece) – Director of SergeFerrari Group
Félicie Ferrari (niece) – Director of SergeFerrari Group

Current offices and positions within the Group
Vice-Chairman of Serge Ferrari North America
Director of KK Serge Ferrari Japan
Chief Executive Officer of Serge Ferrari SAS
Chairman of CI2M
Director of Serge Ferrari Tersuisse
Director of Serge Ferrari AG
Director of GIOFEX Group srl

Current offices and positions outside the Group
Chief Executive Officer of Ferrari Participations
Chief Executive Officer of Immobilière Ferrari
Chief Executive Officer of POLYLOOP SAS

Group and non-Group offices and positions expiring within the last five years
None

Karine GAUDIN,

born in 1966, a French national,

Business address: 6 rue Pravaz 69003 Lyon, France

Term of office and expiry date

Karine Gaudin was appointed director by the Ordinary General Meeting on April 25, 2016. Her term of office expires at the General Meeting to be held in 2022 to approve the annual financial statements for 2021.

Karine Gaudin chairs the Group Audit Committee.

Biography and experience

Karine Gaudin studied at Audencia business school and qualified with a DESS specialized master's degree in Strategy at Paris-Dauphine, before joining E&Y as a statutory auditor, working first in Paris and then in Lyon. She completed her Chartered Accounting diploma at E&Y, writing her thesis on the structuring of the commercial approach in audit firms, putting her ideas into practice at E&Y locally in Lyon, then nationwide. She then joined Germain & Maureau, an Intellectual Property consulting firm, as Corporate Secretary, before joining Lamy Lexel Avocats Associés as a salaried Chief Executive Officer.
In May 2015, Karine joined Coved, a subsidiary of Saur later sold to Paprec, as Innovation Director and worked on several cross-cutting projects, including the invention of a new concept of waste collection center. She then took charge of Norimagerie, a radiology company with around 100 employees. For about two years Karine helped the company tackle the challenges of digital transformation. In 2020, Karine Gaudin created a consulting firm called 2econde LIGNE specializing in support services to executive management. In 2021, she joined Pep's Advisory, an operational consulting firm, taking charge of developing the Lyon office and working on a shared-time basis with groups of partners, start-ups and innovative SMEs.

For many years, Karine Gaudin has been involved in women's networks promoting opportunities for women.

Nature of any family ties with SergeFerrari Group corporate officers

None

Current offices and positions within the Group

None

Current offices and positions outside the Group

Director of THERMADOR GROUPE (Euronext Paris – Compartment C - FR0000061111 THEP)
Chairwoman of 2econde LIGNE

Group and non-Group offices and positions expiring within the last five years

None

Victoire FERRARI,

born in 1985, a French national

Business address: ZI de La Tour du Pin, 38110 Saint Jean de Soudain, France
Director

Term of office and expiry date

Victoire Ferrari was appointed as director by the General Meeting on April 17, 2018. Her term of office expires at the General Meeting to be held in 2021 to approve the annual financial statements for 2020.

Victoire Ferrari is a member of the Group's Audit Committee and CSR Committee.

Biography and experience

Holding a master's degree from ECE in International Marketing, Victoire Ferrari worked as a Marketing Manager in Geneva. In January 2021, she started an MBA program at ESTM Berlin (European School of Management and Technology).

Nature of any family ties with SergeFerrari Group corporate officers

Sébastien Ferrari (father) Director, Chairman and Chief Executive Officer of SergeFerrari Group
Romain Ferrari (uncle) Director and Chief Operating Officer of SergeFerrari Group
Félicie Ferrari (sister) – Director of SergeFerrari Group

Current offices and positions within the Group

None

Current offices and positions outside the Group

None

Group and non-Group offices and positions expiring within the last five years

Victoire & Nous (managing partner)

Bertrand NEUSCHWANDER,

born in 1962, a French national

Director

Term of office and expiry date

Mr. Bertrand Neuschwander was appointed director by the Ordinary General Meeting on April 20, 2017. He was reappointed as director by the General Meeting on May 14, 2020. Bertrand Neuschwander's term of office expires at the General Meeting to be held in 2023 to approve the annual financial statements for 2022.

Bertrand Neuschwander is a member of the Strategy Committee and Chairman of the Remuneration and Appointments Committee.

Biography and experience

With an engineering degree from INA Paris-Grignon and an MBA from INSEAD, Bertrand Neuschwander began his career at Arthur Andersen & Cie before moving on to Apax Partners & Cie. He then became Chairman and Chief Executive Officer of Groupe Aubert, then CEO of Devanlay-Lacoste Group. In 2010, he joined Groupe SEB as Senior Vice-President, responsible for the Group's Business Units. In 2011, he became Chairman of SEB Alliance, SEB Group's vehicle for investing in start-ups with a high-technology content. In 2014, he was appointed Chief Operating Officer of Groupe SEB. In 2019, he left Groupe SEB.

Nature of any family ties with SergeFerrari Group corporate officers

None

Current offices and positions within the Group

None

Current offices and positions outside the Group

Director of Husqvarna AB (Sweden)
Chairman of the Board of Directors of Ethera

Group and non-Group offices and positions expiring within the last five years (all non-Group)

Member of the Executive Board of Devanlay SA
Director of Orosdi
Director of Maharaja
Chief Operating Officer of SEB SA (France)- Euronext Paris Compartment A - FR0000121709
Chairman of SEB Alliance (SAS – France)
Director of SEB Denmark A/S
Director of Tefal OBH Group AB (Sweden)
Director of Groupe SEB Norway
Director of Groupe SEB Finland Oy
Director of Zhejiang Supor Co Ltd (China)
Director of Husqvarna AB (Sweden)
Chairman of the Supervisory Board of WMF (Germany)

Philippe BRUN,

born in 1960, a French national

Business address: ZI de La Tour du Pin, 38110 Saint Jean de Soudain, France
Director and Chief Financial Officer

Term of office and expiry date

Philippe Brun was appointed director by the Ordinary General Meeting on April 17, 2018. His term of office expires at the General Meeting to be held in 2021 to approve the annual financial statements for 2020.

Biography and experience

Philippe Brun joined the SergeFerrari Group in 2011 after holding senior and financial management positions in listed companies (IMS International Metal Service – Member of the Executive Board; Boiron – Executive Vice-President). Philippe Brun is a graduate of EM Lyon and the French Association of Financial Analysts (SFAF).

Nature of any family ties with SergeFerrari Group corporate officers

None

Current offices and positions within the Group

Member of the Board of Directors of Serge Ferrari North America
Director of Serge Ferrari Tersuisse
Director of Serge Ferrari AG
Director of Serge Ferrari India Private Limited
Director of Serge Ferrari Shanghai Co
Director of Serge Ferrari Tekstil Sanayi Ve Ticaret Anonim Sirketi
Director of Ferramat Sanayi Ve Ticaret Anonim Sirketi
Geschäftsführer of Serge Ferrari Deutschland GmbH
Director of GIOFEX Group srl
Geschäftsführer of GIOFEX Deutschland GmbH
Director of GIOFEX Bulgaria
Director of GIOFEX Slovakia
Director of GIOFEX France
Director of Plastitex SpA
Director of Serge Ferrari AB
Director of FIT Industrial Co

Current offices and positions outside the Group

Chairman of FIDENTIS SAS

Group and non-Group offices and positions expiring within the last five years

None

Christophe GRAFFIN,
born in 1959, a French national

Business address: 23 rue du vieux Collonges, 69660 Collonges au Mont d'Or, France
Director

Term of office and expiry date
Christophe Graffin was appointed director on an interim basis by the Board of Directors on December 9, 2015. This interim appointment was put to the vote of shareholders and ratified at the General Meeting on April 25, 2016. Christophe Graffin was reappointed as director by the General Meeting on April 17, 2018. His term of office expires at the General Meeting to be held in 2021 to approve the annual financial statements for 2020.

Biography and experience
Christophe Graffin held a large number of senior and operating management positions at Valeo, Entrelec, Pirelli Câbles et Systèmes and SONEPAR, both in France and abroad, particularly in Asia. Christophe Graffin has extensive experience in business transformation (development, external growth and re-engineering). Christophe Graffin is a graduate of both ENSAM and ESSEC.

He is a member of the Group's Audit Committee and CSR Committee.

Nature of any family ties with SergeFerrari Group corporate officers
None

Current offices and positions within the Group
None

Current offices and positions outside the Group
None

Group and non-Group offices and positions expiring within the last five years (Group)
Bpifrance representative on the SergeFerrari Group Board of Directors (March 18, 2015 – December 9, 2015)

Group and non-Group offices and positions expiring within the last five years (non-Group)
Chairman of smartINST SAS

Carole DELTEIL de CHILLY,
born in 1947, a French national

Business address: CDC Consulting, 6 Chemin des rivières, 69130 Ecully, France
Chairman

Term of office and expiry date
Carole Delteil de Chilly was appointed director by the General Meeting on April 20, 2017. She was reappointed as director by the General Meeting on May 14, 2020. Carole Delteil de Chilly's term of office expires at the General Meeting to be held in 2023 to approve the annual financial statements for 2022.

Biography and experience
A psychologist by training, Carole Delteil de Chilly started her career in recruitment and human resources development at Rank Xerox. In 1975 she founded the "Executive Search" business line at Algoé management consulting group, where she served as Chief Operating Officer until February 2019.

She is a founding member of Stanton Chase international organization and Managing Director of the firm's French offices in Lyon and Paris.

Since January 2019, Carole Delteil de Chilly has been Chairwoman of CDC Consulting SA, a human resources consulting firm.

Nature of any family ties with SergeFerrari Group corporate officers
None

Current offices and positions within the Group
None

Current offices and positions outside the Group
Director of the "Les Biennales de Lyon" association as a qualified member
Director of Procivis Rhône

Group and non-Group offices and positions expiring within the last five years (Group)
None

Group and non-Group offices and positions expiring within the last five years (non-Group)
Chief Operating Officer of Algoe Executive
Director of Algoe Consultant

Caroline WEBER,
born in 1960, a French national

Business address: MiddleNext. Palais Brongniart 28, place de la Bourse 75002 Paris
Director

Term of office and expiry date
Caroline Weber was appointed director by the General Meeting on April 20, 2017. She was reappointed as director by the General Meeting on May 14, 2020. Her term of office expires at the General Meeting to be held in 2023 to approve the annual financial statements for 2022.

Biography and experience
Caroline Weber has held financial and/or managerial positions at IBM France, Groupe GMF Assistance Internationale, Chaîne et Trame and Cars Philibert. Since 2007, she has been Chief Executive Officer of Middlenext.
She is a graduate of HEC and holds a DEA (post-graduate degree) in Politics and a Bachelor's degree in English.

Caroline Weber is a member of the Group Audit Committee and CSR Committee

Nature of any family ties with SergeFerrari Group corporate officers
None

Current offices and positions within the Group
None

Current offices and positions outside the Group
Chief Operating Officer of Middlenext
Chairwoman of LeDo Tank
Director of GL Events
Director of Herige
Director of Fondation d'entreprise CMA-CGM
Director of European Issuers
Director of Lyon Pole Bourse
Vice-President of the Observatory of French listed small to mid-cap companies
Member of the Scientific Committee of Gaia Rating
Member of France's supervisory body for auditors, the Haut Conseil du Commissariat aux Comptes (H3C)
Managing partner of Suka eurl

Group and non-Group offices and positions expiring within the last five years (Group)
None

Group and non-Group offices and positions expiring within the last five years (non-Group)
Member of the Supervisory Board of Toupargel SAS, Director of Toupargel Group
Member of the Steering Committee of Proxinvest

Bertrand CHAMMAS,
born in 1959, a French national

Business address: c/o GERFLOR, 50 cours de la République 69627 Villeurbanne Cédex

Term of office and expiry date
Bertrand Chammas was appointed director by the General Meeting of April 17, 2018. His term of office expires at the General Meeting to be held in 2021 to approve the annual financial statements for 2020.

Bertrand Chammas was previously appointed director of SergeFerrari Group by the Ordinary General Meeting of April 30, 2014. His term of office expired at the General Meeting held in 2017 to approve the annual financial statements for 2016. At his request, his reappointment was not put to the vote of shareholders at the General Meeting of April 20, 2017.

Bertrand Chammas was a director and member of the Strategy Committee of SergeFerrari Group SA from April 30, 2014 to March 8, 2017.

Biography and experience
Bertrand Chammas has been Chairman and Chief Executive Officer of Gerflor since 2003, after 12 years at the equipment manufacturer Valeo, first in operating management positions (sales/marketing director and industrial director) and then in senior management positions. Bertrand Chammas studied both engineering (at the Arts et Métiers engineering school) and management (at ISA/HEC business school).

Nature of any family ties with SergeFerrari Group corporate officers
None

Current offices and positions within the Group
None

Current offices and positions outside the Group
Chairman and Chief Executive Officer of Gerflor Floorings
Chairman of Manfloor
Chairman of Midfloor
Chairman of Topfloor
Chairman of Floor'in
Chairman of Gerflor
Chairman of SPM International
Chairman and Chief Executive Officer of Gerflor Mipolam
Chairman and Chief Executive Officer of Gerflor Polska
Chairman and Chief Executive Officer of BCIC
Chairman and Chief Executive Officer of Gerflor USA

Group and non-Group offices and positions expiring within the last five years
None

Jan KLEINEWEFERS,
born in 1935, a German national

Business address: Kleinewefersstraße 1, 47803 Krefeld, Germany
Director

Term of office and expiry date
The appointment of MrJan Kleinewefers as director will be proposed to the General Meeting of shareholders convened on May 19, 2021.

Biography and experience
In 1962, Jan Kleinewefers joined the family business Joh. Kleinewefers Söhne Maschinenfabrik in Krefeld and was appointed CEO in 1965. In 1970, he became the managing partner of the group. In 2003, Jan Kleinewefers purchased a majority stake in the Jagenberg group from Rheinmetall. In the following years, Jagenberg AG was restructured under his supervision as the industrial holding company for mechanical engineering and textile companies. Jan Kleinewefers also developed a real estate business in the Krefeld region. In 2020, Jagenberg AG and SergeFerrari Group SA signed an agreement on the sale of the shares of Verseidag-Indutex GmbH and its subsidiaries.
After studying Law in Germany, Jan Kleinewefers studied at the Wharton Graduate School of Business Administration of University of Pennsylvania in Philadelphia, and then in 1962 he obtained an MBA (Master of Business Administration) from INSEAD.

Nature of any family ties with SergeFerrari Group corporate officers
None

Current offices and positions within the Group
None

Current offices and positions outside the Group
Owner and director of Kleinewefers GmbH
Chairman of the Supervisory Board of Jagenberg AG (100% subsidiary of KLEINEWEFERS GmbH)

Group and non-Group offices and positions expiring within the last five years
None

Félicie FERRARI,
born in 1996, a French national

The Board of Directors will propose that the General Meeting to be held on May 19, 2021 vote in favor of Félicie Ferrari's appointment as director for a three-year term expiring at the General Meeting called in 2024 to approve the annual financial statements for fiscal 2023.

Biography and experience
Félicie Ferrari holds a BA in Management and Development from Coventry University (2017) and an MA in Management (DESMA) from Grenoble Ecole de Management (2020).

Nature of any family ties with SergeFerrari Group corporate officers
Sébastien Ferrari (father) Director, Chairman and Chief Executive Officer of SergeFerrari Group
Romain Ferrari (uncle) Director and Chief Operating Officer of SergeFerrari Group
Victoire Ferrari (sister) – Director of SergeFerrari Group

Current offices and positions within the Group
None

Current offices and positions outside the Group
None

Group and non-Group offices and positions expiring within the last five years
None

Organization and operation of the Board of Directors (Articles 14 et seq. of the Articles of Association)

The Company is administered by a Board of Directors whose Chairman, Sébastien Ferrari, is also Chief Executive Officer pursuant to a decision taken by the Board of Directors on April 30, 2014 on the grounds that the combination of the roles of Chairman of the Board of Directors and Chief Executive Officer was the most suitable arrangement for the Company's operating model.

Since April 30, 2014, Sébastien Ferrari has been assisted in his duties by Romain Ferrari, Chief Operating Officer responsible for Corporate Social Responsibility (CSR) and by Philippe Brun, Chief Financial Officer responsible for finance and information systems.

The Chairman of the Board of Directors, Sébastien Ferrari, organizes and directs the work of the Board of Directors, and reports on this work to the shareholders' General Meeting. The Chairman oversees the proper functioning of the Company's bodies and, in particular, ensures that the directors are capable of fulfilling their duties.

Remit of the Board of Directors (Article 16 of the Articles of Association and Article 2 of the internal rules of procedure)

Under its internal rules of procedure adopted on April 30, 2014, the Board of Directors sets the Company's business strategy and oversees its implementation. The Board of Directors receives regular information regarding any significant event with regard to the Company's business, either directly or via its committees.

The Board of Directors meets no less than four times a year at the request of the Chairman or at least one-third of its members. Notices of meetings are issued eight business days before the meeting by any means, including orally, except in an emergency. All documents required to inform the directors on the points for discussion on the agenda are attached to the notice of meeting or delivered within a reasonable timeframe prior to the meeting.

Internal rules of procedure

The internal rules of procedure were adopted on April 30, 2014, in accordance with Recommendation R 7 of the Middlenext Code: they specify the role of the Board, its composition and the criteria for assessing the independence of its members, its operating rules as well as the conditions for preparing meetings. The internal rules of procedure were amended by the Board of Directors on July 7, 2017, in particular to bring them into line with the Middlenext Code. The updated version of the internal rules of procedure (French version only) is available at **www.sergeferraribourse.com/serge-ferrari/reglement-interieur-du-ca.html.**

The internal rules also recall the rights and duties of the directors in the exercise of their office. In accordance with Recommendation R 1 of the Middlenext Code (Board member conduct), Article 5 of the internal rules of procedure sets out the rights and obligations of members of the Board of Directors: knowledge and observance of regulations, respect for the Company's interests, effectiveness of the Board of Directors, freedom of judgment, obligation of diligence, obligation of confidentiality. The same article also specifies, in accordance with Recommendation R 2 of the Middlenext Code, that any director or candidate to be appointed as director must immediately and fully disclose to the Board of Directors any actual or potential conflict of interest that he or she may have with regard to his or her functions as a director, in order to determine whether said director should abstain from discussions or voting on the resolutions concerned.

Restrictions imposed by the Board on the powers of the Chairman and Chief Executive Officer and managing directors.

Within the limits of the Company's objects and within statutory limits, senior executives are vested with the widest powers, without limitation.

Work carried out by the Board of Directors in 2020.

During 2020, the Board of Directors met seven times, thus complying with Recommendation R 5 of the Middlenext Code. The Chairman of the Board chaired all the meetings and the overall attendance rate was 98%. The conduct of business and the Group's financial position, development policy and projects were discussed regularly at Board meetings.
In particular, the Board of Directors approved the financial statements for the year ended December 31, 2019 and reviewed the interim financial statements for the six months ended June 30, 2020. At each Board meeting, an update was provided on the progress of the Group's business. In 2020, the work of the Board of Directors focused on the review of the Group's operation in the context of a global health crisis marked by the SARS Cov-2 pandemic, as well as the conduct of M&A transactions involving the acquisition of a 55% stake in F.I.T. Industrial Co Ltd (Taiwan) and the acquisition of Verseidag-Indutex GmbH and its subsidiaries (Germany). Progress on implementing the requirements of the French Sapin II Law and the European General Data Protection Regulation (GDPR) were regularly discussed at Board meetings.

In accordance with Recommendation R 14 of the Middlenext Code, the Board was informed of and discussed, on December 12, 2019, the report of the Remuneration and Appointments Committee on the measures taken by corporate officers representing the family group to face a sudden incapacity or unforeseen vacancy. The Board membership includes Victoire Ferrari and Félicie Ferrari, subject to approval by the General Meeting of shareholders of May 19, 2021, respectively daughters and nieces of Sébastien Ferrari and Romain Ferrari.
In accordance with Recommendation R 19, the Board also noted the Middlenext Code watchpoints at its meeting on July 16, 2020. The assessment of the work of the Board and its committees, performed in accordance with Recommendations R 11 and R 4 of the Middlenext Code, was an item on the agenda of the September 9, 2020 Board meeting.

MEMBERSHIP, OPERATION AND DUTIES OF THE BOARD COMMITTEES

In accordance with Recommendation R 6 of the Middlenext Code, the Board decided to set up an Audit Committee, a Strategy Committee, a Remuneration and Appointments Committee and, in 2018, a CSR Committee.

Audit Committee

The Audit Committee was set up on April 30, 2014, at the first meeting of the Board of Directors.
The Audit Committee meets about four times a year, at the invitation of its Chairwoman or at the request of the Chairman of the Board of Directors, in order to discuss the procedures for drawing up financial information, the effectiveness of information systems and the auditing of periodic financial and accounting information. The Audit Committee issues a recommendation regarding the statutory auditors proposed for appointment by the General Meeting.

In 2020, the Audit Committee met four times with an attendance rate of 100%, each meeting lasting between three and five hours. The Audit Committee comprises four members, three of whom are deemed independent within the meaning of the corporate governance code and have particular expertise in accounting, finance and communications at listed companies. The Board of Directors appoints the committee Chairman who steers the work of the committee.

At the filing date of this report, the Audit Committee comprised four members, Karine Gaudin (Chairwoman and independent member), Victoire Ferrari, Caroline Weber, and Christophe Graffin.

The Audit Committee interviews the Chief Financial Officer, the Group Accounting Manager and the Group Finance Transformation Manager, and any other Group employee whose duties concern or contribute to internal control. The members of the Audit Committee receive the findings of the statutory auditors' work (assignments in subsidiaries, audit of executive expense claims, accounting of M&A transactions, etc.) and of their audits of the interim and annual financial statements. In order to carry out its assignment, the committee has access to all information and documents and may interview any Company manager. The Audit Committee reports to the Board of Directors on the performance of its assignments.

The work of the Audit Committee focused on a review of the 2019 full-year and 2020 half-yearly financial statements, monitoring the plan for rolling out the measures required under the French Sapin II Law and GDPR (these points are reviewed at each meeting), risk mapping, the approval of non-audit services, determination of the 2020 audit plan, review of ordinary and regulated agreements, review of measures implemented to mitigate Group IT risks, reviewing audit fees and scope, and monitoring the call for tenders launched in order to fill appointments due to expire.

Strategy Committee

The mission of the Strategy Committee is to give management and shareholders its opinions and recommendations on the following:

- analysis of Group strategy, information on market trends, assessments of research, review of the competition and the resulting medium- and long-term outlook; approval of the 10-year business plan;
- review of Group development projects especially in terms of external growth and, in particular, acquisitions or sales of subsidiaries and equity interests or other assets, investment and debt, relating to amounts exceeding €10 million; and
- examination of the Group's assets and shareholder structure.

The Strategy Committee meets at the invitation of its Chairman or, if the latter is indisposed, the Chairman of SergeFerrari Group to an agenda set by the person convening the meeting. The Committee meets four or five times a year in general. Notice of the meeting may be issued by any means, including verbally. Exceptionally and depending on the topics to be discussed, the committee Chairman may authorize one or more committee members to take part in a meeting by conference call or video-conference. The committee may only validly deliberate if at least half of its members are actually or are deemed to be in attendance. The committee's opinions and recommendations are adopted by a majority of members in attendance. The Strategy Committee reports to the Board of Directors on the performance of its assignments.

The Strategy Committee met four times in 2020 attended by all of its members. It is chaired by Sébastien Ferrari and includes three other members: Bertrand Neuschwander, Bertrand Chammas and Romain Ferrari. Eric Verin, member of the Strategy Committee and not on the Board of Directors, has been invited to attend committee meetings since its creation in 2013.

Remuneration and Appointments Committee

The Remuneration and Appointments Committee met twice in 2020. Two-thirds of committee members are independent directors. Bertrand Neuschwander, independent director, chairs the Remuneration and Appointments Committee. Meetings of the Remuneration and Appointments Committee are held in the presence of the Chairman & CEO. However, he withdraws when the review of certain issues so require, in particular when his annual performance is reviewed.

The main duties of the Remuneration and Appointments Committee are to:

- issue an opinion on Board's proposed appointment of the Chairman and the managing directors proposed by the Chairman;
- make proposals on the selection of Board and committee members, taking into account the desired balance within the Board considering the composition of and changes in the Company's shareholder structure, gender balance on the Board, and the skills and expertise required to drive the Group's development plans;
- every year, review the independence of Board members and candidates to a position on the Board or a committee;
- draw up and monitor key personnel succession plans;
- make recommendations to the Board regarding all components of the remuneration awarded to the Chairman, managing directors and Executive Committee members, revision thereof as applicable, and the allocation of directors' remuneration;
- make proposals on the introduction and terms of stock option and bonus share plans.

The Remuneration and Appointments Committee is chaired by Bertrand Neuschwander and includes two other members: Carole Delteil de Chilly and Sébastien Ferrari. The attendance rate was 100%.

CSR Committee

The CSR Committee was created in 2018 and met four times in 2020. The committee is chaired by Romain Ferrari and includes three other members, Victoire Ferrari, Caroline Weber, and Christophe Graffin. The members receive no remuneration for committee meetings.

The duties of the committee include:

- ensuring that CSR issues are taken into account when defining the Group's strategy;
- looking into CSR opportunities and risks related to the Group's businesses;
- reviewing policies in the aforementioned areas, targets set and results achieved;
- reviewing systems for non-financial reporting, measurement and control ensuring that the Group produces reliable non-financial information;
- reviewing all non-financial information published by the Group;
- reviewing and monitoring ratings assigned by non-financial rating agencies;
- reviewing the implementation of and changes in regulations applicable to the aforementioned areas.

No fraud convictions, bankruptcy or official sanctions over the last five years.

To the best of the Company's knowledge, none of the members of the Board or Executive Management team has, within the last five years, been convicted for fraud, been involved in a bankruptcy, had assets seized or undergone judicial liquidation, received an official public penalty or sanction from a regulatory or statutory authority, barred under a court ruling from acting as the member of a management or supervisory body of an issuer, or debarred from involvement in the conduct of an issuer's affairs.

3.2 REMUNERATION POLICY FOR EXECUTIVE OFFICERS AND DIRECTORS

On March 11, 2021, as part of the remuneration policy defined by the Board to be voted on by the shareholders on May 19, 2021, the Board approved the components of remuneration awarded to the Chairman & CEO, the managing directors and the directors, taking into account the levels of responsibility assumed and market practices.
The Board of Directors focused on checking whether the structure, components and amounts of the remuneration awarded to the Chairman & CEO and the managing directors were in line with the Company's overall interests, were suited to the Company's strategy and the consideration given to environmental transition requirements, and were commensurate with market practices and expected performance levels.
In particular, it appraised the appropriateness of the proposed remuneration structure in light of the Company's businesses and competitive environment, by reference to practices in the French market and among family groups.
The Board saw to it that the remuneration contains a long-term variable component to foster stability within the Group's Executive Management, an important factor for ensuring the success of the Group's development plan.
The Board also focused on ensuring that the performance criteria used to determine the variable component of the remuneration are appropriate for meeting the Group's operational and financial performance targets in the short, medium and long term.
The objective was to ensure that the overall amount of this remuneration provided an incentive while remaining consistent with the Company's size, business and international exposure.

The remuneration policy for corporate officers in respect of their term of office is approved by the Board of Directors on the recommendation of the Remuneration and Appointments Committee. Pursuant to Article L. 22-10 of the French Commercial Code.

3.2.1 DETERMINATION AND TRANSPARENCY OF REMUNERATION

The remuneration policy for executive officers must be competitive, suited to the strategy and such as to promote the Company's performance and competitiveness over the medium and long term.
The Company complies with Recommendation R 13 of the Middlenext Code for determining the remuneration awarded to corporate officers: the principles for determining remuneration meet the criteria of exhaustiveness, balance, benchmark, consistency, clarity of rules, measurement and transparency.
All the components of remuneration and benefits awarded to executive officers are analyzed exhaustively in line with company strategy.
Besides the interests of shareholders, this alignment also takes into account the need to attract, motivate and retain high performing executives.

SergeFerrari Group executive officers receive a corporate office allowance. They receive no remuneration in respect of their duties as directors.

The principles and rules approved by the Board of Directors in order to determine the remuneration and benefits awarded to executive officers, which are reviewed annually by the Remuneration and Appointments Committee, are as follows:

a) Fixed monthly remuneration paid over 12 months

Purpose and relevance to strategy: retain and motivate the executive
Determination: mainly according to experience and market practices
Corporate officers' fixed remuneration was cut by 10% in respect of Q4 2020, to take into account the specific financial situation of the year 2020, which is strongly affected by the effects of the pandemic

b) Variable annual remuneration, allocated according to the achievement of performance targets

Purpose and relevance to strategy: encourage achievement of the Company's annual financial and non-financial performance
Determination: according to the financial and non-financial priorities and targets to be achieved for the year

The variable remuneration awarded to the Chairman & CEO is between 0% and 60% of his annual fixed remuneration. The variable remuneration awarded to the managing directors is between 0% and 45% of their annual gross remuneration.

For the year 2021, the targets meet the following characteristics:

	Common targets	Determination
Quantitative	50%	Determined so as to promote the profitable growth of businesses, EBIT growth and net cash generation.
Qualitative	20%	Determined so as to reflect the projects and initiatives designed to support long-term profitable growth

The individual targets (quantitative and qualitative) will account for 30% of the maximum variable remuneration awarded to corporate officers

The weighting of each of the common quantitative targets in the share of variable remuneration, between 0% and 50% of the annual fixed remuneration for 2020, is as follows:

	Weighting of each criterion in the common quantitative targets	Sensitivity (multiplier to apply to each criterion)
Revenues - 2021 budget	40%	■ 0% if actual change < 95% budget change ■ 50% if actual revenues are between 95% and 99% of budget ■ 100% if the budget is met or exceeded
EBIT - 2021 budget	60%	■ 0% if EBIT is below budget ■ Progressively between 50% and 100% if actual EBIT is between 100% and 119% of budget ■ Progressively between 100% and 130% if actual EBIT is between 119% and 143% of budget ■ Progressively between 130% and 150% if actual EBIT is between 143% and 179% of budget

The common qualitative criteria include a CSR criterion.

Payment of variable remuneration to corporate officers is subject to approval by the General Meeting called to approve the annual financial statements. Corporate officers waived all variable compensation for the 2020 financial year, to take into account the effects of the pandemic on the 2020 results.

c) Use of a company vehicle (see remuneration table)

Corporate officers are entitled to a company vehicle, in keeping with the Group's practices for these levels of responsibility.

d) Bonus share allotment

There is no bonus share plan applicable to the years 2020 and 2021 at the date this Universal Registration Document is filed. For prior years, please refer to Section 3.2.2.

(e) Corporate officer allowance

Corporate officers receive remuneration for positions held within the Group and in the consolidated subsidiaries.

The determination of the remuneration awarded to corporate officers is reviewed every year by the Remuneration and Appointments Committee. The Board of Directors has assessed the desirability of director corporate officers holding an employment contract simultaneously with corporate office, in accordance with Recommendation R 15 of the Middlenext Code. The Board had included this provision in Article 6.4 of its internal rules of procedure, updated on July 7, 2017.

The Company has not granted any loans or guarantees to its corporate officers.

The permanent employment contracts of Sébastien Ferrari, a Group employee since 1980, Romain Ferrari, a Group employee since 1990, and Philippe Brun, a Group employee since 2011, were suspended upon their taking office as corporate officers of Ferrari Participations and SergeFerrari Group. On September 2, 2015, the Company aligned itself with the Middlenext corporate governance code and approved the holding of an employment contract simultaneously with holding office as Chairman & CEO or managing director. The Company states that the terms of these employment contracts do not in any respect depart from those of supervisory or managerial staff (pensions and disability insurance, health insurance, company vehicle, etc.). No indemnity is paid to corporate officers on their taking up or ceasing to hold office. Lifting the suspension of the employment contracts would reinstate the pension rights of the corporate officers, who would resume salaried employment upon ceasing to hold office as directors. The pension rights of French corporate officers are identical to those of other employees of the Group's French companies. A supplemental pension scheme governed by Swiss law was entered into upon the recruitment of Mr Trellu on January 1, 2016 and ended on September 30, 2019.

Corporate officers are not entitled to any deferred remuneration, severance pay or pension obligation referred to in Recommendations R 16 and R 17 of the Middlenext Code, other than the ones mentioned above.

DIRECTORS' REMUNERATION POLICY (ART. L. 225-100 II, FRENCH COMMERCIAL CODE)

Directors' remuneration is paid in January of the following year, pursuant to the resolution voted at the General Meeting held in the year preceding the payment. Its amount is capped at the amount approved at the General Meeting. The Company's Board of Directors did not exercise its option to reclaim remuneration paid to directors.

The General Meeting of May 19, 2021 will decide on the maximum overall amount of €206,000 as net remuneration for directors that may be allocated to directors who are not executive officers: directors' remuneration is exclusively proportionate to their actual participation in meetings of the Board of Directors or its committees, in accordance with Recommendation R 10 of the Middlenext Code.
Directors receive a net remuneration of €2,000 per meeting of the Board of Directors or each of its committees (except for the CSR Committee, where directors receive no remuneration for attendance).

3.2.2 AMOUNT OF REMUNERATION AND BENEFITS PAID TO CORPORATE OFFICERS

The overall gross amount of remuneration and benefits of all kinds awarded to corporate officers and members of the Board of Directors is detailed in accordance with Appendix 2 of the Registration Document Preparation Handbook, as adjusted for mid-cap companies published by the AMF in December 2014.

The following tables show remuneration paid and accrued in respect of the year in question. The remuneration is determined in accordance with the remuneration policy approved at the May 14, 2020 General Meeting.

Table 1 - Remuneration, stock options and bonus shares allotted to executive officers (in euros)	FY 2020	FY 2019
Sébastien Ferrari, Chairman and Chief Executive Officer		
Remuneration payable for the fiscal year	283,160	346,302
Valuation of variable multi-year remuneration awarded during the fiscal year	---	---
Value of options granted during the year	---	---
Valuation of bonus shares awarded	---	---
Total	**283,160**	**346,302**
Romain Ferrari, Chief Operating Officer		
Remuneration payable for the fiscal year	168,453	254,682
Valuation of variable multi-year remuneration awarded during the fiscal year	---	---
Value of options granted during the year	---	---
Valuation of bonus shares awarded	---	---
Total	**168,453**	**254,682**
Philippe Brun, Chief Financial Officer		
Remuneration payable for the fiscal year	227,415	264,904
Valuation of variable multi-year remuneration awarded during the fiscal year	---	---
Value of options granted during the year	---	---
Valuation of bonus shares awarded	---	---
Total	**227,415**	**264,904**
Hervé Trellu, Senior Vice President Sales & Marketing (until the end of his term of office)		
Remuneration payable for the fiscal year	---	154,270
Valuation of variable multi-year remuneration awarded during the fiscal year	---	---
Value of options granted during the year	---	---
Valuation of bonus shares awarded	---	---
Total	**0**	**154,270**

In addition to the remuneration payable to Sébastien and Romain Ferrari for the duties exercised within the Group, rent (of €3.1 million for FY 2019 and €2.8 million for FY 2020) is paid to the property companies controlled by FERRIMMO, a wholly-owned subsidiary of Ferrari Participations, which is the majority shareholder in the Company, and in which Sébastien Ferrari has a 66.70% interest and Romain Ferrari a 33.30% interest.

Table 2 - Remuneration paid to executive officers (in euros)	FY 2020		FY 2019	
	Amount payable	Amount paid	Amount payable	Amount paid
Sébastien Ferrari, Chairman and Chief Executive Officer				
Fixed remuneration	232,176	232,176	238,128	238,128
Fixed remuneration (corporate office allowances)	48,000	48,000	48,000	48,000
Variable annual remuneration [1]		57,151	57,151	---
Multi-year variable remuneration	---	---	---	---
Exceptional remuneration	---	---	---	---
Attendance fees	---	---	---	---
Benefits in kind	2,984	2,984	3,023	3,023
Total	**283,160**	**340,311**	**346,302**	**289,151**
Romain Ferrari, Chief Operating Officer				
Fixed remuneration	117,411	117,411	172,008	172,008
Fixed remuneration (corporate office allowances)	48,000	48,000	48,000	48,000
Variable annual remuneration [1]		31,488	31,488	---
Multi-year variable remuneration	---	---	---	---
Exceptional remuneration	---	---	---	---
Attendance fees	---	---	---	---
Benefits in kind	3,042	3,042	3,186	3,186
Total	**168,453**	**199,941**	**254,682**	**223,194**
Philippe Brun, Chief Financial Officer				
Fixed remuneration	186,453	186,453	191,433	191,433
Fixed remuneration (corporate office allowances)	36,000	36,000	36,000	36,000
Variable annual remuneration [1]		34,822	34,822	---
Multi-year variable remuneration	---	---	---	---
Exceptional remuneration	---	---	---	---
Attendance fees	---	---	---	---
Benefits in kind	4,962	4,962	2,649	2,649
Total	**227,415**	**262,237**	**264,904**	**230,082**
Hervé Trellu, Senior Vice President Sales & Marketing				
Fixed remuneration [2]	---	---	147,689	147,689
Fixed remuneration (corporate office allowances) [2]	---	---	6,581	6,581
Variable annual remuneration [3]	---	---	---	128,328
Multi-year variable remuneration	---	---	---	---
Exceptional remuneration	---	---	---	---
Attendance fees	---	---	---	---
Benefits in kind	---	---	---	---
Total	**0**	**0**	**154,270**	**282,598**

(1) Service re-invoiced by Ferrari Participations
(2) Remuneration until end of corporate office at average rate for first half 2019
(3) Variable remuneration assessed as of September 30, 2019
End of salaried appointments

The payment of the components of variable remuneration is contingent on approval at the General Meeting in accordance with the conditions set out in Article L 225-100 of the French Commercial Code.

EQUITY RATIO

The information below is provided in accordance with Order 2019-1234 of November 27, 2019

Equity ratio	2016	2017	2018	2019	2020
Sébastien Ferrari					
Ratio to average	1.3	1.1	1.1	1.3	1.2
Ratio to median	1.4	1.2	1.2	1.5	1.3
Ratio to SF SAS average remuneration	7.0	4.9	4.9	6.1	4.6
Ratio to gross annual minimum wage	18.6	13.4	13.2	16.2	12.7
Romain Ferrari					
Ratio to average	0.9	0.8	0.8	0.9	0.6
Ratio to median	1.0	0.9	0.9	1.0	0.6
Ratio to SF SAS average remuneration	4.9	3.6	3.6	4.2	2.4
Ratio to gross annual minimum wage	13.2	9.7	9.6	11.1	6.5
Philippe Brun					
Ratio to average	1.0	0.9	0.9	1.0	1.0
Ratio to median	1.1	1.0	1.0	1.1	1.0
Ratio to SF SAS average remuneration	5.5	3.9	3.9	4.7	3.8
Ratio to gross annual minimum wage	14.6	10.7	10.6	12.4	10.4
Hervé Trellu					
Ratio to average	1.3	1.5	2.0	1.3	-
Ratio to median	1.4	1.7	2.3	1.5	-
Ratio to SF SAS average remuneration	6.9	6.8	9.2	6.1	-
Ratio to gross annual minimum wage	18.3	18.6	24.7	16.2	-

The change in performance indicators over the relevant period is as follows:

(€'000 - comparable accounting standards)	2016	2017	2018	2019	2020
Revenues	158,469	172,139	184,904	189,047	195,301
EBIT [1]	7,082	5,853	2,829	7,404	4,321

(1) Excl. IFRS 16 impact.

The equity ratio is the ratio between the total variable and fixed gross remuneration payable for the year in question and:

- the average value of remuneration paid by Ferrari Participations and re-invoiced to Group companies
- the median value of remuneration paid by Ferrari Participations and re-invoiced to Group companies
- the average value of remuneration paid by Serge Ferrari SAS, which employs over 90% of the Group's French workforce. SergeFerrari Group SA has no employees.
- the gross annual minimum wage.
- the amount of the annual gross minimum wage.

Table 3 - Attendance fees and other remuneration received by non-executive officers (in euros)	FY 2020	FY 2019
Karine Gaudin		
Attendance fees	17,000	16,000
Other remuneration	---	---
Victoire Ferrari		
Attendance fees	17,000	16,000
Other remuneration	---	---
Bertrand Neuschwander		
Attendance fees	21,000	14,000
Other remuneration	---	---
Bertrand Chammas		
Attendance fees	15,000	4,000
Other remuneration	---	---
Christophe Graffin		
Attendance fees	17,000	16,000
Other remuneration	---	---
Carole Delteil de Chilly		
Attendance fees	13,000	12,000
Other remuneration	---	---
Caroline Weber		
Attendance fees	17,000	14,000
Other remuneration	---	---
Total	**117,000**	**92,000**

Directors' remuneration in respect of 2020 was paid in January 2021.
The corporate office of four directors (Victoire Ferrari, Philippe Brun, Christophe Graffin and Bertrand Chammas) will be put to the vote at the General Meeting of May 19, 2021: pending approval by said General Meeting, the remuneration awarded to these directors will be aligned with that awarded to presently incumbent directors. Directors' remuneration for a given year is paid in January the following year.

Stock option plan

At the filing date of this report, no stock option plans are outstanding. Accordingly, tables 4, 5, 8 and 9 in Appendix 2 of the Registration Document Preparation Handbook for mid-cap companies published by the AMF in December 2014 are not shown here.

Bonus share plan (Recommendation R 18 of the Middlenext Code)

In 2015, the Board of Directors approved the principle of awarding bonus shares to certain Group corporate officers and employees for a maximum amount of 200,000 bonus shares that may be allotted, representing 1.6% of pre-allotment capital stock.
This resolution was approved by the April 25, 2016 General Meeting.

The features of bonus share plan 1 are as follows:

- Duration of the plan: April 30, 2016 – April 30, 2018;
- Maximum number of bonus shares available for award: 150,000 shares (1.2% of pre-allotment capital stock);
- Number of beneficiaries: 10, including two corporate officers;
- Vesting period: two years;
- Lock-in period: one year;
- Performance criteria for award whether alone or in combination: consolidated or regional revenue, consolidated or regional sales margin, adjusted EBITDA margin, working capital as a percentage of revenues, free cash flow, etc.
- Beneficiary commitments: each beneficiary undertakes to keep a volume of allotted bonus shares equivalent to six months' gross salary in a direct registered account, at all times during his/her career in the Company or companies related to it, in accordance with the conditions set out above;
- Origin of shares: buybacks performed by the Company under the terms of Articles L. 22–10-61 and L. 22–10-62 of the French Commercial Code, and/or shares to be issued by capital increase; in the latter case, the shareholders' General Meeting authorizes the Chairman and Chief Executive Officer to increase the capital stock by the maximum nominal amount corresponding to the number of shares allotted and formally notes that, as required by law, the award of shares to the beneficiaries designated by the Chairman and Chief Executive Officer automatically entails the express waiver by the shareholders of their preferential subscription right over the shares to be issued;
- Delegation of powers to the Chairman and Chief Executive Officer to determine the beneficiaries and/or categories of beneficiaries.

As of December 31, 2016, 106,000 bonus shares had been allotted, including 60,000 to corporate officers and 46,000 to other Group employees.

In 2018, 43,980 shares vested including 30,200 to corporate officers.

Attached to these shares, vested on June 15, 2018 and locked in until June 15, 2019, is an ongoing undertaking by the beneficiary to retain a volume of allotted bonus shares equivalent to six months' salary in a direct registered account for the entire duration of his/her career in the Group.

At the filing date of this report, no stock option plans are outstanding. Accordingly, the tables in Appendix 2 of the Registration Document Preparation Handbook for mid-cap companies published by the AMF in December 2014 are not shown here. Table 7 of Appendix 2 is provided below.

Table 10 – History of bonus share allotments	**Plan 1 - 2016 / 2018**			
Information on bonus shares allotted		Canceled or lapsed shares	Shares vested in prior years	Outstanding shares
Board meeting date	June 15, 2016			
Total number of bonus shares allotted	109,000			
Including to corporate officers:	60,000	29,800	30,200	0
Philippe Brun	40,000	14,000	26,000	0
Hervé Trellu	20,000	15,800	4,200	0
Vesting date (as from allotment date)	2 yrs			
End of lock-in period (as from allotment date)	3 yrs			
Number of treasury shares as of December 31, 2020 (BS plan target balance)	27,204			
Cumulative number of shares canceled or lapsed	65,020			
Cumulative number of shares vested in prior years	43,980			
Allotted bonus shares outstanding at year-end	0			

Restrictions relating to the transfer of shares

To the best of the Company's knowledge, at the filing date of this report, there are no commitments made by members of the Board of Directors concerning the transfer or retention of Company shares, except for the 26,000 shares vested to Philippe Brun under the bonus share plan. Attached to these shares vested on June 15, 2018 is an ongoing undertaking by the beneficiary to retain a volume of allotted bonus shares equivalent to six months' salary in a direct registered account for the entire duration of his career in the Group.

Other components of remuneration

The Company has not constituted any provisions for the payment of pension, retirement and other benefits owed to executives and directors
The Company has not granted arrival or departure bonuses to these individuals. Executive officers' employment contracts do not include any provisions regarding severance pay.

Table 11 – Executive officers	Employment contract	Supplemental pension scheme	Remuneration or benefits that may be due following termination or change of duties	Remuneration relating to a non-compete clause
Sébastien Ferrari Chairman & CEO Start of office: May 16, 2019 End of office: 2022 AGM	Yes	No	No	No
Romain Ferrari Chief Operating Officer Start of office: May 16, 2020 End of office: 2023 AGM	Yes	No	No	No
Philippe Brun Chief Financial Officer Start of office: April 17, 2018 End of office: 2021 AGM	Yes	No	No	No

(1) Employment contract with Ferrari Participations

3.3 CURRENTLY VALID CAPITAL INCREASE AUTHORIZATIONS GRANTED TO THE BOARD OF DIRECTORS

The resolutions passed at the May 14, 2020 General Meeting and subject to approval at the May 19, 2021 General Meeting and the maximum term for exercising such authorization are as follows:

Resolutions authorizing share issues	Term of authorization Maximum term of exercise	Maximum nominal value or percentage of capital stock	Overall maximum nominal value
Capital increase with preferential rights to subscribe shares and/or securities giving access to Company capital (23rd resolution, May 14, 2020 GM)	26 months July 14, 2022	Capital increase: €2.5m Debt securities: €15m	
Capital increase without preferential rights to subscribe shares and/or securities giving access to Company capital via public offering (19th resolution, May 14, 2020 GM)	26 months July 14, 2022	Capital increase: €2.5m Debt securities: €15m	
Capital increase without preferential subscription rights as part of an offering to eligible investors or a restricted circle of investors in accordance with Article L. 411- 2 (II) of the French Monetary and Financial Code (20th resolution, May 14, 2020 GM)	26 months July 14, 2022	Capital increase: €2.5m Debt securities: €15m	
Authorization to set the issue price at up to 10% of the capital stock (25th resolution, May 14, 2020 GM)	26 months July 14, 2022	-------	
Increase the number of securities to be issued in the event of a capital increase with or without preferential subscription rights (24th resolution, May 14, 2020 GM)	26 months July 14, 2022	15% of initial issue	
Capital increase without preferential subscription rights in favor of one category of persons: – Companies regularly investing, directly and/or indirectly, in growth shares of "small caps" (i.e. whose capitalization, if they are listed companies, does not exceed €1 billion) in the industrial sector, notably in the composite materials sector (15th resolution, May 19, 2021 GM) – Any person who has been, or whose main shareholder has been, an employee or exclusive commercial agent of the Company or of a related company for at least the past 12 months; (15th resolution, May 19, 2021 GM) – Any person who is, or whose main shareholder is, a corporate officer of a foreign company related to the Company, with the exception of the corporate officers of such related companies who are also corporate officers of the Company. (16th resolution, May 19, 2021 GM) – All persons holding the status or whose main shareholder holds the status of credit institution, investment services provider, investment fund or company under an equity or bond financing contract (17th resolution, May 19, 2021 GM)	18 months November 19, 2022	Capital increase: €2.5m Debt securities: €15m	Capital increase: €2.5m Debt securities: €15m
Capital increase, up to 10% of capital stock, as consideration for contributions in kind made in the form of shares or other securities giving access to the capital stock of third-party companies, outside the scope of a public exchange offer (26th resolution, 2020 GM)	26 months July 14, 2022	10% of Company capital	
Capital increase in favor of employees belonging to the group savings plan (19th resolution, 2021 GM)	26 months July 19, 2023	3% of Company capital	
Issue stock options to purchase or subscribe shares in the Company to its employees and executives (27th and 28th resolutions, 2020 GM)	38 months July 14, 2023	5% of Company capital	
Allot existing shares or issue shares free of charge to the Company's employees and directors	38 months July 16, 2022	5% of Company capital	

None of the delegations of authority were exercised by the Board of Directors during the year ended December 31, 2020

3.4 ITEMS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC TENDER OFFER

Pursuant to Article L. 22-10-11 of the French Commercial Code, items likely to have an impact in the event of a public tender offer are as follows:

- There is no feature in the Company's capital structure likely to have an impact in the event of a public tender offer;
- There is no restriction on the exercise of voting rights or transfer of shares imposed by the Articles of Association or clauses of agreements brought to the Company's attention in accordance with Article L. 233-11 of the French Commercial Code;
- No declaration made under Articles L. 233-7 and L. 233-12 of the French Commercial Code mentions any direct and indirect equity interests in the Company likely to have an impact in the event of a public tender offer;
- There are no securities carrying special control rights, except for double voting rights for any registered share held in the name of the same shareholder for more than two years;
- The Company is not aware of any shareholder agreements that could entail restrictions on the transfer of shares or exercise of voting rights;
- Under Article 14 of the Articles of Association, members of the Board of Directors are appointed for a term of three years by the Ordinary General Meeting. If one or more directors' seats are vacant, the Board of Directors may, in the period between two General Meetings, make provisional appointments in accordance with the terms of Article L. 225-24 of the French Commercial Code. The director thus appointed to replace another remains in office only until the predecessor's term of office expires;
- The Board of Directors enjoys the delegations of authority described in Section 3.3. "Currently valid capital increase authorizations";
- The Company has entered into certain agreements containing an explicit change of control clause. These are financing agreements requiring the prior consent of the contracting party in the event of a change in control of SergeFerrari Group SA;
- At the filing date of this Universal Registration Document, there is no agreement providing for remuneration for executive managers in the event of their resignation or unfair dismissal or if their employment is terminated as a result of a public tender offer.

3.5 SHARE BUYBACK PLAN

The May 14, 2020 General Meeting authorized the Board of Directors, for a period of 18 months, to implement a share buyback plan in accordance with Article L. 22–10-62 of the French Commercial Code and the AMF General Regulation, under the terms and conditions described below. An identical resolution will be submitted for approval at the May 19, 2021 General Meeting:

These shares may be purchased, sold or transferred at any time and by any means, in one or more installments, on or off-market, including by means of block trades or option transactions and during a public tender offer. The total number of shares authorized under the share buyback plan may be purchased or sold by means of block trades.

The net purchase price per share shall not exceed fourteen (14) euros, excluding fees and commissions, subject to any adjustments made in accordance with applicable statutory and regulatory provisions in relation to transactions involving the Company's equity.

The Company shall be entitled to purchase, in one or more installments and at such times as the Board of Directors shall see fit, a number of ordinary Company shares not exceeding:

- ten per cent (10%) of the total number of shares comprising the capital stock as adjusted in accordance with any transactions that may affect it following the date of the decision; or
- five per cent (5%) of the aforementioned number of shares comprising the capital stock if the shares are purchased by the Company to hold for subsequent delivery as consideration or in exchange in relation to a merger, demerger or capital contribution transaction.

The maximum amount of funds required to implement the plan will be set at seventeen million, two hundred and eighteen thousand, nine hundred and fifty euros (€17,218,950).

In the event of a capital increase by capitalization of reserves, bonus share allotment, stock split or reverse stock split, the aforementioned prices shall be adjusted by applying a multiplying factor equal to the ratio between the number of shares comprising the capital stock before and after the said transaction.

Shares may be purchased for the following purposes, in order of priority:

- to encourage liquidity and boost the Company's share price through the intervention of an investment services provider acting independently under a liquidity contract in compliance with the French Financial Markets Association's ethics charter as recognized by the French Financial Markets Authority (AMF). The Company currently holds 78,867 treasury shares for this purpose;
- to grant shares to employees or corporate officers of the Company and French or foreign companies or groups related to it, in accordance with statutory and regulatory conditions, primarily as a means of sharing in the profits of the Company's growth, under employee shareholding plans, company savings plans, stock option plans or bonus share allotments, or on any other terms permitted by applicable regulations. There are 27,204 shares held for this purpose as of December 31, 2020; at the filing date of this Universal Registration Document, there is no plan of this nature in the Group;
- to transfer Company shares as consideration or in exchange, primarily in relation to mergers and acquisitions. There are 379,000 shares held for this purpose as of December 31, 2020. As part of the acquisition of Verseidag-Indutex, on July 29, 2021 SergeFerrari Group SA will have to transfer 585,417 SergeFerrari Group shares as consideration for the 2nd fraction of the acquisition price. The 379,000 treasury shares held in a registered account for this purpose and the remaining 27,204 treasury shares held in a registered account for allotment to employees and corporate officers will be used for this purpose. The remaining 179,213 shares could be purchased from Ferrari Participations.
- to grant shares upon the exercise of rights attached to securities conferring the right to existing Company shares via redemption, conversion, exchange, presentation of a warrant or in any other way;
- to cancel repurchased shares as part of a capital reduction, subject to the shareholders in an extraordinary General Meeting adopting a resolution specifically authorizing such capital reduction.

The number of shares purchased by the Company to hold for delivery as consideration or exchange in a merger, demerger or capital contribution may not exceed 5% of its capital stock.

The shares thus repurchased may be canceled, as the General Meeting authorized the Board of Directors to reduce the capital stock by canceling the treasury shares resulting from the buyback plan described above.

Treasury shares as of December 31, 2020	
Total number of treasury shares	**485,071**
- for the liquidity contract	78,867
- for allotment of bonus shares (unused balance)	27,204
- for external growth	379,000
% of capital stock	3.94%
Purchase price value (€)	4,768,560
Value at year-end price (€)	2,881,322
Par value (€)	194,028

3.6 AGREEMENTS BETWEEN AN EXECUTIVE OFFICER OR SIGNIFICANT SHAREHOLDER AND GROUP SUBSIDIARIES

AGREEMENTS BETWEEN GROUP COMPANIES AND ONE OF ITS SHAREHOLDERS

Services agreement between Ferrari Participations and the Group

The role of Ferrari Participations, as holding company, is to implement a globally applicable and consistent policy within the Group and to define the Group's strategic priorities and growth strategies. To this end, an agreement was signed between Ferrari Participations and the Group's direct and indirect operational subsidiaries effective January 1, 2012.

In 2020, the agreement covered the following direct and indirect subsidiaries: Serge Ferrari SAS, Texyloop, CI2M, Serge Ferrari Tersuisse, Serge Ferrari AG, Serge Ferrari Asia Pacific, Serge Ferrari North America, Serge Ferrari Japan, Serge Ferrari Brasil, Serge Ferrari Shanghai, Serge Ferrari India Private Ltd and SergeFerrari Group.

The amount invoiced to all Group companies for these services by Ferrari Participations for fiscal year 2020 was €2,280,000 compared to €2,782,000 in 2019.

These services include:
- Consulting on strategy and development of beneficiary companies (operating subsidiaries);
- Consulting on financial and cash management issues;
- Assistance in tax administration and insurance management;
- Assistance in human resources management;
- Consulting on business development;
- Consulting on industrial development and quality;
- Consulting on R&D;
- Consulting on sustainable development and environmental matters.

The agreement does not include remuneration for services related to executive duties. Corporate officers receive remuneration from SergeFerrari Group in respect of their executive duties.

This agreement is automatically renewable annually.

Group central cash management (cash pooling) agreement

A cash pooling agreement between Ferrari Participations, SergeFerrari Group, Serge Ferrari SAS, Texyloop and CI2M came into effect on January 1, 2012, replacing a previous agreement signed in 2007.

Under this new agreement, Serge Ferrari SAS is the pooling company.

As of December 31, 2020, the outstanding balance of the cash pooling accounts opened in the name of SergeFerrari Group on the books of Serge Ferrari SAS was a credit balance of €4,921,000.

Current account agreement with Romain Ferrari. On July 29, 2020, a current account agreement for an amount of €3 million was entered into between SergeFerrari Group SA and Romain Ferrari. This current account advance will be repaid to Romain Ferrari depending on the EBITDA multiple represented by Group net debt. The agreement confers entitlement to receive interest in accordance with statutory provisions applicable in France.

AGREEMENTS DIRECTLY OR INDIRECTLY BINDING GROUP COMPANIES AND A GROUP CORPORATE OFFICER

Apart from the premises owned by the Group, the main Group company premises are leased from real estate companies owned by the Company's sister company Ferrimmo.

Accordingly, lease agreements exist (standard 3/6/9 commercial leases) between the Group's French entities and the real estate companies controlled by FERRIMMO, a wholly-owned subsidiary of Ferrari Participations, the Company's majority shareholder in which Sébastien Ferrari holds a stake of 66.70% and Romain Ferrari 33.30% (on the basis of non-split ownership shares and beneficial ownership).

In 2020, the Group paid FERRIMMO and its subsidiaries (Immobilière Ferrari SAS, SCI La Roche, SCI Clomeca, SCI SRF and SCI SETIMM) total rent of €2,753,000 compared to €3,124,000 in 2019. In 2020, rent paid by Group companies to SCI SMF amounted to €0.227 million: the same year, this rent and the corresponding assets were transferred to FERRIMMO in continuation of the inheritance of Sébastien Ferrari and Romain Ferrari.

If necessary, the rent is revised based on changes in the construction price index.

As regards the potential conflict of interest that these agreements represent for Sébastien and Romain Ferrari, in 2014 an independent real estate assessor (Galtier Expertises Immobilières et Financières) made an assessment of whether the rent amounts paid by the Group to the SCIs (real estate companies) controlled by the Ferrari family group were consistent with market rates. The assessor estimated the rental value of the relevant premises at €2.7 million per annum excluding VAT (see Section 23 of the Base Document filed on May 20, 2014 under number I. 14-032). A rider to the lease agreement was signed in 2015 in respect of additional premises provided on July 1, 2015 for the business development department, which has been expanded in line with the Group's development plan. The related expenses recognized amounted to €67,000 in 2015 and €135,000 in 2016. Given the non-material amounts of rent involved, the Group did not commission an independent assessment of the rental value of the additional premises.

An additional rider to the lease agreement was signed in 2017 in respect of premises provided on July 1, 2017 to house the Group's showroom in Paris, following the decision of the previous owner to sell these premises leased to Serge Ferrari SAS. With the acquisition by FERRIMMO and the lease by Serge Ferrari SAS, the fixtures and improvements made by the company can be kept. A valuation of the rent at market value was requested from an independent expert and the rental amount decided accordingly. The related expenses recognized for 2017 amounted to €50,000 and to €25,000 net of the rent reductions mentioned above. In December 2020, FERRIMMO sold the showroom to an external buyer and the lease agreement was terminated.

Ordinary and regulated agreements were reviewed by the Audit Committee on December 14, 2020 and by the Board of Directors on December 15, 2020. The directors concerned abstained from the vote.

In accordance with Article L. 225-39 of the French Commercial Code, the Board of Directors has established a procedure for the regular assessment of agreements pertaining to ordinary transactions entered into on arm's length terms. In this context, the Audit Committee reviewed these agreements on December 14, 2020 and reported to the Board of Directors the following day. This identification procedure is applied upon execution of all agreements that could qualify as regulated and whenever an agreement is amended, renewed or terminated, including in the case of agreements considered as "unrestricted" at the time of their execution.

(See Note 31 to the consolidated financial statements in Section 6.1 of this Universal Registration Document.)

CONFLICTS OF INTEREST AND AGREEMENTS IN WHICH CORPORATE OFFICERS HAVE AN INTEREST

To the best of the Company's knowledge, at the filing date of this report no potential conflicts of interest exist between the duties of Karine Gaudin, Carole Delteil de Chilly, Caroline Weber, Bertrand Neuschwander, Christophe Graffin and Bertrand Chammas, directors who are not members of the Ferrari family group, towards the Company and their private interests or other duties. Furthermore, Sébastien Ferrari and Romain Ferrari are Chairman and Chief Executive Officer respectively of Ferrari Participations, a shareholder owning more than 50% of the capital stock and voting rights of the Company. Philippe Brun is bound to Ferrari Participations, the Company's parent company, by an employment contract.
Jan Kleinewefers is the Managing Partner of Kleinewefers GmbH, the entity controlling Jagenberg AG. On July 29, 2020, Jagenberg AG sold its interest in Verseidag-Indutex GmbH: the terms of the transaction are described in the management report.

Interests in the Company held directly or indirectly by corporate officers are set out in Section 8.5 of this Universal Registration Document.

The Board of Directors has adopted an internal rule including an article concerning "Prevention of conflicts of interest" which requires that a director in such a situation immediately and fully disclose to the Board of Directors any actual or potential conflict of interest that he or she may have with regard to his or her functions as a director, in order to determine whether said director should abstain from discussions or voting on the resolutions concerned.
The internal rules of procedure of the Board of Directors restate the code of ethics by which Board members are required to abide. At the time of their appointment, each director is made aware of the responsibilities incumbent upon them, the duty to observe the ethical rules and the rule prohibiting the holding of multiple offices, the duty to inform the Board in the event that a conflict of interest arises, the need for regular attendance at Board meetings and the confidentiality of Board proceedings. Each independent director reviews his/her situation every year in light of the criteria set out in the Middlenext Code and informs the Board accordingly.

The Board of Directors may recommend that a current director tender their resignation, where it believes that such director has a proven and permanent or substantially permanent conflict of interest.

3.7 SPECIAL PROCEDURES REGARDING SHAREHOLDER PARTICIPATION IN GENERAL MEETINGS

It is recalled that Articles 24 et seq. of the Articles of Association define the rules and procedures for shareholder participation in General Meetings. The shareholders meet every year for the General Meeting.

3.7.1 CONVENING GENERAL MEETINGS

Ordinary and Extraordinary General Meetings are convened, meet and vote under the conditions laid down in applicable laws and regulations. They are held at the registered office or at any other place specified in the notice of meeting. Shareholders' decisions are taken in Ordinary, Extraordinary or Combined General Meetings depending on the nature of the decisions they are asked to take.

3.7.2 PARTICIPATION IN GENERAL MEETINGS

Subject to approval by the General Meeting on May 19, 2021, the new wording of Article 27 will be as follows:

"Every shareholder has the right to attend General Meetings and to take part in the voting in accordance with the conditions set out in the applicable regulations.

However, this right is contingent on the shares being registered shares or, in the case of bearer shares, upon presentation of proof of the accounting entry of the shares in the name of the shareholder or the intermediary acting on his/her behalf under the conditions and within the deadlines set out in the applicable regulations.

Every shareholder can vote by post, using a form prescribed for this purpose and sent to the Company, or be represented, under the conditions and within the deadlines set out in the applicable regulations.

The Board of Directors has the option to decide that shareholders may take part and vote at any meeting by video-conference or any other telecommunication means, or vote remotely via an electronic ballot or by an electronically signed proxy, under the conditions set out in the applicable regulations." .

3.7.3 CONDITIONS FOR EXERCISING VOTING RIGHTS

The voting right attached to shares is proportional to the capital that they represent. Each share entitles the holder to at least one vote (Article L. 225-122, French Commercial Code).
A double voting right compared to the right attached to other shares (in view of the percentage of share capital they represent) is attributed to all fully paid up shares for which there is proof of registration in the same shareholder's name for at least two years. Shares converted to bearer shares and shares of which ownership is transferred forfeit the double voting right. However, transfers following inheritance, liquidation of communal property or inter vivos gifts to a spouse or relative entitled to inherit do not cause the loss of the acquired right and do not interrupt the two-year period.
Disclosure of statutory thresholds: Individuals or legal entities having a shareholding of over 2% of the share capital are required to inform the Company of the total number of shares they hold, by registered mail with return receipt requested, within a period equivalent to that applicable to the crossing of statutory thresholds. In the event of non-compliance with the above disclosure, undisclosed shares above the statutory threshold shall be deprived of voting rights for a period of two years as from the date when they are duly disclosed.

3.7.4 AMENDMENTS TO SHAREHOLDERS' RIGHTS

Shareholders' rights may be amended at an Extraordinary General Meeting, under the conditions laid down by law.

3.8 REGULATED AGREEMENTS AND MAIN INTERCOMPANY CASH FLOWS

To the best of the Company's knowledge, no corporate officer is bound to the Company or any of its subsidiaries by a service contract, with the exception of the agreements set out below and in Section 3.6.

As of the date of this Universal Registration Document, the main cash flows between Group companies relate to the following agreements:

- **Administrative services agreement**

On January 1, 2012, Serge Ferrari SAS entered into an agreement with a number of Group companies to provide accounting, personnel management and IT services.

This administrative services agreement results in the invoicing, with a margin for management fees, of the cost of the services used by the beneficiary companies (payroll of HR staff assigned to administrative oversight of each company, office equipment and the use of IT systems, accounting costs).

Services are invoiced quarterly based on the annual budget. An adjustment is made at year-end if necessary.

The resulting total amount invoiced by Serge Ferrari SAS under this agreement for 2020 was €461,000 compared to €544,000 in 2019.

- **Services agreement between Ferrari Participations and the Group.**

The Company and its subsidiaries are bound to its parent company, Ferrari Participations, by a service contract that came into force on January 1, 2012, the terms and conditions of which are set out in the statutory auditors' report on regulated agreements (see Section 3.6). Corporate officers receive remuneration from the Company in respect of their executive duties.
The amounts received by executive officers under this agreement are disclosed in Section 3.2.

- **Central cash management (cash pooling) agreement**

Under the cash pooling agreement signed on January 1, 2012, Serge Ferrari SAS manages the cash of some Group companies via a central cash pooling account. This agreement was signed with the following companies: Ferrari Participations, SergeFerrari Group, Serge Ferrari SAS, Texyloop and CI2M.

The reciprocal advances agreed under this arrangement bear interest at the EURIBOR 3-month rate plus 80 basis points when used for trading and 50 basis points when used for investment.

Intercompany trade receivables and payables not settled within 60 days are reclassified to current accounts.
As of December 31, 2020, the outstanding balance of the cash pooling accounts opened in the name of SergeFerrari Group SA on the books of Serge Ferrari SAS was a debit balance of €4,921,000.

- **Agreement on current account advance granted by SergeFerrari Group SA to Verseidag-Indutex GmbH**

Financing amounting to €21.3 million was arranged on July 29, 2020 in order to repay debts outstanding at the acquisition date. This advance bears interest at the Group's cost of borrowing, capped at 200 bps.

- **Operating license agreement covering the "Serge Ferrari" trademark**

On January 1, 2012 SergeFerrari Group SA granted the following subsidiaries a license to use the "Serge Ferrari" trademark for an indefinite term (the fee charged to each licensee amounts to 0.8% of revenue):

- Serge Ferrari SAS
- Serge Ferrari North America
- Serge Ferrari Japan
- Serge Ferrari Asia Pacific Ltd
- Serge Ferrari AG
- Serge Ferrari Tersuisse AG
- Serge Ferrari Brasil
- Serge Ferrari India Private Limited
- Serge Ferrari Shanghai
- Serge Ferrari AB

In fiscal year 2020, SergeFerrari Group SA recognized income of €1,123,000 from trademark royalties, compared to €1,341,000 in 2019.

- **Tax consolidation agreement**

Under the tax consolidation agreement, SergeFerrari Group SA, the Group's parent company, consolidates its subsidiaries Serge Ferrari SAS, Texyloop and CI2M for taxation purposes. Any tax losses are reallocated to the subsidiaries. Since fiscal year 2020, the principle of tax neutrality has been applied across this group.

As of December 31, 2020, the corresponding corporate income tax current accounts, including carryforwards from the previous year and taxes for 2019, showed the following balances:

- Serge Ferrari SAS tax current account: (€2,221,000)
- CI2M tax current account: (€80,000)

- **Lease agreements**

Subsidiaries of the Company are bound to FERRIMMO SAS and its subsidiaries by lease agreements pursuant to which FERRIMMO rents out buildings to the Company and its subsidiaries for the conduct of their business. On December 31, 2017 these agreements were reclassified as regulated agreements subject to review by the Audit Committee and the Board of Directors.

The agreements listed below were put through the regulated agreement control procedures provided for by Articles L. 225-38 et seq. of the French Commercial Code.

- Services agreement between Ferrari Participations and the Group.
- Lease agreements with FERRIMMO.
- Bank guarantee agreement granted by the Company to its subsidiary Giofex France. In connection with the establishment of a bank facility, the Company granted a guarantee in the amount of €1,500,000 on behalf of its indirect subsidiary Giofex France.

The other agreements have been classified as ordinary agreements.

3.9 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

GENERAL MEETING TO APPROVE THE ACCOUNTS FOR THE FINANCIAL YEAR ENDING DECEMBER 31, 2020

To the General Meeting of SergeFerrari Group SA,

As statutory auditors for your Company, we hereby present our report on regulated agreements.

It is our duty to disclose to you, based on the information provided to us, the features and key terms of the agreements of which we have been informed, or which we have identified during our assignment, as well as the reasons justifying the benefit of such agreements for the Company, without being required to form an opinion as to their usefulness or appropriateness or to search for undisclosed agreements. It is your duty, pursuant to the provisions of Article R. 225-31 of the French Commercial Code, to assess the advantages of entering into said agreements for the purpose of granting your approval.

It is also our duty, where applicable, to communicate to you the information provided for in Article R. 225-31 of the French Commercial Code regarding the performance of agreements previously approved by the General Meeting during the year ended.

We carried out the investigations that we considered necessary in order to comply with the professional guidelines issued by the French National Institute of Auditors (*Compagnie nationale des commissaires aux comptes*) in respect of this assignment. These investigations involved verifying the consistency of the information provided to us with the underlying documents from which it was taken.

AGREEMENTS SUBMITTED TO THE GENERAL MEETING FOR APPROVAL

Agreements authorized and entered into during the fiscal year ended

Pursuant to Article L. 225-40 of the French Commercial Code, we have been informed of the following agreement entered into during the year ended and previously authorized by your Board of Directors.

Services agreement with Ferrari Participations:

Service provider: Ferrari Participations

Executive officers concerned:

- Sébastien Ferrari: Chairman of Ferrari Participations and Chairman and CEO of SergeFerrari Group SA
- Romain Ferrari: CEO of Ferrari Participations and Chief Operating Officer of SergeFerrari Group SA
- Philippe Brun: Chief Financial Officer of Ferrari Participations and Chief Financial Officer of SergeFerrari Group SA

Purpose: provision of advice and assistance by Ferrari Participations with regard to:
- Strategy and development,
- Finance and cash management,
- Financial reporting and investor relations,
- Assistance in intellectual property management: trademark filing, protection and management,
- Tax administration and insurance management,
- Human resources,
- Business development,
- Industrial development and quality control,
- R&D,
- Sustainable development and environmental matters.

Effective date of agreement: January 1, 2015

Term: one year, thereafter automatically renewable annually.

Reasons justifying the benefit for the Company:
Ferrari Participations wishes to implement a globally applicable and consistent policy within the Group and, to that end, to define the Group's strategic priorities and growth strategies whilst coordinating and implementing the ensuing measures and playing a proactive role in the management of the beneficiary, including by streamlining and centralizing certain administrative and organizational departments.

Ferrari Participations possesses sufficient infrastructure and personnel skills for this purpose, given that its main role is to perform administrative tasks, manage human resources, provide assistance to the financial and legal departments, provide assistance with business development, provide assistance to the industrial and quality control department and in terms of sustainable development and R&D, as well as performing other important tasks essential to the proper functioning of the Group.

Terms: Amount recorded under expenses for the year ended December 31, 2020: €207,520 excluding tax.

Agreements previously approved by the General Meeting

Performance of agreements approved in previous years during the fiscal year ended

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed of the performance of the following agreement approved in previous years by the General Meeting during the fiscal year ended.

Guarantee granted on behalf of GIOFEX France SAS

Executive officers concerned:

- Sébastien Ferrari: Chairman and CEO of SergeFerrari Group SA and Director of GIOFEX Group
- Philippe Brun: Chief Financial Officer of SergeFerrari Group SA and Director of GIOFEX Group

Purpose and terms:
In connection with the establishment of a bank facility, the Company granted a guarantee in the amount of €1,500,000 on behalf of its indirect subsidiary GIOFEX France.

The Statutory Auditors

Mazars	Grant Thornton
Villeurbanne, March 17, 2021	Lyon, March 17, 2021
	
Séverine Hervet	**Frédéric Jentellet**
Partner	Partner

3.10 GOVERNING STRUCTURES

Executive Management (Article 19 of the Articles of Association)

By a decision dated April 30, 2014, the Board of Directors decided not to separate the functions of Chairman and Chief Executive Officer, by appointing Sébastien Ferrari to the position of Chairman and Chief Executive Officer. At the same meeting on April 30, 2014, the Board appointed Romain Ferrari and Philippe Brun as managing directors. On September 15, 2016, the Board of Directors appointed Hervé Trellu Senior Vice President Sales & Marketing: Hervé Trellu's corporate office expired on July 18, 2019.
The age limit is set at 70. The positions of Chief Executive Officer or managing director can be revoked at any time by the Board of Directors. The Chief Executive Officer and the managing directors are vested with full powers to act in the name of the Company.

Group Executive Management and Executive Committee

The Executive Management team implements the Group's strategy via an Executive Committee tasked with ensuring the proper execution of the Group's strategy and policies. The Committee meets twice a month.
In addition to Sébastien Ferrari, Romain Ferrari and Philippe Brun, the Group Executive Committee comprises:

- Hervé Garcia, Group Human Resources Director, aged 52, a French national. Hervé holds a DESS advanced diploma in Human Resources, and joined the Group after holding senior positions in a group providing utilities services.
- Jean-Yves Stephan, Chief Industrial Operations Officer, aged 54, a French national. A graduate of Ecole Centrale Paris, Jean-Yves joined the Group in January 2018 having held a number of operational and senior management positions in large industrial groups.
- Philippe Espiard, Chief R&D Officer, aged 56, a French national. Having qualified as an engineer at Ecole Supérieure de Chimie in Lyon (CPE Lyon), Philippe Espiard obtained a doctorate in macromolecular materials from Claude Bernard Lyon 1 University. He joined the Group in April 2018 after managing various research departments and centers in large industrial groups.

- Sébastien Baril, aged 40. Senior VP Marketing & Digital Transformation, Sébastien graduated from Ecole Supérieure d'Ingénieur in Chambery. He joined Serge Ferrari in 2005, where he held successive positions in R&D, as product manager, and in Group business management
- François Geradin, Sales Director - Europe and Americas, aged 55, holds a Master's degree in Marketing & Advertising. He has held positions in sales departments and business units in the areas of mass market and B2B.
- Nitin Govila, SVP Sales APMEAI, aged 48, holds a Masters' degree in Marketing (MDI) and General Management (HEC). Nitin Govila held positions in marketing and business operation management in international groups before joining the Serge Ferrari Group in 2016.
- Following the acquisition of Verseidag-Indutex GmbH and its subsidiaries, the Executive Committee welcomed the two CEOs of this company:
  - Markus Simon: aged 52, CEO of Verseidag-Indutex GmbH, which he joined in 1997 after an initial spell at Deutsche Bank.
  - Henric Leuer: aged 54, CEO of Verseidag-Indutex GmbH, which he joined in 2004 after holding a number of sales and technical positions in industry at Akzo and Du Pont de Nemours

Business ethics policy

An ethics charter, drawn up in 2015 and early 2016, was approved by the Works Council and the health and safety committee (CHSCT) respectively on April 11 and April 19, 2016. The purpose of the charter is to lay down the ethical principles and rules to be followed in each Group entity. It applies to all Group executive officers, representatives and employees.
It forms Appendix 3 of the internal rules of procedure of the Economic and Social Unit comprising the companies based at La Tour du Pin. This charter has been translated into English and German and gradually rolled out across the Group among the members of the Executive Committee, sales people, buyers, etc. It is attached to the employment contract of all new recruits, who are required to acknowledge receipt accordingly.

The Ethics Charter aims to address the following situations:

- Conflicts of interest;
- Gifts, invitations and other benefits;
- Protection of confidential information and intellectual property;
- Competition;
- Market ethics.

The Ethics Charter also provides for a whistleblowing system designed to forestall and settle any issues as quickly as possible.

In continuation of the measures taken pursuant to the French Sapin II Law, the Group adopted an anti-corruption code of conduct, as recommended by Middlenext. The code was presented to the Works Council of the Economic and Social Unit comprising the companies based at La Tour du Pin. This Code of Conduct and the amended Ethics Charter became effective on January 22, 2018. These documents may be found on **www.sergeferrari.com**

Relations with shareholders

In accordance with Recommendation R 12 of the Middlenext Code, the Company's executive officers ensure that the conditions for dialog with shareholders are met. In this respect, the shareholders present or represented at the May 14, 2020 General Meeting represented 89.25% of total voting rights. All resolutions put to the vote and backed by the Board were approved by at least 82% of votes cast by shareholders. The Board also verifies that the majority of votes cast by shareholders outside the family group are in favor of the resolutions submitted to them.
The executive officers see that they meet major shareholders who request a meeting.

4. RISK MANAGEMENT

Stamskin Zen | Mobilier

4.1 INTERNAL CONTROL AND RISK MANAGEMENT

4.1.1 DEFINITION OF INTERNAL CONTROL

The internal control principles and procedures applicable in the Group aim to:

- align day-to-day management or the conduct of operations, as well as individual behavior, with the Group's business strategy as adopted by the Company's governance bodies and the executive management, under applicable laws and regulations , and the values, standards and rules internal to Group companies;
- ensure that accounting, financial and management information give a true and fair view of the performance and position of Group companies;
- ensure the protection of human, tangible and intangible assets.

One of the objectives of internal control systems is to prevent and manage all risks resulting from the Group's business, in particular accounting and financial risks, including errors and fraud, other operational, strategic and compliance risks. As with any control system, it cannot however give an absolute guarantee that these risks are entirely eliminated.

4.1.2 DESCRIPTION OF THE INTERNAL CONTROL ENVIRONMENT

4.1.2.1 Internal control components

- **The Board of Directors**
  - As the constituent body of the Group's parent company, the Board makes decisions which are beyond the sole control of its corporate officers (endorsements and guarantees, bonus shares allotment, approval of the half-year and annual parent company financial statements and consolidated financial statements, etc) and pursuant to these decisions, grants them special and limited powers;
  - As the Group's control body, the Board supervises the work of the parent company's corporate officers (whom it appoints) and indirectly of the main subsidiaries;
- **The Executive Committee** is responsible for the conduct of the Group's businesses and the implementation of its main policies;
- **The Audit Committee** reviews the risks and financial statements drawn up by the Group. The audit plan is approved by the Audit Committee;
- **Internal Audit,** which falls under the Chief Operating officer, reports to the Audit Committee. Internal audit participates in the execution of the annual audit plan, drawn up after it has identified and analyzed the Group's main risks;
- **External Audit.** The Board of Directors is responsible for selecting the Statutory Auditors proposed to the General Meeting, on the recommendation of the Audit Committee. The Group has selected Statutory Auditors so as to ensure a worldwide and global coverage of the Group's risks.

4.1.2.2 Risk identification and management

Risk identification and management is presented annually to the Audit Committee, and monitored by it on a multi-annual basis. In particular, IT security audits are conducted every three years or so and are followed by recommendations implemented by the Group's IT services department. This roll-out plan is presented to the Audit Committee every year.
The annual audit plan is also drawn up in this context.
Discussions among the Audit Committee, the Group's Finance Department and the Statutory Auditors about key audit matters also enable the fine-tuning of audit assignments, whether internal or external. They ensure a good coverage of the Group's businesses and/or assets and liabilities.

4.1.2.3 Key components of internal control procedures

Budget monitoring: it is structured around three lines: (i) the annual budget (updated several times during the year); (ii) the monitoring of achievements as part of the monthly reporting and (iii) the strategic plan. It relies on management control teams within the Finance Department. Specific instructions regarding the budget (principles, planning) are issued by central functions to all subsidiaries. The final budget is approved by the Chairman and CEO.

The reporting is prepared on the basis of data entered directly at subsidiaries following a specific schedule sent out at the beginning of the year and in accordance with the reporting manual and the accounting principles issued by the central teams; monthly performance analysis as part of the reporting is presented by the Finance Department to the Executive Committee and at meetings of the Audit Committee and the Board of Directors.

An a**nnual internal audit plan** is drawn up following the risk review conducted by the Audit Committee.

A multi-annual **strategic plan** underpins the Group's medium-term strategic directions.

A **single reporting and consolidation tool** is used by each subsidiary to input all their accounting and financial data.

The **central cash management** and the exchange-rate and interest-rate risk hedging is managed by the Group Treasury Manager within the Group Finance Department.

4.1.2.4 Headquarters' legal and operational control over the subsidiaries

Most subsidiaries are 100% owned, directly or indirectly, by SergeFerrari Group or by its main subsidiary Serge Ferrari SAS. The Group Chairman is also the Chairman or a member of the management bodies of each subsidiary.

4.2 RISK FACTORS

The Group has conducted a review of the risk factors likely to have a significant adverse impact on its businesses, profits or earnings. The Group has not identified any material risk other than those presented below. For 2020, the review of risk factors revealed an additional risk related to integration and change management, as a result of the external growth operations carried out. The other risks have not changed compared with 2019, except for the risk of macro-economic instability (including the impacts of a pandemic like COVID-19) which has been re-assessed.

The group risk matrix, reproduced below, is a risk control management tool. It summarizes these risks according to their significance and likelihood of occurrence.

RISK IMPACT \ PROBABILITY INDEX	Low	Moderate	High
High	▪ Industrial accidents		
Moderate	▪ Change management and integration of acquired companies ▪ Inventory turnover	▪ Raw material and energy prices ▪ Environmental regulations	▪ Geopolitical and macro-economic instability ▪ Cyberattacks and information systems
Low	▪ Fraud	▪ Changes in exchange rates	

Risk ranking

4.2.1 Risks related to the business	Geopolitical and macro-economic instability (including the impacts of a pandemic like COVID-19) Price of raw materials and energy Change management and the integration of external growth operations Stock turnover Cyber-attack
4.2.2 Industrial and environmental risks	Industrial accidents Regulatory environmental constraints
4.2.3 Financial risks	Forex impact Fraud

Risk factors are presented in decreasing order of importance for each type of risk.

4.2.1 RISKS RELATED TO THE GROUP'S ACTIVITY

Geopolitical and macro-economic instability (including the impacts of a pandemic like COVID-19)

Identification and description of the risk	Potential impacts on the Group
SergeFerrari Group generates 75% of its revenues outside of France and 25% outside of Europe. The Group faces trade wars between countries, the increase in geopolitical tensions and the risk of an extensive global macro-economic crisis. The Group is therefore exposed to a macro-economic risk ensuing from the COVID-19 pandemic (lockdown, travel restrictions, prohibition of activity for some of its clients).	The Group could face restrictions in the marketing, distribution or consumption of products from international sources, as witnessed since the 1st quarter of 2020. The introduction of customs duties could cause a significant decline in sales or margins.

Risk control and mitigation

The Group's sales are broken down into four strategic market segments with different outlooks according to their areas of application. This diversification of markets and areas of application reduces the Group's exposure to a single market. The Group invoices customers in more than 80 countries, thus mitigating the risk of dependence on a particular geographic market.

Stock turnover

Identification and description of the risk	Potential impacts on the Group
The group produces its materials, partly on a make-to-order basis, and partly for temporary use in its inventory, based on sales forecasts and estimates of the months ahead. Differences between forecasts and actual sales can result in slow-moving inventory.	As a result, the Group may have to recognize provisions for impairment due to slow-moving inventory.

Risk control and mitigation

The Group carries out a monthly assessment of the risk of slow-moving inventory, and recognizes a provision when this risk is deemed present.
The Group has enhanced its forecasting tools for demand estimates by using the pipeline of available projects in its CRM BOOSTER system.

Price of raw materials and energy

Identification and description of the risk	Potential impacts on the Group
The Group uses large quantities of raw materials and industrial supplies in its manufacturing processes (over 50% of standard production costs), mostly from petrochemicals (polyvinyl chloride "PVC", polyethylene terephthalate "PET" and plasticizers), which are indirectly impacted by fluctuations in the price of crude oil. The Group is also exposed to fluctuations in the price of other raw materials essential to its activities, such as dyes, varnishes, antimony (flame retardant), pigments, etc. The Group passes these price increases on to its customers, generally on January 1 of the following year. Prices also depend on the availability of specialty chemical components: cases of *force majeure* (unplanned maintenance, supplies, disasters, etc.) encountered in chemical industries may cause temporary strong pressure on prices.	The delay in increasing selling prices following the increase in raw materials costs results in a temporary contraction of the Group's margins.

Risk control and mitigation

The Group passes price increases on to its customers, generally on January 1 of the following year: the products marketed by the Group are innovative products offering unique benefits for its customers.
With the notable exception of PET, the raw materials used by the Group are derived from specialty chemicals: these raw materials have lower volatility than chemical commodities. Moreover, the prices of raw materials are global prices: the fact that there are no significant differences from one continent to another prevents the development of a competitive advantage to the Group's detriment.
Furthermore, the Group has worked to procure supplies on a sale-or-return basis, whereby the Company is invoiced on the basis of the monthly price of the supplies used during that month. The reduction in product lead times also reduces the potential impact of price volatility. The Company has also implemented clauses on increase in raw materials prices based on indices published by leading organizations. In general, these clauses apply for the current year.
The Company also has numerous operational measures to minimize such fluctuations and their impact on its results. These measures include reducing production times, bargaining to revise prices, ongoing search for alternative sources of supply, as well as a strong innovation policy focused in particular on the chemical formulations of its products and the substitution of some components.

Change management and the integration of external growth operations

Identification and description of the risk	Potential impacts on the Group
In 2020, the Group undertook acquisitions to reinforce its leadership in its four strategic markets. This encompasses the integration of new and complementary technologies, the reinforcing of its international presence and the streamlining of its production sites. Achieving these synergies will be a key factor to getting the full benefit of these acquisitions.	The acquisitions of the recent years were made with a view to creating technological, industrial and commercial synergies. If the Group does not succeed in generating these synergies, it could impact the effectiveness of the industrial and commercial organizations and thus the Group's financial performance.

Risk control and mitigation

Aware of the importance of proper integration of the acquisitions, the Group has adapted its governance and managerial structure to ensure smooth change management.

- Interim appointment of Jan Kleinewefers, sole shareholder of Jagenberg AG (ex shareholder of Verseidag-Indutex) to the SergeFerrari Group Board of Directors;
- Inclusion on the Group's Executive Committee of the two CEOs of Verseidag.

Creation of a specific unit dedicated to integration and change management. This team, made up of Group employees and employees of the target companies, works jointly with external experts on the achievement of synergies. Follow-up on the implementation of synergies will be an item on the agenda of the Group Executive Committee monthly meeting.

Cyber-attack (risks related to the IT system)

Identification and description of the risk	Potential impacts on the Group
The Group uses complex IT systems (notably for managing its production, sales and logistics, and for bookkeeping and financial reporting) that are essential for running its commercial and industrial activities.	Any failure of one of the IT systems could have a significant adverse impact on the Group's business, financial position, earnings or outlook.

Risk control and mitigation

The Group has chosen to outsource data infrastructure and storage to a 1st tier facilities management operator which also provides helpdesk services.
The Company performs periodic IT security and vulnerability audits, the findings of which are included in multi-annual improvement plans.
The IT services department conducts regular awareness initiatives for staff on the risk of cyber-attacks. These training sessions raise awareness about detecting phishing and fishing attempts and mitigating the related risk.
The security measures taken have ensured close to 100% availability of the IT systems in 2019 and 2020.

4.2.2 INDUSTRIAL AND ENVIRONMENTAL RISKS

Industrial accidents

Identification and description of the risk	Potential impacts on the Group
The Group's facilities carry a certain number of safety, fire or pollution risks, mainly due to the toxicity or inflammability of certain raw materials, finished products or manufacturing or supply processes. In particular, the Group's manufacturing processes that use inflammable materials (varnishes, solvents, chemical products, PET, PVC, etc.) can create a high risk of fire or explosion.	The Group could face the unavailability of its manufactured materials at one of its industrial sites. This would result in a loss of revenue and a potentially material impact on its profitability and liquidity.

Risk control and mitigation

The Group is therefore diligent in putting in place measures to manage fire and industrial accident risks, specifically:

- Regarding fires, in conjunction with the regional fire department (SDIS 38) a listed-facility ETARE plan No. 411 has been established to identify premises in risk areas (with insufficient means) and risks related to their activities. In addition, staff regularly receive training in firefighting (how to use extinguishers, and evacuation drills). The fire control center is also connected to a remote-surveillance central station.
- Regarding industrial accidents, in accordance with its ISO 14001 certification, the Group has put in place an annual improvement plan which consists of organizing the security of sensitive areas (truck loading/unloading), arranging ATEX (explosive atmosphere) zones, conducting studies and fire scenarios (flow of thermal emissions), as well as training staff to be able to identify explosion-risk areas and monitor the smoke oxidizer for air pollution.

The Group has also improved its insurance cover over time so as to ensure appropriate compensation for the consequences of a major disaster. Following the fire that broke out in December 2019 at the La Tour du Pin site, the Group has agreed with its insurers on a water sprinkler system plan for all its industrial facilities, to be rolled out from 2020 to 2024.

Regulatory environmental constraints

Identification and description of the risk	Potential impacts on the Group
The Group is subject to a restrictive regulatory environment notably concerning the environment and safety, in particular as regards industrial safety, emissions or discharges of any kind, the use, production, traceability, handling, transport and storage of products and substances, including disposal and exposure to them, as well as site remediation and environmental clean-up. The Group's failure to comply with these regulations or inability to adapt to future regulatory changes could entail penalties of various kinds – financial, civil, administrative or criminal – and could lead to the withdrawal of the permits and licenses needed to pursue its activities (ICPE classification of its industrial sites in France).	Compliance with these regulations requires the Group to incur regular and large expenditure. Moreover, this regulatory environment frequently changes, making the requirements increasingly stringent. These changes could have a significant adverse impact on the Group's business, financial position, earnings and outlook. Changes in these laws and regulations and their interpretation could lead to significant expenditure and/or investment mainly in industrial tooling and/or adaptation of the formulation of its products.

Risk control and mitigation

Since June 2007, the Group has complied with REACH regulations (Registration, Evaluation and Authorization of Chemicals). The Group is also engaged in an initiative to anticipate and exceed these European regulatory requirements. The Group regularly assesses the health and environmental performance of its composite materials on the basis of five key indicators: health precautions, internal air quality, environmental footprint, circular economy and renewable content. These Eco Identity system indicators measure the progress made over and above regulatory requirements. The Group is also a member of a number of organizations operating in the field of sustainable development, including the Orée Association and the INSPIRE Institute.

4.2.3 FINANCIAL RISKS

Forex impacts

Identification and description of the risk	Potential impacts on the Group
Related to operating cash flows Due to the international character of the Group's business activities and operations, it faces fluctuations in the exchange rates of various currencies, which have a direct accounting impact on the Group consolidated financial statements, reflected in a transaction risk on income and expenses denominated in a foreign currency and the unpredictability of their conversion into euros in the statements of income and financial position of foreign subsidiaries in the euro zone. Within its historic consolidation scope, in 2020, the Group generated approximately 25% of its revenues in currencies other than the euro. For the same period, in value terms, over 80% of purchases of raw materials and services were contracted in euros and less than 15% in CHF. Moreover, although the Group benefits from partial automatic backing, some residual exposure remains. Lastly, some of the Group's production is carried out in Switzerland (PET micro-cables and composite materials) in a non-euro accounting currency. These annual intra-group invoices came to some CHF 25 million in 2020, and are hedged. Related to current assets and liabilities in foreign currencies In its subsidiaries, the Group has residual financial assets and liabilities in foreign currencies. These financial assets and liabilities are not covered by exchange-rate hedges: however, net flows in USD, in JPY, in CNY and CHF, including the change in these financial assets and liabilities, after determination of the net exposure in USD, in JPY, in CNY and CHF, are hedged. Related to non-current assets in foreign currencies Besides investments in its own subsidiaries, the Group does not have non-current assets in foreign currencies.	Significant and lasting changes in exchange rates could have a significant adverse impact on the Group's earnings, financial position or outlook.

Risk control and mitigation The Group has centralized the management of foreign exchange risk by focusing open positions on Serge Ferrari SAS for easier management. Intercompany sales are made in the currency of the distribution subsidiary, wherever possible and justified (USD, CHF, JPY, CNY, BRL, etc.). The Group's objective is to hedge the rate set for the budget, for the flows of the current year. As regards current assets and liabilities in foreign currencies, the Group seeks to have the most appropriate assets-liabilities natural hedge.

Fraud

Identification and description of the risk	**Potential impacts on the Group**
The group's international development saw the creation or acquisition of entities often of small size (less than €10 million of annual revenues per entity), with limited administrative departments. The Groups allows the executives of its subsidiaries the necessary independence to incur the expenses provided for in the annual budget.	The Group is therefore exposed to a financial risk and a risk of non-compliance with the Group's rules on the delegation of powers and segregation of duties.
Risk control and mitigation The Group carries out checks (or arranges for checks to be carried out) of expenses, bank statements and reconciliations. Cash pooling also reduces cash surpluses in subsidiaries. The internal audit team is involved in the reviewing process for segregation of duties set up in the subsidiaries in accordance with the rules applicable in the Group. The Group has also invested in dedicated means for the fight against corruption. An anti-corruption code of conduct and training has been rolled out for employees most likely to be concerned.	

4.3 INSURANCE AND RISK COVERAGE

The Group has instituted a policy for covering the main insurable risks, with the insured amounts and deductibles it considers to be compatible with the nature of its activities. Furthermore, the occurrence of one or more major claims for damages, even if they are covered by these insurance policies and/or even if they were caused by a third-party fault in manufacturing or installation, could seriously impact the Group's activities and financial position given the interruption in its services that could result from such claims, the delays in insurance company payouts in the event that the policy limits are exceeded, and the resulting increase in future premiums.

The Group's main policies, taken out with internationally respected insurance companies, are as follows:

- **Third party liability** covering personal injury, damage to property and consequential damage, caused to third parties due to the Group's activities. The maximum insured limits are:
  - Operational third party liability: €8 million per claim;
  - Third party liability after delivery: €16 million per insured year;
  - Legal action and defense: €100,000.

Professional third party liability is also included in this policy as additional cover with a separate limit of €1 million.

- **Comprehensive industrial insurance - Property damage and operating losses,** with the following total limits including a limit of €100 million per claim:
  - "Property damage" limited to €149 million covering fire, explosion and special risks - Deductible of €600,000 per claim;
  - "Operating losses" limited to €73.4 million gross profit - Deductible of 14 calendar days.

These limits are applicable as of July 1, 2020: some of them were changed following the fire at the La Tour du Pin site in 2019. The Group has undertaken works for the installation of a sprinkler system in its industrial units at La Tour du Pin, which will improve the contractual compensation limits currently applicable, once the works are completed.

For purposes of these two policies, the Group has also for many years operated a risk prevention process which involves asking its insurers to provide consulting engineers to carry out annual audits, and implementing any resulting recommendations.

- **Manufacturing defects,** for architectural composite materials and for breathable products. The total limits are €2 million per year and €1 million per claim.

The Group also has policies to cover the following:

- Transport - inventories and transits;
- Key personnel (Sébastien Ferrari and Romain Ferrari);
- Automobile fleet;
- Credit insurance;
- Directors' and officers' liability;
- Damages to the environment.

In addition, the Group has insurance policies for its Swiss, Italian and German entities. The insurance covers for PLASTITEX, GIOFEX and FERRAMAT and Verseidag are not included in the amounts above.

Should one or more of these risks materialize, they could have a material adverse impact on the Group's business, outlook, financial position, earnings or growth.

4.4 PREPARATION OF ACCOUNTING AND FINANCIAL INFORMATION

Procedures for preparing and processing accounting and financial information

The administrative and finance departments are headed by Philippe Brun, Chief Financial Officer responsible for the preparation and publication of financial information. The production of the Group's financial information is under the responsibility of the Deputy CFO who supervises the accounting teams: hierarchically for the French companies and functionally for the other subsidiaries.

The finance department defines and implements the financial strategy, contributes to the development of tools and systems for managing and supervising operating activities (reporting, consolidation, budgets, etc.) and manages the Group's liquidity.

The consolidation and supervision teams are responsible for drawing up and circulating consolidated monthly performance indicators and half-year consolidated financial statements. These departments are also responsible for managing the budget process and for drawing up updated forecasts. They update and circulate accounting and financial procedures and maintain the Group chart of accounts in all of the accounting and reporting tools. The Group generates its consolidated financial information using FEBUS (Ferrari BUSiness – SAP/ BFC). Non-financial reporting data, particularly concerning industrial activities, is prepared by the operating departments and circulated to members of the Executive Committee.

The Company uses external specialists for certain areas of expertise for which it does not have sufficient internal resources (tax, legal, M&A, etc.).

Information systems are managed within the Group: the Group uses ERP for its main production entities (SAP for the French and Swiss sites and PPS/L for the German sites) and SAGE, more appropriate for the distribution business, for its distribution subsidiaries. The ongoing coverage of the Group's distribution entities continued in 2020. The related functions or services for which the Group does not have in-house expertise are outsourced to external service providers, except for the German sites where the organization and supervision of the IT system are currently carried out internally.

Financial statements - preparation and control

SergeFerrari Group has introduced standard guidelines for accounting recognition and monitoring financial performance. These guidelines are based on:

- maintaining a Group chart of accounts;
- circulating a timetable and instructions for account-closing procedures;
- rolling out a common ERP, or one that communicates with the existing ERP, in particular for the companies or activities acquired.

The head office departments help the subsidiaries to prepare their reports and periodic financial statements. A review of the subsidiaries' financial statements enables the quality of the reported financial statements to be examined and approved. Some subsidiaries are too small to have their own accounting or reporting team: in this case, the Group uses local service providers who fulfill all disclosure and reporting requirements on behalf of the local subsidiary.

The Group uses the following indicators for its monthly operating review and guidance:

- Reporting of sales and gross and sales margins per geographical region;
- Statement of operating working capital;
- (Weekly) statements of overdue trade receivables;
- (Weekly) inventory statements;
- Statement of net cash;
- Monthly raw materials purchase price indices;
- Monthly income statement per activity and/or market segment;
- Budget monitoring per cost center.

Each territory (country, region or market segment) has a monthly simplified income statement, and monthly or quarterly performance indicators. The Group’s international development calls for an increase in the number of business analysts under the supervision of the heads of countries or regions. In return, the Group conducts internal audit assignments wherever it deems it necessary.

The Group’s finance teams perform other tasks periodically:

- Reviewing receivables, probability of recovery and the need for provisions;
- Reviewing industrial business volume indicators and assessing any deviations from standard costs;
- Reviewing research and development programs, their continued implementation, or the relevant transfers to the income statement in the event that they are abandoned;
- (Monthly) confirmation of intercompany balances and cash flows;
- Periodic/annual physical inventories of raw material stocks, work in progress and finished products.

The Group has appointed statutory auditors or external inspectors in its subsidiaries so as to cover substantially the whole of the Group's revenue, earnings, assets and liabilities. For subsidiaries outside the audit scope, limited external reviews may supplement internal audits of financial statements. The Group organizes assignment planning and closing meetings with its statutory auditors (in France, for the consolidated financial statements and those of the French companies) and with its independent auditors (in Switzerland, for the statutory financial statements of its two industrial subsidiaries, in Italy for Plastitex, in Germany for Verseidag and its subsidiaries). The auditors then forward their findings and recommendations for improvements to be made at subsequent period-ends to the Audit Committee and Executive Management.

Information systems

Since the roll-out of its SAP ERP system in March 2008 at its La Tour-du-Pin site in France, the Group has wished to extend its deployment. Thus, in March 2012, the site at Eglisau (Switzerland) was also switched over to the Group software system, and the remaining industrial site at Emmenbrücke (Switzerland) aligned with the Group's other industrial subsidiaries in 2 steps: in December 2014 for the FI module (accounting and finance), and in March 2015 (for the industrial and logistics modules).
A standardized information system supplies the Company with shared and consistent performance indicators, providing more effective control of operating risks and furthering fulfillment of the Group's development plan.
Since January 2015, the Group has the CRM (customer relationship management) tool BOOSTER.
In 2017, Serge Ferrari SAS rolled out a transport management system (TMS).
Since 2018, the Group is implementing a SAGE accounting software for its distribution subsidiaries, based on a core model.

The integration of new companies, some of which are of significant size, will get the Group to position itself in 2021 on the most appropriate structure.

5. MANAGEMENT REPORT

Thyssenkrupp Test Tower

5.1 KEY FIGURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The key financial information presented below is drawn from the consolidated financial statements prepared to IFRS standards. Since 2019, the information provided below comply with IFRS 16.

€'000	Dec 31, 2020	2019
Total assets	**304,523**	**204,435**
Total non-current assets	129,149	79,469
of which Goodwill	34,821	10,167
o/w Intangible assets	11,663	13,596
o/w Property, plant and equipment	76,713	50,382
of which Deferred tax assets	3,836	4,049
Total current assets	175,373	124,966
o/w Inventories and work-in-progress	71,705	50,372
o/w Trade receivables	46,741	34,405
o/w Cash and cash equivalents	45,925	26,720
Total liabilities	**304,523**	**204,435**
Shareholders' equity	101,307	97,029
Total non-current liabilities	123,954	52,098
o/w Borrowings - long-term portion	87,598	36,643
o/w Provisions and other non-current liabilities	11,015	9,601
of which Other non-current liabilities	25,051	5,405
Total current liabilities	79,262	55,308
o/w Borrowings - short-term portion	24,831	12,551
o/w Provisions and other current liabilities	27,870	17,217

€'000	Dec 31, 2020	2019
Revenues	195,301	189,047
Operating income	4,673	7,634
Net financial expense	(3,743)	(949)
Income before tax	931	6,685
Net income/(loss), Group share	471	4,826

Cash flows (€'000)	Dec 31, 2020	2019
Operating activities	26,597	21,425
Investing activities	(43,175)	(9,355)
Financing activities	36,011	(10,760)
Change in cash over the year	19,455	1,357

Key performance indicators

To assess the performance of its businesses, SergeFerrari Group monitors three key indicators in particular:
- gross margin on standard production costs,
- adjusted EBITDA,
- operating working capital,

determined as follows:

- The **"Gross margin"** is a gross margin on standard production costs, determined as follows:

Gross margin = Total revenue - standard production costs (standard materials cost + standard personnel expense + standard general expenses). The gross margin on standard costs from sales of flexible composite materials is the Group's primary indicator of operational profitability.

The standard production costs (raw materials, personnel expenses and general expenses) are extracted from the accounts by business unit. The sum of the expenses by type of all the business units tallies with the amount of expenses by type shown in the consolidated income statement.

€'000	2019	2020
Gross margin SF flexible composite materials	77,248	67,083
Gross margin as % of revenue - SF flexible composite materials	**49.1%**	**48.8%**

The reconciliation of gross margin on standard costs with the consolidated income statement is given below:

	2020		
	Standard production costs	Other costs and activities	Total costs
Total operating costs	**70,291**	**120,336**	**190,627**
Purchases consumed	40,068	44,936	85,004
Personnel costs	18,243	37,940	56,183
Other operating costs	11,981	37,460	49,441
Revenues	**137,374**	**57,926**	**195,300**
Gross margin on standard costs	48.8%		
Operating income			**4,673**

- **Adjusted EBITDA** is determined by summing the EBIT, the provisions and reversals shown in Notes 24 and 25 to the consolidated financial statements and the "company value-added contribution" (CVAE) restated as income tax, as shown in Note 29 to the consolidated financial statements. The EBITDA-to-revenue ratio is the Group's secondary profit indicator.

€'000	Dec 31, 2019 (excl. IFRS 16)	Dec 31, 2020 (excl. IFRS 16)
ADJUSTED EBITDA	15,285	16,253
Ratio: adjusted EBITDA / total revenue	**8.1%**	**8.3%**

Note: the Group continues to use pre-IFRS 16 adjusted EBITDA, by eliminating depreciation charges for leased property (€6,434,000 for fiscal year 2020) and replacing them by the value of rent paid (€6,786,000 in 2020). The banking documentation on the loans, and in particular the covenant tests are based on adjusted EBITDA restated for the impact of IFRS 16.

- The **operating working capital** consists of inventories, trade receivables and trade payables. Operating working capital as well the working capital related to operating items other than inventories, trade receivable and trade payables (i.e. tax and social security payables, adjustment accounts, tax expense other than corporate income tax, etc.) together comprise working capital related to business operations. Operating working capital is the primary indicator of liquidity and the use of Group capital. The WCR below is provided at comparable scope and the WCR expressed as a % of revenues is based on revenues in the second half of 2020.

€'000	Dec 31, 2020	2019
Operating working capital	66,172	65,182
Ratio: operating WCR / total revenue	**37.5%**	**35.0%**

The change in operating WCR recorded and caused by changes in consolidation scope of the year are detailed in 5.2.2.4.

- ROCE (Return On Capital Employed) after tax corresponds to EBIT after tax divided by average net capital employed.

€'000	Dec 31, 2020	2019
ROCE	**4.0%**	**5.7%**
Average capital employed	136,775	96,134
EBIT after tax	5,489	5,465
Tax rate	18.9%	28.4%

ROCE is calculated as the ratio between:

- EBIT after tax, calculated at the tax rate shown in Note 29 to the consolidated financial statements,
- average capital between the year opening and closing dates, consisting of the sum of net intangible assets, net PP&E, excluding impact of IFRS 16, trade receivables net of provisions for impairment, and inventories net of provisions, as set out respectively in Notes 5 ,6, 9 and 10 to the consolidated financial statements, less trade payables as shown under consolidated balance sheet liabilities.

For the periods presented, industrial capital expenditure mainly corresponds to industrial plant upgrading contracted and commissioned throughout the year. The change in average capital employed between 2019 and 2020 is due to the change in consolidation scope following the acquisitions made.

- The Company does not intend to make any profit forecast or estimate.

5.2 REVIEW OF THE BUSINESS AND EARNINGS

5.2.1 SERGEFERRARI GROUP SA BUSINESS ACTIVITIES

The Company's position and activities during the fiscal year: assessment of business trends, earnings and financial position

5.2.1.1 2020 highlights

The COVID-19 pandemic

In 2020, the Group was impacted by the government measures (lockdown, travel restrictions, business restrictions) taken across the world in response to the COVID-19 pandemic that broke out in January 2020. These measures had an impact both in terms of the decrease in demand for the Group's products and the Group's production capacity at its French, Italian and Swiss plants (particularly during the second quarter of 2020). Serge Ferrari Group adopted all health preventive measures to be able to continue its essential logistics operations whenever it was possible and mobilized its teams to organize the safe resumption of operations as soon as the conditions permitted, in order to continue to meet its customers' demand efficiently. The Group had recourse to part-time working schemes in France, and equivalent schemes in Switzerland, Italy and Germany. The financial aid provided by the government under the different part-time working schemes were recognized as a reduction in personnel expenses in the consolidated income statement.
The impact of the financial aid for part-time working over the year 2020 is valued at €2,836,000, presented as a reduction in personnel expenses. The Group has not changed the presentation of its income statement. The expenses inherent to the COVID-19 safety measures are presented in EBIT and the same applies for the fixed costs of plants operating at under capacity during the lockdown. As of December 31, 2020 all of the Group's plants were back to normal operating conditions.

Acquisition of a 55% equity stake in F.I.T.'s capital stock

On March 11, 2020 the Group announced the acquisition of a 55% equity stake in F.I.T., a Taiwanese company that designs, manufactures and distributes high-tech non-combustible materials, through the purchase of securities from the current family shareholders. This transaction took effect on June 23, 2020, following its approval by the Taiwanese authorities.
Founded in 2003, the company was initially involved in the production of glass yarn. It has now developed unrivaled expertise in the manufacture and application of PTFE/glass membranes (non-combustible materials). It employs around 100 people, mainly located at its Chiayi industrial facility in Taiwan.
This acquisition will strengthen the Group's non-combustible materials offering, a high value-added field of product innovation, intended primarily for the tensile architecture market. It will also provide the Group with new production resources in Asia, a region that plays host to a significant portion of global infrastructure investment.
SergeFerrari Group will make its global specifier and distribution network available to F.I.T. for the delivery of these non-combustible materials.

F.I.T. is the sole shareholder of the Taiwanese company, Eden Space Frame & Membrane engineering Co. Ltd, which specializes in the construction of PTFE fiberglass projects made with F.I.T. products. F.I.T. has a 51% stake in F.I.T. HK (Hong-Kong), which is itself the sole shareholder of T-more located in Shanghai (China). These two companies have no business activity and the Group is assessing the possibility of streamlining the Group's organization structure for 2021.

The Group acquired a 55% stake in F.I.T. for a total price of NTD 320 million, of which NTD 48.3 million to be paid in 2021 and 2022. The liability resulting from this transaction is presented as Other current liabilities for the portion payable in 2021 and as Other non-current liabilities for the portion payable in 2022. (See Notes 17 and 19 to the consolidated financial statements)
The Group has 12 months from the date of acquisition to finalize the purchase price allocation for F.I.T., with the goodwill valued at NTD 76.9 million (€2.2 million) as of December 31, 2020 deemed not final and allocated to the Group's only CGU "innovative composite materials and accessories".

In 2020, F.I.T. achieved consolidated sales of €8.5 million.

SergeFerrari Group's acquisition of Verseidag-Indutex GmbH and its subsidiaries from Jagenberg AG

On July 29, 2020, SergeFerrari Group announced having signed a final agreement with Jagenberg AG Group for the acquisition of Verseidag-Indutex GmbH, thus strengthening its global position in the booming innovative composite materials market.

Based in Krefeld, in Germany, Verseidag-Indutex GmbH, the world leader in the PTFE glass membranes market, operates on the Tensile architecture, Solar protection and Modular structures markets. Verseidag-Indutex GmbH is also involved in the industrial, biogas & large format digital printing sectors.
Verseidag-Indutex GmbH currently employs around 250 people spread across four industrial facilities in and around Krefeld and has sales subsidiaries covering four regions: Europe, including Germany (the largest European market), USA, the Middle East and Hong Kong. Verseidag-Indutex GmbH and the acquired companies achieved consolidated revenues of €57 million in 2020.

This transforming acquisition enables SergeFerrari Group to strengthen its international leadership and strategic positioning in three of its four priority business segments. It forms part of its external growth strategy to integrate complementary companies in terms of sales, products or technologies on its strategic markets.

The acquisition will also help drive growth in the future, given that SergeFerrari Group and Verseidag-Indutex's activities are highly complementary in terms of product range, sales network, marketing and manufacturing. Verseidag-Indutex's strong position in the PTFE glass market serving the Tensile architecture market in particular, combined with the unique proprietary technology of Serge Ferrari's Précontraint®, will enable the Group to develop a very comprehensive and diversified commercial offering.

Furthermore, Verseidag-Indutex's product offering will reinforce the Group's position in other segments such as membranes for large format digital printing, solar protection for the building and automotive industries. The plan is to develop both the Verseidag brand and the already well-known Serge Ferrari Group brands.

Under the terms of the deal, SergeFerrari Group acquired 100% of the shares of Verseidag-Indutex GmbH as well as Verseidag Seemee US and Cubutex Gmbh, and 60% of the shares of DBDS. The €28.1 million transaction includes a cash payment in two tranches and before price adjustment for a negative €0.3 million (one at closing for €14.1 million, the other in 2021 for €4.4 million after price adjustment), a SergeFerrari Group share-based payment also in two tranches (one in 2021, the other in 2022, each for an amount of approximately €4.7 million) plus an earn-out to be paid in 2023, indexed to EBITDA growth between 2018 and 2022, valued at €12.5 million (before discount) in the 2020 consolidated financial statements. Earn-outs are recognized in other non-current and current liabilities for respectively €17.1 million and €8.3 million (Notes 17 and 19 of the consolidated financial statements).

The company has one year from the date of acquisition to allocate the goodwill. The goodwill will be allocated in the financial statements of fiscal year ended June 30, 2021; the goodwill is calculated as the difference between the consideration paid or payable and the net identifiable assets acquired and liabilities taken over at the date of first consolidation, or an amount deemed not final of €23.6 million. Goodwill is allocated to the Group's sole CGU, i.e. innovative composite materials and accessories".

Financing and refinancing agreements

Concurrently with the acquisitions and in order to fund its external growth operations, the 2020-2022 capital expenditure and development program and the debt refinancing program, on July 29, 2020 SergeFerrari Group contracted loans totaling €75 million with its relationship banks together with a Euro private-placement financing scheme in the form of a €20 million bond issue, increased to €30 million on August 6, 2020. These facilities will be drawn gradually depending on requirements, except for the Euro PP which was fully drawn at the closing. As of December 31, 2020, €64.5 million of these facilities had been drawn.
The debt refinancing covers primarily the Euro PP loan signed in July 2015 for €15 million and the Revolving credit facility of an initial amount of €35 million, of which €1 million used at the time of the closing (both reaching maturity in July 2021), and CHF2 million for short-term credit lines initially subscribed by subsidiaries.

Follow-up on the incident at the PRE3 coating line at the La Tour-du-Pin site

On December 1, 2019, fire broke out at the main coating line at the La Tour-du-Pin site: production was immediately stopped. There were no injuries or accidental pollution. This equipment was repaired and brought back into operation on January 21, 2020. The Company has offered alternatives to its customers to compensate for the loss of revenues suffered: products using the same Précontraint technology but of smaller width and products using other coating technologies but of large width. The impact of this incident on revenues was estimated by the Group at €7.2 million in total, of which €5 million in fiscal year 2020.

As of December 31, 2020, all insurance payments had been received and no additional payment is expected in respect of fiscal year 2021 in this regard. The insurance payments compensate:

- for the business interruption loss: the loss suffered in terms of revenues and production interruption;
- for property damage: the reconstruction of equipment destroyed. Taking into account the prior amortization charges applied, this insurance payment for the reconstruction of equipment represents a net income of €1.3 million, net of deductibles.

Dividends distributed and received

The Board of Directors of March 11, 2020 had proposed a dividend per share of €0.16, to be put to the vote at the next General Meeting.

On April 15, 2020, to safeguard the Group's cash position given the uncertain environment, the Board of Directors decided to ask the General Meeting to approve a reduction of the 2019 dividend from €0.16 to €0.12 per share. It was also resolved to postpone the dividend payment from June 3 to September 30, 2020, for an amount of €380 million, for shareholders outside the Ferrari family group. The Ferrari family group, the Company's majority shareholder, which directly and indirectly holds a 71.2% stake in the capital at December 31, 2019, decided that its own dividend entitlement would not be paid out until the Group's financial situation allows it, and to temporarily record these dividends in the shareholders' current account. This payment was made in January 2021, for €1,039,000.

Serge Ferrari SAS has paid out €4,014,000 as dividend to its sole shareholder, SergeFerrari Group SA.

5.2.1.2 Revenue and earnings

In 2020, the Company invoiced its subsidiaries using the "Serge Ferrari" brand name for trademark license fees, from which it earns all its revenue, totaling €1,123,000 compared with €1,341,000 in 2019. The licensing contracts concluded with the Serge Ferrari SAS, Serge Ferrari North America, Serge Ferrari Japan, Serge Ferrari Asia Pacific Ltd, Serge Ferrari AG, Serge Ferrari Tersuisse AG, Serge Ferrari Brasil, Serge Ferrari Shanghai, Serge Ferrari India Private Ltd and Serge Ferrari AB subsidiaries were continued without change in 2020. The license fee rate charged in 2019 and 2020 was 0.8% of sales outside the Group by each of the companies concerned.

The company made an operating loss of €2,782,000 in 2020 compared with a loss of €308,000 in 2019.
In 2020, the company incurred:

- consulting costs relating to acquisitions undertaken for an amount of €813,000;
- arrangement fees for the funds raised in July 2020 for €1,004,000 and related consulting costs for €145,000.

Operating income was also impacted in the amount of €334,000 by a provision equivalent to the net negative position as of December 31, 2020, of its subsidiaries CI2M and Texyloop.

The company's net financial income for 2020 came to €2,919,000 compared to €1,783,000 in 2019, due in particular to:

- receipt of €4,014,000 in dividends paid by Serge Ferrari SAS;
- interests on loans for €1,352,000.

The company returned a net profit of €437,000 in 2020 compared to €2,055,000 in 2019.

5.2.1.3 Financial position and liquidity

Changes in shareholders' equity relate to the posting of the 2020 net income and dividend distribution in respect of fiscal year 2019 for €1,419,000, of which €380,000 had been paid out as of September 30, 2020 and the balance in January 2021. As of December 31, 2020, the Company's individual shareholders' equity amounted to €60,505,000.

The Company's gross medium-term debt as of December 31, 2020 stood at €64,500,000, excluding interest payable, arising from the facilities arranged on July 29, 2020 for €105,000,000 and repayment of the previous EURO PP loan for €15,000,000.
These loans carry restrictive covenants in the form of financial ratio requirements based on the consolidated financial statements drawn up to IFRS standards (except for IFRS 16 on operating leases), with which the Company was compliant as of December 31, 2020 and 2019. The company has no loans that were backed by state guarantees.

The Company's cash position as of December 31, 2020 amounted to €18,785,000 compared to €14,369,000 as of December 31, 2019.
Net debt as of December 31, 2020 by SergeFerrari Group from the pooling company under the cash pooling agreement, of which Serge Ferrari SAS is the pivotal entity, amounted to €4,921,000 compared to €5,909,000 in 2019.

5.2.1.4 Capital stock, treasury shares and transactions in SergeFerrari Group shares

As of December 31, 2020, the capital stock consisted of 12,299,259 shares, each with a par value of €0.40.

- liquidity contract covering the SergeFerrari Group share: as of December 31, 2020, the funds available for the liquidity contract stood at €900,000 (unchanged compared to December 31, 2019). The contract was drawn up in accordance with the applicable legal framework, particularly Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (MAR), Commission Delegated Regulation (EU) of 2016/908 of February 26, 2016 supplementing Regulation (EU) No. 596/2014 of the European Parliament and of the Council laying down regulatory technical standards on the criteria, the procedure and the requirements for establishing an accepted market practice and the requirements for maintaining it, terminating it or modifying the conditions for its acceptance, Articles L. 22-10-62 et seq. of the French Commercial Code, and AMF decision No. 2018-01 of July 2, 2018 establishing liquidity contracts on equity securities as a recognized market practice, and all other provisions referred to therein.
  Under this arrangement, as of December 31, 2020, the Company held 78,867 treasury shares compared with 61,823 shares as of December 31, 2019, equivalent to 0.6% of its capital stock. During the year, the animation contract realized the purchase of 291,575 shares for 274,531 sales.
- The company implemented a share buyback plan approved by the General Meeting of April 20, 2017 under a bonus share award plan, also approved by shareholders. As of December 31, 2020, the unused balance under the bonus share award plan stood at 27,204 shares (unchanged compared to December 31, 2019).
- During the year 2018, the company had acquired 379,000 shares in the portfolio as of December 31, 2020, unchanged compared to December 31, 2019) with the objective of transferring them as consideration for mergers and acquisitions.

At the date of registration of this Registration Document, to the best of the company's knowledge, the share capital was held by the following:

- Members of the Ferrari family group (70.4%)
- BpiFrance (5.4%)
- CM CIC Investissement (3.6%)
- Tikehau Capital SCA (2.1%)

Research and development information

The Company performed no research and development activity during the 2019 and 2020 fiscal years.

Information on supplier and customer payment terms

As of December 31, 2020, trade payables amounted to €103,000 compared to €35,000 as of December 31, 2019.

As of December 31, 2020, trade receivables net of provisions amounted to €42,000 compared to €51,000 as of December 31, 2019.

	Art. D.441 I.-1° Invoices received but notpaid at the closing date of the financial yearfor which the due date has passed					Art. D.441 I.-1° Invoices issued but not paid at the closing date of the financial year for which the due date has passed				
in thousands of euros	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total
(A) Late Payment Ranges										
Number of invoices concerned	0	0	0	0	0	0	1	0	3	4
Total amount of invoices concerned without VAT	0	0	0	0	0	0	10	0	31	0
Percentage of total purchases excluding VAT for the year	0	0	0	0	0					
Percentage of sales before tax for the year						0	1 %	0	2 %	0
(B) Invoices excluded from A and relating to disputed or unrecorded debts and receivables										
Number of excluded invoices	---					---				
Total amount of excluded invoices	---					---				
(C) Reference payment terms used (contractual or legal - article L 441-6 or article L443-1 of the commercial code)										
Payment periods used to calculate late payments	Legal deadlines: 45 days end of month					Legal deadlines: 45 days end of month				

5.2.1.5 Business activities of subsidiaries

Business activities of subsidiaries

List of subsidiaries and equity investments

As of December 31, 2020, SergeFerrari Group directly held the following subsidiaries and equity investments:

- SergeFerrari SAS (99.78% of the capital stock) – Manufacture and marketing of innovative composite materials,
- TEXYLOOP SAS (100% of the capital stock) – Recycling
- CI2M (100% of the capital stock) – Construction of special machinery
- Serge Ferrari Tersuisse (100% of the capital stock) – Twisting and warping of PET micro-cables (Switzerland)
- Serge Ferrari Brasil (83.12% of the capital stock) – Marketing (Brazil)
- VR Développement (35% of the capital stock), holding company of ROVITEX and Rovitex Asia - Lamination
- SIBAC (17.53% of the capital stock) – Manufacturing and real estate (Tunisia)
- MTB Group (ex-2F2BI - 5% of the capital stock), parent company of MTB – Design and manufacture of recycling machinery
- Giofex Group Srl (51% of the capital stock) – holding company shareholder in subsidiaries of the Giofex Group
- FERRAMAT (100% of the capital stock) – Distribution
- Serge Ferrari Spa (former Plastitex SpA) (100% of the capital stock) – Production and distribution of composite materials for furniture.
- Serge Ferrari AB (100% of the capital stock) – Distribution of solar protection products (Sweden). On January 2, 2019, this company acquired the concerned activity from SUNTEAM AB.
- F.I.T. Industrial Co Ltd (55% of the capital stock) – Production and distribution of PTFE glass materials
- Verseidag-Indutex Gmbh (100% of capital stock) – Production and distribution of innovative composite materials in PET / PVC and PTFE glass materials
- Verseidag Seemee US (100% of capital stock) – Distribution of innovative composite materials in PET / PVC and PTFE glass materials

The activity of each of the consolidated subsidiaries is outlined below.

Serge Ferrari SAS (fully-consolidated subsidiary)

Serge Ferrari SAS itself carries on the activities of design, manufacture and distribution of innovative composite materials.
Sales in 2020 came to €126,813,000 compared to €146,888,000 in 2019. The company estimates the revenue loss from the incident at its main coating line at La Tour-du-Pin at €5 million. Revenues thereafter registered a sharp decline in the second quarter of 2020, impacted by lockdown measures in the main European countries. Operating income in 2020 came to €4,613,000 compared to €5,989,000 in 2019.

TEXYLOOP (fully-consolidated subsidiary)

Texyloop was inactive in 2020. The company returned a net loss of €55,000.

CI2M (fully-consolidated subsidiary)

This subsidiary earned revenue of CHF 16,490,000 in 2020 compared to CHF 21,202,000 in 2019. Net income in 2020 came to CHF 472,000 compared to CHF 581,000 in 2019.

Serge Ferrari Tersuisse (fully-consolidated subsidiary)

This subsidiary earned revenue of CHF 16,490,000 in 2020 compared to CHF 21,202,000 in 2019. Net income in 2020 came to CHF 472,000 compared to CHF 581,000 in 2019.

Serge Ferrari Brasil (fully-consolidated subsidiary)

Serge Ferrari Brasil earned revenue of BRL 17,603,000 in 2020 compared to BRL 8,284,000 in 2019. Operating income in 2020 came to BRL 410,000, compared to BRL 1,256,000 in 2019

Giofex Group Srl (51% consolidated subsidiary)

In 2020, the company charged management fees to its subsidiaries for €483,000 compared to €609,000 in 2019. Net income in 2020 came to €9,000 compared with €10,000 in 2019.

FERRAMAT (fully-consolidated subsidiary)

This subsidiary earned revenue of TRY14.6 million in 2020 compared to TRY 11 million in 2019. Net income in 2020 came to TRY 2.3 million compared to TRY 1.4 million in 2019.

Serge Ferrari Spa (former Plastitex SpA) (fully-consolidated subsidiary)

This subsidiary earned revenue of €6,598,000 in 2020 compared to €9,855,000 in 2019. The company returned a net loss of €839,000 in 2020 compared to a profit of €61,000 in 2019.

SergeFerrari Group indirectly controls consolidated companies whose 2020 revenue is outlined below:

Serge Ferrari North America (fully-consolidated subsidiary)

This subsidiary earned revenue of USD 13,278,000, compared to USD 17,203,000 in 2019. The company returned a net loss of USD 161,000 compared to a loss of USD 561,000 in 2019.

Serge Ferrari Asia Pacific (fully-consolidated subsidiary)

This subsidiary earned revenue of €5,000 in 2020 compared to €77,000 in 2019. Net income in 2020 came to €4,000 compared to a loss of €2,000 in 2019.

Serge Ferrari Japan (83.10% consolidated subsidiary)

In 2020, this subsidiary earned revenue of JPY 323 million compared to JPY 391 million in 2019, while net income came to JPY 20 million compared to JPY 21 million in 2019.

Ferrari Latino America (99.99% consolidated subsidiary)

This company, which has been inactive for many years, was wound up in 2020.

Serge Ferrari AG (fully-consolidated subsidiary)

This subsidiary earned revenue of CHF 27,803,000 in 2020 compared to CHF 28,657,000 in 2019. The company returned a net loss of CHF 878,000 in 2020 compared to a loss of CHF 166,000 in 2019.

Serge Ferrari India Private Ltd (fully-consolidated subsidiary)

This subsidiary earned revenue of INR 337 million, compared to INR 399 million in 2019. The company returned a net loss of INR 28 million in 2020 compared to a profit of INR 2 million in 2019.

Serge Ferrari Shanghai Co (fully-consolidated subsidiary)

This subsidiary earned revenue of RMB 43 million in 2020 compared to RMB 45 million in 2019. Net income in 2020 came to RMB 1.4 million compared RMB 0.98 million in 2019.

Serge Ferrari Tekstil (fully-consolidated subsidiary) - Turkey

The company's activity is to promote and recommend Serge Ferrari products. This subsidiary earned revenue of TRY 2.9 million in 2020 compared to TRY 3 million in 2019. Net income in 2020 came to TRY 567,000 compared to TRY 108,000 in 2019.

Giofex Deutschland Gmbh (51% consolidated subsidiary)

This subsidiary earned revenue of €10,471,000 in 2020 compared to €9,463,000 in 2019. Net income in 2020 came to €170,000 compared to €104,000 in 2019.

Giofex France (51% consolidated subsidiary)

This subsidiary earned revenue of €5,987,000 in 2020 compared to €5,856,000 in 2019. Net income in 2020 was a profit of €195,000 compared to a loss of €241,000 in 2019.

Giofex UK (51% consolidated subsidiary)

This subsidiary earned revenue of GBP 2,049,000 in 2020, compared to GBP 1,856,000 in 2019. Net income in 2020 was a profit of GBP 42,000 compared to a loss of GBP 73,000 in 2019.

Giofex Slovakia (51% consolidated subsidiary)

This subsidiary earned revenue of €904,000 in 2020 compared to €1,189,000 in 2019. Net income in 2020 came to €10,000 compared to €7,000 in 2019.

Giofex Bulgaria (51% consolidated subsidiary)

This subsidiary earned revenue of BGN 525,000 in 2020, compared to BGN 546,000 in 2019. Net income in 2020 came to BGN 2,000 compared to BGN 0 in 2019.

Giofex Poland (51% consolidated subsidiary)

This subsidiary earned revenue of PLN 5,520,000 in 2020, compared to PLN 4,215,000 in 2019. The company returned a net loss of PLN 15,000 in 2020 compared to a loss of PLN 22,000 in 2019.

Serge Ferrari Gmbh (fully-consolidated subsidiary)

This subsidiary earned revenue of €1.3 million in 2020 compared to €1.5 million in 2019. Net income in 2020 came to €34,000 compared to €77,000 in 2019.

Istratextum doo (fully-consolidated subsidiary)

Istratextum doo is a 100% subsidiary of Plastitex SpA. This subsidiary earned revenue of HRK 1,954,000 in 2020, compared to HRK 2,636,000 in 2019. Net income in 2020 was a profit of HRK 9,000 compared to a loss of HRK 44,000 in 2019.

Serge Ferrari AB (fully-consolidated subsidiary)

This subsidiary earned revenue of SEK 13.5 million in 2020, compared to SEK 11.1 million in 2019. The company returned a net loss of SEK 251,000 in 2020 compared to a profit of SEK 531,000 in 2019.

F.I.T. Industrial Co Ltd and its subsidiaries (Taiwan Eden Co, F.I.T. HK and T More) are consolidated since July 1, 2020. Verseidag-Indutex GmbH, Deutsche Biogas Dach System, Cubutex, Verseidag HK and Verseidag Seemee US are consolidated since August 1, 2020. Proforma figures (full year basis) are provided in the appropriate financial statements.

Tax consolidation

SergeFerrari Group is the parent company for the tax consolidation entity formed with Serge Ferrari SAS, TEXYLOOP and CI2M.

Prior year dividends

Pursuant to Article 243 bis of the French General Tax Code, the company would remind you:

- that a dividend of €0.12 per eligible share was made payable on September 30, 2020 for shareholders outside the Ferrari family group, and on January 7, 2021 for shareholders of the Ferrari family group distributed from earnings for the 2019 fiscal year;
- that a dividend of €0.05 per eligible share was made payable on June 6, 2019 distributed from earnings for the 2018 fiscal year;
- that a dividend of €0.08 per eligible share was made payable on May 17, 2018 distributed from earnings for the 2017 fiscal year.

Non-tax deductible expenses

Pursuant to Article 223 *quater* and *quinquies* of the French General Tax Code, it is hereby stated that the expenses added back to earnings for the purpose of calculating the 2020 taxable income amounted to €162,000.

Corporate governance

The list of offices held and duties performed by each of the corporate officers, together with the compensation and benefits of all kinds awarded to corporate officers, are disclosed in the Board's Report on corporate governance in Section 3 of this document.

5.2.2 CONSOLIDATED GROUP OPERATIONS

5.2.2.1 Overview

The Group is a leading player in the design, manufacture and distribution of innovative composite materials intended for Architectural, Professional and Consumer uses. A significant part of its sales relies on an industrial technology, Précontraint®, designed and continuously improved by the Group since it was first developed over 40 years ago. The patent relating to this technology has fallen into the public domain, but the Group retains proprietary know-how in that it designs and makes production equipment for manufacturing composite materials with Précontraint technology, without which the quality and technical characteristics of the materials cannot be copied by a competitor.

The Group enjoys a very high degree of integration and an international anchoring with production plants in France, Switzerland and Italy as well as subsidiaries in France, the United States, Brazil, Hong Kong, Japan, India since 2016, China, Germany and Turkey since 2017, and Sweden since 2018. In 2020, the Group extended its presence to Asia (Taiwan – acquisition of 55% of F.I.T. Industrial Co Ltd) and acquired 100% of the capital of Verseidag-Indutex GmbH (Germany – Composite materials in PET / PVC and PTFE glass materials).

In 2020, the Group faced a sharp business contraction, due to:

- In the 1st quarter, the impacts of unavailability of its main PRE 3 coating line at La Tour-du-Pin. The Group estimates the resulting decline in sales at €5 million. At constant consolidation scope and exchange rates, sales were down 8% in the 1st quarter of 2020;
- In the 2nd quarter, the impacts of measures taken by governments in the main European countries encompassing a strict lockdown, travel restrictions and closure of certain activities. These measures resulted in a decline of 32% in its sales at constant consolidation scope and exchange rates;
- In the 3rd and 4th quarters, the change in sales at constant consolidation scope and exchange rates was up respectively 2% and 0%, thus reaching levels of 2019 or closer to normal operations.

To ride through this difficult period while retaining employees and keeping them mobilized, the Group implemented a plan aimed to allocate costs to activities that immediately generate gross margin or cost savings, and to mobilize public aid. At constant consolidation scope, the cost base was reduced by €11.3 million, of which €8.2 million of external expenses (studies, communication, traveling, etc.) and €3.1 million of personnel costs (financing part-time working).

Conversely, the group incurred non-recurring costs relating to M&A deals and the structuring of its financing for €1.0 million (recognized as external expenses) and €2.1 million (recognized as Other operating income and expenses) covering costs arising from the restructuring of its industrial, commercial and distribution activities.

Overall, operating income came to €4.7 million, compared with €7.6 million in 2019, or down 40%.

Segment reporting

The Group is a "single segment" enterprise in the sense of IFRS 8, in the "flexible composite materials and accessories" segment (in accordance with IFRS 8, segment reporting is based on internal management data used by the Group's senior management, the Chairman and Chief Executive Officer, the two managing directors and members of the Group executive committee, the Group's main operational decision-makers), this single-segment presentation being linked to the strongly integrated nature of the activities developed by the Group.
Geographic regions and fields of activity do not constitute segments in the sense of IFRS 8.
The Group has, however, information on revenue and gross margin on standard costs per geographic region and per strategic market segment.
The Group also has, within its historic consolidation scope, a performance monitoring of its sales margin per country, which is the gross margin less sales costs that can be allocated by country. Other operating costs (production costs excluding standard costs, general and R&D expenses) for about 20% of operating expenses, are not allocated by country.
In 2021, these indicators will be extended to entities acquired in 2020 or adjusted accordingly.

The availability of gross margin and sales margin figures does not call into question its single-segment character in the sense of IFRS 8.

In accordance with IFRS 8, the breakdown of revenue by geographic region is presented in the consolidated financial statements in Section 6.1 of this Universal Registration Document.

Exchange rate fluctuations

Fluctuations in the exchange rates of various currencies had a direct impact on the Group's consolidated financial statements. This impact was reflected in the contingency risk on translation into euros in the subsidiaries' balance sheets and income statements.

The main currencies concerned are the Swiss franc (as two production sites are in Switzerland) and the US dollar (as some raw materials are purchased and invoiced in dollars) and the renminbi, yen, Turkish pound and Indian rupee.

Seasonality

The diversification of sectors and geographic regions where the Group's products and services are marketed eases the seasonality resulting from a focus on local and regional markets. However, sales of solar protection products as well as architectural and homeowner products are higher in the first half of each year than the second. Weather conditions in the Northern Hemisphere (where most of the Group's sales are concentrated) are less conducive to architectural and homeowner work late in the year. This breakdown of sales is reflected in peak working capital requirements (and therefore the need to finance them) between April and September. This breakdown could change in the future following the integration of the companies acquired in 2020.

Changes in consolidation scope

During the year 2020, the Group acquired 55% of the capital stock of F.I.T. Industrial Co Ltd (fully consolidated from July 1, 2020) and 100% of the capital stock of Verseidag-Indutex GmbH and its subsidiaries and related companies (fully consolidated from August 1, 2020) and there was no significant exit from the consolidation scope. Given that the increase in revenue resulting from these acquisitions exceeds 25% of the pre-acquisition revenue, the Group publishes proforma financial statements in 2020 to measure these impacts on a full-year basis.

Presentation of accounting and financial information

The Group uses two key indicators to measure its performance: gross margin on standard production costs and adjusted EBITDA (excl. IFRS 16), calculated using the following methods.

Gross margin

"Gross margin" is the gross profit on standard costs, calculated as follows:
Gross margin on standard production costs = Total revenue - standard production costs (standard materials cost + standard personnel expense + standard general expenses).

Adjusted EBITDA

To assess the performance of its activities, the Group uses adjusted EBITDA, which is operating income restated for depreciation and amortization plus the CVAE that was reclassified as income tax (expense of €641,000 in 2020 and €743,000 in 2019). Since 2019, adjusted EBITDA is also restated for the impact of IFRS 16 (operating leases), to align with the definitions of the indicators provided in the Group's banking documentation, particularly for the purposes of annual covenant tests.

Estimates and assumptions used in the preparation of the financial statements

The preparation of consolidated financial statements in accordance with international financial reporting standards (IFRS) requires management to make estimates and assumptions that impact the value of assets and liabilities as well as expenses and income. Management regularly reviews the assumptions and estimates used, based on its experience and other reasonable factors that form the basis for measuring its assets and liabilities. Actual results may vary from such estimates.

These assumptions and estimates mainly relate to:
- provisions for pensions and employee benefits;
- other provisions for litigation, guarantees and contingencies;
- deferred tax assets, in particular those relating to tax loss carryforwards.
- business and profitability forecasts applicable to R&D projects, the costs of which are capitalized, in whole or in part.

Provisions for pensions and similar

In accordance with the laws and practices of each country in which it operates, the Group participates in pension schemes, health and disability schemes and severance provisions for eligible employees, former employees and their eligible beneficiaries. As of December 31, 2020, the Group had recognized such pension benefit obligations in France (contractual retirement benefits), Switzerland (retirement pensions), Germany (retirement benefits) and Italy (TFR).

Provisions for litigation, guarantees and restructuring charges

Provisions for litigation, guarantees and other contingencies are recognized when, at the balance sheet date, there is a legal or constructive obligation arising from a past event which will probably result in a cash outflow to the benefit of a third party and which can be reliably estimated. In 2020, restructuring costs in the amount of €2.1 million were recognized in Operating income.

Deferred tax assets

The Group recognizes deferred tax assets and liabilities in its statement of financial position. A deferred tax asset must be recognized for all future deductible temporary differences, tax loss carryforwards and unused tax credit carryforwards, if it is likely that the Group will have taxable profits in the future against which those future tax savings could be offset.

Deferred tax assets are recognized if it is likely that the Group will be able to use them in the future. Management must determine the net tax asset value that can be recognized. Net taxable profits are estimated based on forecasts and on assumptions and models of market conditions. Such assumptions and models can have a material impact on the asset value recognized on the Group balance sheet. Deferred tax assets relating to tax loss carryforwards and unused tax credits were recognized as of December 2020 in the Group financial statements for a total amount of €1,758,000.

Goodwill

For each business combination, the Group has the choice of recognizing as an asset the partial goodwill (corresponding to its percentage shareholding) or the entire goodwill (including goodwill assigned to non-controlling interests). When the calculation of goodwill shows that the value of the assets acquired is higher than the price paid for them, the Group recognizes the profit in full in the income statement.

Work on the allocation of the purchase price of the companies acquired during the year was still ongoing as of December 1, 2020 and should be completed when the financial statements as of June 30, 2021 are published. Provisional goodwill arising from the acquisition of F.I.T. Industrial Co Ltd stands at €2.2 million and for the acquisition of Verseidag-Indutex GmbH and its subsidiaries at €22.7 million.

5.2.2.2. Group revenue

A press release about the Group's revenues was published on January 26, 2021 after market close, as follows:

(€'000)	Q4 2020	Q4 2019	Ch. at current scope and exchange rates	Ch. at constant scope and exchange rates	At 2020	At 2019	Ch. at current scope and exchange rates	Ch. at constant scope and exchange rates
Europe	40,963	32,314	26.8%	-2.6%	141,990	142,476	-0.3%	-11.1%
Americas	6,715	4,624	45.2%	10.7%	19,636	19,349	1.5%	-10.3%
Asia-Africa-Pacific	13,990	7,429	88.3%	6.4%	33,675	27,222	23.7%	-11.1%
Total revenues	**61,668**	**44,367**	**39.0%**	**0.3%**	**195,301**	**189,047**	**3.3%**	**-11.0%**

The change in revenues between 2019 and 2020 is broken down as follows:

- Volume effect (SF innovative composite materials): -9.5%
- Mix- price effect: -1.5%
- Forex impact: -0.9%
- Effect of change in consolidation scope: +15.2%

The Group posted 2020 revenues of €195.3 million, down only 11.0% at constant consolidation scope and exchange rates, and up 3.3% at current consolidation scope and exchange rates. The relative like-for-like decline was mainly due to the lockdown measures implemented in certain countries, particularly in the second quarter.

In 2020, the three operating regions posted the following performances:

- Europe revenues were down 11.1% versus 2019 at constant consolidation scope and exchange rates, and virtually flat at current scope and exchange rates (down 0.3%).
- The Americas region posted revenues down 10.3% at constant consolidation scope and exchange rates and up 1.5% at current scope and exchange rates.
- The Asia-Africa-Pacific region posted revenues down 11.1% at constant consolidation scope and exchange rates and up 23.7% at current consolidation scope and exchange rates.

All strategic market segments were impacted by the health measures taken by national authorities, with a lesser impact on the sales of solar protection and furniture/marine. However, sales of the tensile architecture segment suffered from the delay in the execution of certain projects and sales fell by more than the decline of -12% in Serge Ferrari revenues within its historic consolidation scope.

The impact of acquisitions and their consolidation in the Group's sales on the different regions is as follows:

	SF (standalone 12 months)	F.I.T. (6 months)	Verseidag (5 months)	2020 (reported)
Europe	126,614		15,376	**141,990**
Americas	16,121		3,515	**19,636**
Asia-Africa-Pacific	23,826	4,765	5,084	**33,675**
Total sales	**166,561**	**4,765**	**23,975**	**195,301**

As from January 1, 2021, the Group's reporting by geographic region will change to reflect the combined sales organization of Serge Ferrari + Verseidag effective at that date and will be broken down into the following regions:

- North Europe
- South Europe + Americas
- APMEA

5.2.2.3. Profit margins

Le compte de résultat, présentant les variations de périmètres, s'établit comme suit :

(€'000)	2020 (reported)	Ch. in conso. scope	2020 (at constant consolidation scope)	2019 (reported)
Revenues	195,301	28,740	166,561	189,047
EBITDA	23,039	1,715	21,324	21,637
Operating income	4,673	292	4,381	7,634
Net financial expense	(3,743)	(551)	(3,192)	(949)
Total net income	754	(137)	891	4,786

The published income statement, restated for IFRS 16 on operating leases, is as follows:

(€'000)	2020 (excl. IFRS 16)	Acquisitions / disposals (excl. IFRS 16)	2020 (constant consolidation scope - excl. IFRS 16)	2019 (comparable excl. IFRS 16)
Revenues	195,301	28,740	166,561	189,047
EBITDA	16,253	977	15,276	15,285
Operating income	4,321	136	4,185	7,404
Net financial expense	(3,103)	(503)	(2,600)	(377)
Total net income	966	(209)	1,175	5,029

The Group is of the view that the financial ratios (EBITDA and net debt) restated for the impact of the application of IFRS 16 for operating leases illustrate more clearly, the effective cash flow generation over the period under consideration.

Operating income stood at €4.7 million (€4.3 million excluding impact of IFRS 16) compared with €7.6 and 7.4 million respectively for 2019. The impact of companies acquired is presented as "Ch. in conso. scope" in the above tables.

At constant consolidation scope, operating income excluding IFRS 16 came to €4.2 million compared to €7.4 million in 2019. This 43% decline reflects the combined impact of:

1) The sharp decline in revenues of 11.9% (down €22.5 million); based on gross margin on standard costs of around 49%, the negative impact on profit is €11 million;
2) The underutilization of industrial capacity as a result of the business contraction resulting in idle capacity costs estimated at €5.3 million compared to €2.7 million in 2019;
3) The measures relating to cost savings and the financing of part-time working implemented to maintain the Group's profitability for €11.3 million on external expenses and personnel expenses.

   External expenses came to €35.7 million, and €32.2 million at constant consolidation scope, a gross decrease of €8.2 million (traveling costs, studies, communication, marketing expenses) and an increase of €1 million compared to M&A and consulting costs.

   Personnel expenses came to €56.2 million (€51 million at comparable consolidation scope), i.e. a net decrease of €3.1 million compared with 2019. The decrease in personnel expenses in respect of "part-time working" and such financing came to €2.8 million. The savings of €2.4 million on variable compensation offset the compensation due to the noria effect of hirings in 2019 (negative impact of €2.1 million)
4) The replacement of equipment destroyed in the incident that occurred in December 2019 resulting in €1.3 million of income.
5) The recognition of industrial, logistics and sales reorganizations costs for €2.1 million. These costs concern the impacts of production transfers (mainly from the Eglisau site in Switzerland to the Krefeld site in Germany), change in the logistics organization (at GIOFEX from the Issoudun site to the La Tour-du-Pin site) and the merger of the Serge Ferrari / Verseidag sales teams.

Adjusted EBITDA at constant consolidation scope came to €15,276,000 in 2020, which is stable compared with its 2019 level (€15,285,000 in 2019).

Net financial expense came to €3,743,000 at December 31, 2020 compared to an expense of €949,000 in 2019. The main components of the €2,794,000 decline are as follow:

1. Interest expense due to the change in consolidation scope: €157,000
2. Interest expense at constant consolidation scope: impact of €848,000 due to the facilities arranged as of July 29, 2020 (€105 million arranged of which €64.5 million were drawn as of December 31, 2020)
3. Forex impact (negative) due to the change in consolidation scope: €401,000 These impacts concern mainly AED and USD.
4. Forex impact at constant consolidation scope: negative impact of €860,000 of which €684,000 on INR, TRY and BRL
5. Other factors: -€586,000 of which €122,000 due to the accelerated depreciation of the costs of borrowings taken out in 2015 and paid back early as of July 29, 2020 and €271,000 of costs of revaluation of the purchase price balances payable in connection with the acquisitions made in 2020.

The (payable and deferred) income tax charge amounted to €176,000 compared to €1,899,000 in 2019.

Net income (Group share) amounted to €471,000 compared to €4,826,000 in 2019, after recognition of the share of minority interests, mainly regarding F.I.T. Industrial Co Ltd (45% of minority interests) and DBDS (subsidiary of Verseidag-Indutex GmbH with 40% minority interests).

5.2.2.4. Balance sheet and liquidity

Non-current assets as of December 31, 2020 amounted to €129,149,000 compared to €79,469,000 as of December 31, 2019.

The positive change of €49,680,000 between 2019 and 2020 is:

- for €24,906,000, due to provisional goodwill relating to the acquisitions made in 2020;
- for €29,141,000, due to changes in the consolidation scope over the period;
- for €7,927,000, due to the acquisition of PP&E and intangible assets;
- for €9,916,000, due to the change in right-of-use assets (IFRS 16) mainly as a result of the renewal of leases on buildings;
- for -€17,461,000, due to amortization and depreciation applied during the fiscal year (of which €11,027,000 excluding operating leases)
- for -€5,749,000, due to forex impact, transfers and scraps, and reclassifications.

Operating working capital requirement decreases by €1.2 million, but worsens as a percentage of revenues, from 35% in 2019 to 37.5% in 2020. For 2020, WCR as a % of sales is determined on the basis of sales of the second quarter, which are more representative of a normal business level than sales of the year 2020 as a whole.

	Group 31/12/2020	Ch. in conso. scope	31/12/2020 Constant scope	12/31/2019	Ch. constant conso. scope
Inventories	76,144	28,035	48,109	55,047	(6,938)
Trade receivables	49,133	12,782	36,351	36,344	7
Trade payables	26,165	6,887	19,278	25,219	(5,941)
Net WCR	**99,112**	**33,930**	**65,182**	**66,172**	**(990)**
Sales (S2 2020 – FY 2019)			86,873	189,047	
% of sales			37.5%	35.0%	

The change in inventories at the year-end is due to both volumes (-6% for volumes of finished products for example) and the positive impact of raw materials costs. Trade receivables are stable, reflecting the fact that sales remained stable, at constant consolidation scope, between 2019 and 2020. In contrast, Trade payables decreased, reflecting production management in the last quarter of the year.

There is no deconsolidation mechanism that would be reflected as an increase or decrease in one of the aggregates presented above. Trade receivables sold under the factoring program are added back to the 'Trade receivables' line.

Shareholders' equity stand at €101,307,000 of which €6,413,000 for minority interests, compared with €305,000 as of December 31, 2019. This change is due to the Group's acquisition of a 55% stake in F.I.T. Industrial Co Ltd and a 60% stake by Verseidag-Indutex GmbH in its subsidiary DBDS.

Excluding minority interests, the change in the Group's share of shareholders' equity is due to the following:

- the recording of the 2020 net income of €754,000;
- the distribution of dividends in respect of the 2019 earnings for a negative €1,427,000;
- other items for a negative €1,157,000 (mainly other comprehensive income).

Group net debt as of December 31, 2020 amounted to €66,504,000 compared with €22,475,000 as of December 31, 2019. Restated for IFRS 16, net debt amounted to €34,295,000 compared to net cash and cash equivalents of €3,664,000 as of December 31, 2019:

	31/12/2020 Reported	Ch. in conso. scope	31/12/2020 (at constant consolidation scope)	31/12/2020 (constant consolidation scope - excl. IFRS 16)	31/12/2020 (excl. IFRS 16)
Net debt	**66,504**	**7,711**	**58,793**	**32,580**	**(3,665)**
Liabilities	**112,429**	**15,186**	**97,243**	**71,030**	**23,055**
EURO PP	30,000	0	30,000	30,000	15,000
Bank finance	42,492	7,018	35,474	35,474	0
Overdrafts and interests	0	0	0	0	340
Factoring	5,280	0	5,280	5,280	7,379
Operating lease	32,209	5,996	26,213	0	0
Financial lease	2,448	2,172	276	276	336
Cash & equiv.	**(45,925)**	**(7,475)**	**(38,450)**	**(38,450)**	**(26,720)**

(Brackets "()" mean a surplus cash position)

The Group has committed bank finance for an amount of €75 million, drawn to the tune of €34.5 million as of December 31, 2020. The €30 million of the Euro PP had been drawn as of July 29, 2020.

Financial liabilities owed to shareholders of the acquired companies (current and non-current) for €26,832,000

The acquisition agreements for the 55% stake in F.I.T. Industrial Co Ltd (and its subsidiaries) and the 100% stake in Verseidag-Indutex GmbH (and its subsidiaries and related companies) provide for deferred payments and earn-outs as follows:

- **Current liabilities of €9,769,000** (for payments falling due in 2021)
  Payments in cash: €5,219,000 (before revaluation)
  Payment in SergeFerrari Group shares: €4,683,000 (before revaluation). The payment will involve 585,417 SergeFerrari Group shares (or 4.79% of the company's capital stock). The Group proposes to use the treasury shares available as of December 31, 2020, i.e. 406,204 shares; the balance of shares required can be acquired from Ferrari Participations;
  Revaluation of current payments: €133,000
- **Non-current liabilities of €17,063,000** (for payments falling due in 2022 and 2023)
  Payments in cash: €688,000 (before revaluation)
  Payment in SergeFerrari Group shares: €4,683,000 (before revaluation). The Group will assess in 2022 the most appropriate method to transfer these shares as consideration when the time comes.

  Earn-out in cash: €12,500,000 (before revaluation) for its capped amount, due in 2023. The floor amount of this earn-out, based on the difference in profit between 2022 and 2018, is €7.5 million.
  Revaluation of current payments: €792,000

Procedures for preparing and processing accounting and financial information

The administrative and finance departments are headed by Philippe Brun, Chief Financial Officer responsible for the preparation and publication of financial information.
The finance department defines and implements the financial strategy, and develops the tools and systems for managing and supervising operating activities (reporting, consolidation, budgets, etc.).

The consolidation and supervision teams draw up and circulate consolidated monthly performance indicators and half-yearly consolidated financial statements. These departments are also responsible for managing the budget process and for drawing up updated forecasts. They update and circulate accounting and financial procedures and maintain the Group chart of accounts in all of the accounting and reporting tools. The Group generates its consolidated financial information using FEBUS (Ferrari BUSiness - BFC). Non-financial reporting data, particularly concerning industrial activities, is prepared by the operating departments and circulated to members of the Executive Committee.

The Company uses external specialists for certain areas of expertise for which it does not have staff (tax, valuation, actuarial services, legal services, etc.).

Information systems are managed within the Group where they relate to the core strategy of the business. Related functions or services for which the Group has no in-house expertise are outsourced to external service providers.

Financial statements - preparation and control

SergeFerrari Group has introduced standard guidelines for accounting recognition and monitoring financial performance. These guidelines are based on:

- maintaining a Group chart of accounts;
- circulating a timetable and instructions for account-closing procedures.
- rolling out a common ERP, or one that communicates with the existing ERP, in particular for the companies or activities acquired.

The head office departments help the subsidiaries to prepare their reports and periodic financial statements. A review of the subsidiaries' financial statements enables the quality of the reported financial statements to be examined and approved. Some subsidiaries are too small to have their own accounting or reporting team: in this case, the Group uses local service providers who fulfill all disclosure and reporting requirements on behalf of the local subsidiary.

The Group uses the following indicators for its monthly operating review and guidance:

- reporting of sales, and gross and sales margins per geographic region;
- statement of operating working capital;
- (weekly) statements of overdue trade receivables;
- (weekly) inventory statements;
- statement of net cash.
- monthly raw materials purchase indicators;
- monthly income statement per activity;
- budget monitoring per cost center;
- industrial KPIs of production sites.

Each territory (country or geographic region) has a monthly simplified income statement, and quarterly or monthly performance indicators. The Group's international development calls for an increase in the number of business analysts working under the authority of the heads of countries or regions. In return, the Group conducts internal audits where it deems it necessary.

The preparation of the consolidated quarterly financial statements is accompanied by regular work:

- reviewing receivables, probability of recovery and the need for provisions;
- reviewing industrial business volume indicators and assessing any deviations from standard costs;
- reviewing research and development programs, their continued implementation, or the relevant transfers to the income statement in the event that they are abandoned;
- (monthly) confirmation of intercompany balances and cash flows;
- periodic/annual physical inventories of raw material stocks, work in progress and finished products.

These procedures will be gradually rolled out in 2021 in the entities acquired in 2020.

The Group has appointed statutory auditors or external inspectors in its subsidiaries so as to cover substantially the whole of the Group's revenue, earnings, assets and liabilities. For subsidiaries outside the audit scope, limited external reviews may supplement internal audits of financial statements. The Group organizes assignment planning and closing meetings with its statutory auditors (in France, for the consolidated financial statements and those of the French companies) and with its independent auditors (in Switzerland, for the statutory financial statements of its two industrial subsidiaries, in Italy and in the USA). The auditors then forward their findings and recommendations for improvements to be made at subsequent period-ends to the Audit Committee and Executive Management.

Information systems

Since the roll-out of its SAP ERP system in March 2008 at its La Tour-du-Pin site in France, the Group has wished to extend its deployment. Thus, in March 2012, the site at Eglisau (Switzerland) was also switched over to the Group software system, and the remaining industrial site at Emmenbrücke (Switzerland) aligned with the Group's other industrial subsidiaries in 2 steps: in December 2014 for the FI module (accounting and finance), and in March 2015 (for the industrial and logistics modules).
A standardized information system supplies the Company with shared and consistent performance indicators, providing more effective control of operating risks and furthering fulfillment of the Group's development plan.
Since January 2015, the Group has the CRM (customer relationship management) tool BOOSTER.
In 2017, Serge Ferrari SAS rolled out a transport management system.
The addition of many new companies (14 out of 25) in the group since October 2016, through acquisition or creation, calls for the implementation of convergent and communicating information systems. These fall under the responsibility of the Group IT and Finance departments.
For companies mostly involved in distribution activities, the Group has chosen to roll out a core model based on SAGE X3. SAGE solutions are now operational at Giofex France, Giofex UK, Serge Ferrari Japan, Serge Ferrari India Private Limited, Serge Ferrari Shanghai and will be operational in 2020 at Giofex Deutschland and Giofex Poland.

With the inclusion of Verseidag in the Group's consolidation scope, consideration will be given in 2021 and 2022 to the determination of the most appropriate solutions for the Group's combined functional coverage.

Financial risks related to the impacts of climate change

The company is of the view that it is not exposed to climate risk any more than its competitors. The company points out that it has not invested in companies that produce fossil fuels, and it does not intent to do so. It also recalls the initiatives taken to reduce discards (refer to the Non-Financial Performance Statement) and to take account of these problems in the Executive Management team by Romain Ferrari (CSR Officer). In this context, the company has an environment handbook.

Environment Handbook

Under the authority of Romain Ferrari, an Environment Handbook has been drawn up, illustrating and describing the characteristics of the company's environmental management system for the French industrial sites.
This document illustrates the Company's commitment to continually meet the requirements of the ISO 14001 international standard, and reflects the Company's determination to care for the environment by implementing an organizational system designed to attain quantified, constantly-improved objectives by set dates.
The Environment Handbook focuses on environmental policy and planning, implementation and operation, as well as the related checks and review by Executive Management. The Environment Handbook is prepared and implemented under ISO 14001 standards (Environmental management systems - Requirements and guidelines for use) and ISO 14004 standards (Environmental management systems - General guidelines on implementation principles, systems and techniques).

5.3 CAPEX

The breakdown of capital expenditure undertaken during the fiscal years ended December 31, 2019 and 2020 is as follows:

(€'000)	12/31/2020	12/31/2019
Total expenditure	**18,685**	**39,740**
Intangible assets	1,712	2,656
Right-of-use asset - intangible assets	71	1,167
Property, plant and equipment	6,215	5,718
Right-of-use asset - PP&E	9,845	30,780
Financial investments	842	(581)

Intangible assets

(€'000)	12/31/2020	12/31/2019
Total intangible assets	**1,783**	**3,823**
Research and development expenses	1,477	1,689
Trademark, customers	17	0
Right-of-use asset - Software	71	1,147
Other intangible assets	89	971
Intangible assets in progress	129	16

- ***Research and development expenses:*** this relates to capitalized R&D on identified projects with proven likelihood of success. The work concerns the development of new products, innovative processes and new formulations; project costs are capitalized on the basis of the project's maturity stage (progress to the industrialization stage) and sales prospects per project;
- ***Right-of-use asset Software:*** since January 1, 2019, the Group applies IFRS 16 whereby it recognizes as asset the right-of-use of assets under lease.
- ***Other PP&E and intangible assets in progress:*** these investments cover expenses relating to the information system.

Property, plant and equipment

(€'000)	12/31/2020	12/31/2019
Total property, plant and equipment	**16,060**	**36,498**
Buildings	558	314
Plant, machinery, tools & equipment	3,023	1,451
Right-of-use asset	9,845	30,780
Other PP&E	288	257
PP&E in progress	2,346	3,696

The Group allocates around 3% of its revenue to investment in technological renewal and adaptation (primarily PP&E excluding buildings, and production-related IT expenditure which is recognized under "Other intangible assets").

Right-of-use asset (PP&E) cover:

- Primarily the leasing of industrial buildings by FERRIMMO and its subsidiaries under standard 3-6-9 leases, most of which incepted on January 1, 2019;
- Leasing of machinery and other equipment.

Planned investment

The Group plans:

- to pursue its regular replacement capital expenditure estimated at around 3% of revenue; for 2021, an amount of €6.3 million is budgeted for this purpose;
- to undertake strategic investments for the industrial transformation under way following the acquisition of Verseidag-Indutex, multi-annual safety investments, and investments aimed at production of new products. For 2021, the Group estimates these investments at €5.5 million

In view of the uncertainties due to the health situation, part of the investments (€3 million) will not be undertaken before July 2021, so as to reduce the impact on the fiscal year if circumstances so dictate.

Research and Development costs came to €6.1 million in 2020 compared to €7.0 million in 2019. For 2021, the Group estimates its R&D costs at €6.7 million.

The Company is not currently planning to make any significant investments in PP&E or intangible assets in the foreseeable future, and for which the Company management bodies has already made firm commitments at the filing date of this document.

The financing available, either in the form of undrawn approved lines (around €40.5 million) or in the form of available cash and cash equivalents (as of December 31, 2020, cash and cash equivalents stood at €45.9 million) will cover these investments.

5.4 NET (CASH)/DEBT

5.4.1 INFORMATION ON THE GROUP'S EQUITY, LIQUID ASSETS AND SOURCES OF FINANCING

Note 15 to the consolidated financial statements and the statement of changes in shareholders' equity featured in this Universal Registration Document respectively set out the changes in the Company's capital stock and the Group's shareholder equity.

As of December 31, 2020, the Group's share of shareholders' equity amounted to €94,894,000 compared to €96,724,000 as of December 31, 2019.

The Group finances the development of its business activities internally, partly via the cash flows generated by its operations and partly via recourse to short and medium-term debt, as and when required. The IPO undertaken in June 2014 profoundly altered the Group's financing structure: net funds raised on that occasion amounted to €40 million. At June 30, 2014, the Group's net cash and cash equivalents amounted to €3 million.

The loan and financing agreements from which the Group benefits are contingent on compliance with covenants concerning the Group's consolidated financial statements drawn up in accordance with IFRS, tested once a year on December 31. These covenants were complied with as of December 31, 2020.

The calculation of covenants, set out in the banking documentation, excludes the application of changes in accounting standards after the signature of financing agreements. The Group continues to determine the ratios used for covenant tests by restating the impacts of the adoption of IFRS 16 for operating leases since January 1, 2019.

The company has not requested State-guaranteed loans (PGE). As of December 31, 2020, the Group benefited from the deferment of payment of social security contributions for €1.8 million.

5.4.2 INFORMATION ON LIQUID ASSETS

The total amount of cash and cash equivalents held by the Group at December 31, 2020 was €45,925,000 compared to €26,720,000 at December 31, 2019.
Cash is partially invested in term accounts with a maturity of less than 36 months, which are accessible at 32 days' notice.

5.4.3 INFORMATION ON THE GROUP'S FINANCING SOURCES

In addition to cash flow from operating activities, the Group uses medium-term financing as required, mainly to fund its capex and acquisitions, and short-term financing (revolving credit, factoring and overdraft facilities).

Financing by medium-term borrowing

The Group entered into new financing agreements on July 29, 2020, intended to:

- refinance existing loans maturing in July 2021;
- finance the acquisitions made in 2020 and refinance the debt of one of them (Verseidag-Indutex GmbH);
- finance its capex and general requirements.

(in thousands of euros)	Original amount	Amount available at December 31, 2020	Deadline	Usage on December 31, 2020	Share at 1 year	Part à + 1 an et - de 5 ans	Over 5 years
Euro PP (bond form - in fine)	30 000	30 000	Juil. 2027	30 000	0	0	30 000
Acquisition and refinancing credit (amortizable)	26 000	26 000	Juin 2026	26 000	4 727	18 909	2 364
Acquisition and refinancing credit (in fine)	6 000	6 000	Dec. 2026	6 000	0	0	6 000
Investment loan 2020-22 (amortizable)	28 000	28 000	Juin 2026	2 500	500	2 000	0
Revolving credit	15 000	15 000	Juin 2025	0	0	0	0
	105 000	**105 000**		**64 500**	**5 227**	**20 909**	**38 364**

The repayment schedules are subject to financial covenants and are met as of December 31, 2020.

The banking share of this financing was arranged with the Group's relationship banks, which were already parties to the financing put in place in July 2015. This bank borrowing is linked to impact commitments (employment at the La Tour-du-Pin site and frequency rate of work accidents) giving rise to an 8 bp interest subsidy if met. If none of these two commitments are met, the interest increases by 4 bp.

The EURO PP loan is a syndicated loan from four lenders. This EURO PP loan is linked to impact commitments (employment at the La Tour-du-Pin site and frequency rate of work accidents) giving rise to an 10 bp interest subsidy if met. If none of these two commitments are met, the interest increases by 5 bp.

As part of this deal, a current account of €3 million has been set up by Romain Ferrari, to be repaid when the Group's leverage ratio falls to 2.5 at most.

Short-term financing

In 2011, to optimize management of working capital requirements, the Company entered into a factoring agreement. The financing set up under this agreement relies mainly on the existence of the guarantees offered by the Group's credit insurance company.

On January 1, 2016, a pan-European factoring agreement was set up, enabling Group companies to join the Group program, in particular Serge Ferrari SAS (France – line of financing capped at €10 million). As of December 31, 2020, the factoring agreement had been used in the amount of €5,280,000.

Occasional use of this means of financing allows the Group to cover peak periods in working capital requirements.

In addition to the financing indicated above, the Group supplements the financing of its working capital requirements by the use of **short-term financing lines.**
The Group has unconfirmed overdraft facilities of €3 million, unused as of December 31, 2020.

As needed, the Group benefits from advances on current accounts by related companies, primarily Ferrari Participations, SergeFerrari Group's holding company which, as of the filing date of this document, directly and indirectly holds 57.52% of the Company's capital stock.

5.4.4 OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments are disclosed in Note 32 to the consolidated financial statements.

5.4.5 CASH FLOW

The following table shows the change in cash flows between 2019 and 2020 as presented in the consolidated financial statements.

Cash flows (€'000)	2020	2019
Cash flow from operating activities	26,897	21,424
Cash flow from investing activities	(43,175)	(9,355)
Cash flow from financing activities	36,011	(10,760)
Impact of changes in foreign exchange rates	(278)	47
Change in cash over the period	**19,455**	**1,357**

Cash flows are derived from the Statement of cash flows as of December 31, 2020. Factoring is included in financing activities.

Cash flow from operating activities

Cash flow from operating activities for the years ended December 31, 2019 and 2020 was as follows:

Cash flows (€'000)	2020	2019
Consolidated net income	754	4,786
Depreciation and impairment	17,507	13,256
Other items	827	83
Free cash flow after net cost of debt	**19,088**	**18,125**
Net cost of debt	2,083	1,014
Free cash flow before net cost of debt	**21,171**	**19,139**
Change in operating working capital	**6,022**	**2,652**
Other cash flows	**(296)**	**(368)**
Net cash flow from operating activities	**26,597**	**21,424**

The impact of the change in consolidation scopes on the year's earnings is low (€137,000 on net earnings) (see 5.2.2.3). The change in operating working capital requirement (inventories, trade payables and receivables) is commented in Section 5.2.2.4.

The change in net provisions is broken down as follows:

(€'000)	2020	2019
Net provisions for impairment	17,507	13,256
Amortization charge for intangible assets	9,692	8,459
Amortization charge for right-of-use assets	6,434	6,122
Net charge to operating provisions	(180)	(1,325)
Net charge to provisions for restructuring	1,561	0

The positive change in depreciation, amortization and impairment of €4,251,000 is made up of:

1. the change in consolidation scope for €1,423,000
2. the increase in net provisions for impairment of inventory of €1,237,000
3. the recognition of provisions for restructuring relating to the reorganization of the sites being rolled out for €1,777,000

Cash flow from investing activities

Cash flow from investing activities was as follows:

Cash flows (€'000)	2020	2019
Acquisition of PP&E and intangible assets (*)	(7,927)	(8,366)
Earn-outs on acquisition	0	(1,362)
Impact of the change in consolidation scopes	(35,549)	0
Change in financial assets net of provisions	0	0
Other cash flows	301	373
Net cash flow from investing activities	**(43,175)**	**(9,355)**

The Group's main investments in the period are described in Section 5.3 "Investments" of this Universal Registration Document. Change in consolidation scope concerns the 1st consolidation of Verseidag-Indutex GmbH and F.I.T. Industrial Co Ltd and their subsidiaries.

Cash flow from financing activities

Cash flows (€'000)	2020	2019
New borrowings	65,216	0
Acquisition costs	0	77
Repayment of borrowings	(20,462)	(1,315)
Repayments of financial liabilities on operating leases	(6,338)	(5,736)
Net interest expense	(1,695)	(1,014)
Dividends paid to Group shareholders	(388)	(597)
Factoring	(2,099)	(343)
Other cash flow from financing activities	1,869	(1,832)
Purchase of treasury shares	(92)	0
Net cash flow from financing activities	**36,011**	**(10,760)**

The facilities arranged during the year is described in Section 5.4.3.
Borrowings repaid relate to the EURO PP loan taken out by SergeFerrari Group in 2015 and repaid early in the amount of €15,000,000 as of July 29, 2020, and a loan carried by Verseidag-Indutex GmbH for €5,333,000, refinanced at the closing on July 29, but effectively repaid in the days that followed.

5.4.6 BORROWING CONDITIONS AND ISSUER'S FINANCING STRUCTURE

This information is detailed in Section 5.4.3 above.

5.4.7 RESTRICTIONS ON THE USE OF CAPITAL

With the exception of guarantee deposits and current accounts frozen for a period longer than one year, the Company faces no restrictions on the availability of its capital.
These items are recognized under non-current assets, totaling €1,093,000 as of December 31, 2020 compared to €916,000 as of December 31, 2019.

5.4.8 SOURCES OF FINANCING REQUIRED IN THE FUTURE

The Company believes it can meet its operating and investment needs, and repay its borrowings (including interest), for the twelve months following the 2020 balance sheet date.

5.5 OUTLOOK

Significant post-balance sheet events – Foreseeable developments and future outlook

The Group's future outlook and goals are not forecasts resulting from a budget process, but merely targets arising from strategic choices and from the Group's development plan.

The future outlook and goals are based on data and assumptions that the Group's management considered reasonable as of the filing date of this Universal Registration Document. These assumptions and data are liable to change due to the uncertainty relating, in particular, to the regulatory, economic, financial, competitive, accounting or tax environment, or depending on other factors of which the Group may not be aware at the date of this Universal Registration Document.

Accordingly, the Company makes no commitments nor guarantees regarding the achievement of the outlook and goals described in this Universal Registration Document.

To that end, the Group intends to pursue the implementation of the following actions:

- positioning on four strategic market segments, to which the bulk of development resources (innovation, marketing, financial) will be allocated, namely: solar protection, tensile architecture, modular structures and furniture/marine; the target is an organic growth rate at constant consolidation scope of 4%;
- increased efficiency of commercial investments (costs must increase at a lower rate than that of profit margin) and innovation (the gross margin generated by products launched within the last five years must significantly exceed annual innovation investments) and thus a substantial increase in profitability, in keeping with the recovery registered in 2019;
- awareness of external growth opportunities, that would add to the Group's product ranges, bring complementary technological solutions or offer a geographical presence close to customers from faraway countries.

On the occasion of its IPO in June 2014, the Group had specified how the net funds of €40 million raised in June 2014 should be allocated to each of the areas of development stated to the market, in addition to the cash-flows generated by the business over the period:

- €14 million for business development: the increase in sales staff and marketing expenses was €2.6 million in 2015, €3.9 million in 2016, €0.2 million in 2017 and €0.6 million in 2018 (y-o-y change)
- €10 million for innovation: innovation expenses between 2015 and 2018 amounted to €24.5 million (€15.6 million after research tax credit and IFRS restatement)
- €16 million for industrial facilities: investments in industrial facilities for a total amount of €24.9 million, of which €3.9 million in 2018, €4.6 million in 2017, €5.3 million in 2016, €5.6 million in 2015 and €5.5 million in 2014.

At June 30, 2014, the Group's net cash and cash equivalents amounted to a positive €3,283,000 (after receipt of €40 million, net funds raised upon the IPO), a level equivalent to net cash and cash equivalents as of December 31, 2019 at comparable accounting standards, of €3,665,000. The company has thus totally self-funded its investments, shareholder dividends and its business growth over the period 2014-2019.

Measures undertaken following the COVID-19 pandemic
- extract from the press release of March 23, 2020 published after market close -

In the current context of the COVID-19 pandemic and following the government measures put in place in various countries, during the week of March 16, 2020, the production activity of some of the sites of SergeFerrari Group was gradually suspended (notably in Italy for PLASTITEX, in France and in one of the two production sites in Switzerland), in most cases for a renewable period of two weeks. The second site in Switzerland continues to operate on a limited number of coating lines.
The Group gradually resumed its industrial activities in April 2020 and its marketing activities in the second quarter.

As of the date of filing this document, the Group is not able to accurately quantify the impact of the government measures that might be taken in 2021 in the context of the pandemic. Nevertheless, SergeFerrari Group has a solid financial situation that enables it to face the challenges of this pandemic. As of December 31, 2020, the Group had €46 million in cash and cash equivalents. In addition, the Group's financing sources are in place and can be reinforced by drawing on committed but yet unused credit lines for a total amount of €40 million.

As of the date of filing this Universal Registration Document, the Group has already prepared its teams to organize the secure resumption of its activities as soon as conditions allow it, and is taking the necessary measures to continue to address effectively its customers' requests.

ANNUAL GENERAL MEETING

Shareholders of SergeFerrari Group will meet at the annual ordinary and extraordinary General Meeting of May 19, 2021. The Board of Directors will request shareholder approval for allocating the 2020 net income in full to retained earnings.

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Q1 2021 revenues: April 27, 2021 after market close.
To the Company's knowledge, there have been no material changes in the Group's financial or commercial position since December 31, 2020 of which the shareholders were not aware as of the date of filing of this Universal Registration Document.

5.6 MATERIAL CONTRACTS

All contracts have been entered into as part of the Group's normal business management.

6. FINANCIAL STATEMENTS

Culinairro Epic Living | Structures Modulaires

6.1 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

STATEMENT OF FINANCIAL POSITION

Assets - €'000	Note	Dec 31, 2020	Dec 31, 2019
Goodwill	4	34,821	10,167
Other intangible assets	5	11,663	13,596
Property, plant and equipment	6	76,713	50,382
Other financial assets	7	2,116	1,274
Deferred tax assets	8	3,836	4,049
Total non-current assets		**129,149**	**79,469**
Inventories and WIP	9	71,705	50,372
Trade receivables	10	46,741	34,405
Tax receivables	11	1,746	3,460
Other current assets	12	9,257	10,009
Cash and cash equivalents	13	45,925	26,720
Total current assets		**175,373**	**124,966**
Total assets		**304,523**	**204,435**

Liabilities and equity - €'000	Note	Dec 31, 2020	Dec 31, 2019
Capital stock	14	4,920	4,920
Additional paid-in capital	14	43,868	43,868
Consolidated reserves and other reserves	14	45,635	43,111
Net income for the period	14	471	4,826
Total equity, Group share		**94,894**	**96,724**
Non-controlling interests		6,413	305
Non-controlling interests		**6,413**	**305**
Total equity		**101,307**	**97,029**
Borrowings and debt	15	87,598	36,643
Provisions for pensions and similar commitments	16	11,015	9,601
Deferred tax liabilities	8	289	449
Other non-current liabilities	17	25,051	5,405
Total non-current liabilities		**123,954**	**52,098**
Borrowings and bank overdrafts (due in less than 1 yr)	15	24,831	12,551
Current provisions	18	1,263	868
Trade payables		26,165	25,219
Tax payables	11	398	321
Other current liabilities	19	26,607	16,349
Total current liabilities		**79,262**	**55,308**
Total liabilities		**203,216**	**107,406**
Total liabilities and equity		**304,523**	**204,435**

CONSOLIDATED INCOME STATEMENT

€'000	Note	2020	2019
Revenues	**20**	**195,301**	**189,047**
Purchases		(76,094)	(73,598)
Change in inventories		(8,910)	(1,217)
External expenses	21	(35,695)	(39,431)
Personnel expenses	22	(56,183)	(54,107)
Miscellaneous taxes	23	(2,229)	(2,121)
Total depreciation, amortization and impairment	24	(16,126)	(14,581)
Net provisions for impairment	25	180	1,325
Other recurring income and expenses	26	6,526	2,316
EBIT		**6,769**	**7,634**
Non-recurring operating income and expenses	27	(2,096)	
Operating income		**4,673**	**7,634**
Income from cash and cash equivalents		78	125
Gross cost of debt		(2,161)	(1,139)
Net cost of debt	**28**	**(2,083)**	**(1,014)**
Other financial income and expenses	28	(1,660)	65
Income before tax		**931**	**6,685**
Income tax	29	(176)	(1,899)
Income after tax		**754**	**4,786**
Total net income		**754**	**4,786**
Group share		471	4,826
Non-controlling interests		283	(40)
Earnings per share (€)		0.04	0.41
Diluted earnings per share (€)		0.04	0.41

STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income - €'000	2020	2019
Total consolidated net income	**754**	**4,786**
Other comprehensive income:		
Actuarial gains/(losses) on pension liabilities	565	(3,308)
Net change in financial instruments measured at fair value	178	(298)
Income tax	(47)	621
Subtotal - comprehensive income/(loss) not transferable to earnings	**696**	**(2,985)**
Currency translation differences	-	1,704
Hedging instruments	(48)	-
Income tax	13	-
Subtotal - comprehensive income/(loss) transferable to earnings	**(1,740)**	**547**
Total other comprehensive income/(loss) after tax	**(1,044)**	**(2,438)**
Total comprehensive income	**(289)**	**2,348**
Group share	(286)	2,364
Non-controlling interests	(3)	(16)

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

€'000	Capital stock	Additional paid-in capital	Consolidated net income and reserves	Treasury shares	Other comprehensive income	Total, Group share	Non-controlling interests	Total
Equity at Dec 31, 2018	**4,920**	**43,868**	**46,156**	**(4,852)**	**1,112**	**91,201**	**319**	**91,520**
Net income for the period			4,826			4,826	(40)	4,786
Other comprehensive income					(2,461)	(2,461)	23	(2,438)
Total comprehensive income for the period	-	-	4,826	-	(2,461)	2,364	(16)	2,348
Parent company dividends			(592)			(592)		(592)
Other items*			3,754	(3)		3,751	2	3,753
Total transactions with shareholders	-	-	3,162	(3)	-	3,159	2	3,161
Equity at Dec 31, 2019	**4,920**	**43,868**	**54,143**	**(4,854)**	**(1,349)**	**96,724**	**305**	**97,029**
Net income for the period			471			471	283	754
Other comprehensive income					(758)	(758)	(286)	(1,044)
Total comprehensive income for the period	-	-	471	-	(758)	(286)	(3)	(289)
Treasury shares				(92)		(92)		(92)
Parent company dividends			(1,427)			(1,427)		(1,427)
Ch. in conso. scope			-			-	6,111	6,111
Other items			(28)			(28)		(28)
Total transactions with shareholders	-	-	(1,455)	-	-	(1,547)	6,111	4,563
Equity at Dec 31, 2020	**4,920**	**43,868**	**53,159**	**(4,946)**	**(2,107)**	**94,894**	**6,413**	**101,307**

* Changes primarily relating to the valuation of non-current liabilities (Note 17 to the 2019 financial statements)

CONSOLIDATED STATEMENT OF CASH FLOWS

€'000	2020	2019
Total consolidated net income	754	4,786
Consolidated net income from continuing activities	**754**	**4,786**
Depreciation, amortization and impairment (Note 24)	17,461	14,581
Provisions (Note 25)	46	(1,325)
Pension provisions	414	171
Gains/losses on disposal	196	-
Other non-cash income and expenses	216	(88)
Free cash flow after net cost of debt	**19,088**	**18,125**
Net cost of debt (Note 28)	2,083	1,014
Free cash flow before net cost of debt	**21,171**	**19,139**
Tax expense	176	1,899
Free cash flow	**21,347**	**21,038**
Tax paid	(772)	(2,266)
Change in operating working capital	6,022	2,652
Subtotal - Change in operating working capital	***1,732***	***2,621***
of which Change in trade receivables	*986*	*2,568*
of which Change in inventories	*8,160*	*900*
of which Change in trade payables	*(7,414)*	*(847)*
Subtotal - Change in non-operating working capital	***4,289***	***31***
of which Change in other receivables	*5,066*	*(2,087)*
of which Change in other payables	*(476)*	*2,118*
Net cash flow from operating activities	**26,897**	**21,424**
Acquisition of PP&E and intangible assets (Notes 5 and 6)	(7,927)	(8,366)
Earn-out payments indexed to performance of acquired companies	-	(1,362)
Payments received from disposal of PP&E and intangible assets (Notes 5 and 6)	233	285
Payments received from disposal of financial assets	68	-
Dividends received	-	88
Change in consolidation scope	(35,549)	-
Net cash flow from investing activities	**(43,175)**	**(9,355)**
New borrowings (Note 15)	65,216	-
Borrowings repaid (Note 15)	(26,800)	(7,051)
of which Repayment of lease financial liabilities	*(6,338)*	*(5,736)*
Net interest paid (Note 28)	(1,695)	(937)
Dividends paid	(388)	(597)
Factoring (Note 15)	(2,099)	(343)
Other cash flows from financing activities (Note 12)	1,869	(1,832)
Purchase of treasury shares	(92)	-
Net cash flow from financing activities	**36,011**	**(10,760)**
Impact of changes in foreign exchange rates	**(278)**	**47**
Change in cash and cash equivalents	**19,455**	**1,356**
Opening cash and cash equivalents (Note 13)	26,720	25,113
Bank overdrafts at start of period (Note 15)	(250)	-
Net cash at start of period	**26,470**	**25,113**
Closing cash and cash equivalents (Note 13)	45,925	26,720
Bank overdrafts at end of period (Note 15)	(0)	(250)
Net cash at end of period	**45,925**	**26,470**
Change in cash and cash equivalents	**19,455**	**1,357**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Information about the Group

1.1 Identification of the Issuer

SergeFerrari Group is a limited liability company (*"société anonyme"*) domiciled in France.
The Serge Ferrari Group designs, manufactures and distributes innovative composite materials.
The consolidated financial statements for the year ended December 31, 2020 were approved by the Board of Directors on March 11, 2021.
The financial statements are presented in thousands of euros unless otherwise indicated. The amounts are rounded to the nearest thousand euros.

1.2 Highlights of the fiscal year presented

Pandémie Covid-19

In 2020, the Group was impacted by measures taken by the government (lockdowns, travel and business restrictions) in response to the COVID-19 pandemic that emerged in January 2020. These measures had an impact both in terms of the decrease in demand for the Group's products and the Group's production capacity at its French, Italian and Swiss plants (particularly during the second quarter of 2020, during which production capacity at plants oscillated between 0% and 100%, depending on the site and period). Serge Ferrari Group implemented all the necessary preventive health and safety measures to maintain its essential logistics activities wherever possible, and mobilized its teams to organize the safe resumption of production as soon as conditions allowed, in order to continue meeting customer demand. The Group implemented furlough schemes in France, Switzerland, Italy and Germany. Government grants for furlough schemes are deducted from personnel expenses in the income statement.
The impact of financing measures for furlough schemes received from governments in the Group's operating countries was estimated at €2,836 at December 31, 2020. The Group has not changed the presentation of its income statement. The costs of the COVID-19 safety measures are recorded under EBIT, as are fixed costs of partially under-operated plants during lockdowns. The Group has not applied for any State-guaranteed loans (PGE) and did not receive any specific rental assistance during the lockdown periods in France and abroad. As of December 31, 2020, all of the Group's plants had returned to normal operating conditions.

Acquisition by SergeFerrari Group of Verseidag-Indutex GmbH and its subsidiaries from Jagenberg AG

On July 29, 2020 SergeFerrari Group announced the signing of an agreement with the Jagenberg AG Group for the purchase of Verseidag-Indutex, thereby strengthening its global positioning on the fast growing innovative composite materials market.

Based in Krefeld, Germany, Verseidag-Indutex, the world leader in PTFE glass materials, operates on the tensile architecture, solar protection and modular structure markets, as well as the following sectors: industry, biogas, large format digital printing, and solar protection for the building and automotive industries.
Verseidag-Indutex currently employs around 250 people working at its four industrial facilities in and around Krefeld, and has sales subsidiaries covering four regions: Europe, including Germany, the largest European market, the United States, the Middle East and Hong Kong. Verseidag-Indutex and the subsidiaries acquired posted 2020 revenues of €57 million.

This transforming acquisition enables SergeFerrari Group to strengthen its international leadership and strategic positioning in three of its four priority business segments. It forms part of its external growth strategy to integrate complementary companies in terms of sales, products or technologies on its strategic markets.
The acquisition will also help drive growth in the future, given that SergeFerrari Group and Verseidag-Indutex's activities are highly complementary in terms of product range, sales network, marketing and manufacturing. Verseidag-Indutex's strong positioning on the PTFE glass market for tensile architecture in particular, combined with Serge Ferrari's unique, proprietary Précontraint® technology, will enable the Group to develop a comprehensive and diversified commercial offering. Furthermore, the Verseidag-Indutex product offering will strengthen the Group's positioning in other segments such as large format digital printing and solar protection for the building and automotive industries. The plan is to develop both the Verseidag brand and the already well-known Serge Ferrari Group brands.

Under the terms of the transaction, SergeFerrari Group acquired the entire capital stock of Verseidag-Indutex, Verseidag Seemee US and Cubutex GmbH and a 60% stake in DBDS. The €27.8 million transaction includes a cash payment in two tranches (one at closing for €14.1 million, the other in 2021 for €4.4 million after price adjustment), a SergeFerrari Group share-based payment also in two tranches (one in 2021, the other in 2022, each for an amount of approximately €4.7 million) plus an earn-out to be paid in 2023, indexed to EBITDA growth for a fair value of €11.9 million in the 2020 consolidated financial statements. The deferred payments and earn-out are recognized under other non-current and current liabilities at amounts of €17.1 million and €8.3 million respectively (Notes 17 and 19).

The Group has one year following the acquisition to definitively measure the fair value of the acquired companies' assets and liabilities. Goodwill will be definitively valued in the H1 2021 financial statements; goodwill on first consolidation is the difference between the price paid or payable and the net balance of identifiable assets acquired and liabilities assumed on the date of first consolidation. A non-definitive value of €23.6 million is currently assigned to goodwill. Goodwill is allocated to the Group's sole CGU, i.e. innovative composite materials and accessories.

Serge Ferrari acquires 55% stake in F.I.T.

On March 11, 2020, the Group announced the acquisition of a 55% stake in the capital of F.I.T., a Taiwanese company that designs, manufactures and distributes high-tech non-combustible materials, through the purchase of shares from the current family shareholders. This transaction was completed following its approval by the Taiwanese authorities on June 23, 2020.
Founded in 2003, the company was initially involved in the production of glass yarn. It has now developed unrivaled expertise in the manufacture and application of PTFE/glass membranes (non-combustible materials). It employs around 100 people, mainly located at its Chiayi industrial facility in Taiwan. F.I.T. group posted 2020 revenues of around €308 million New Taiwan dollars (around €9 million).
This acquisition will allow the Group to bolster its non-combustible materials offering, a high value-added field of product innovation, intended primarily for the tensile architecture market. It will also provide the Group with new production resources in Asia, a region that plays host to a significant portion of global infrastructure investment.
SergeFerrari Group will make its global specifier and distribution network available to F.I.T. for the delivery of these non-combustible materials.

F.I.T. holds all shares in Taiwan Eden Space Frame & Membrane Engineering Co. Ltd., which specializes in the manufacture of PTFE glass fiber projects using F.I.T. products. F.I.T. holds a 51% stake in F.I.T. HK (Hong Kong), which in turn wholly owns T-more, a company based in Shanghai (China). These two companies have no operations and the Group is looking into ways of streamlining its organizational structure.

The Group acquired a 55% stake in F.I.T. for a total purchase price of NTD 320 million (around €9.5 million), NTD 48.3 million of which will be paid in 2021 and 2022. The liability resulting from this transaction is presented under other current liabilities for the portion due in 2021 and non-current liabilities for the portion due in 2022 (see Notes 17 and 19).
The Group has 12 months as from the purchase date to determine the fair values of F.I.T.'s assets and liabilities; residual goodwill valued at December 31 at NTD 76.9 million (€2.2 million) is not considered definitive, and is allocated to the Group's single innovative composite materials and accessories CGU.

Financing and refinancing contracts

Together with the acquisitions and in order to finance external growth and the 2020-2022 capital expenditure and development program, as well as refinance existing debt, on July 29, 2020 SergeFerrari Group signed loan agreements totaling €75 million with its relationship banks and a €20 million Euro PP financing scheme in the form of a bond issue, which was increased to €30 million on August 6, 2020. These financing arrangements will be used as and when required, with the exception of the Euro PP, which was fully drawn down at closing.
The refinancing of existing debt covers the €15 million Euro PP arranged in July 2015 and the revolving credit facility for an initial amount of €35 million, of which €1 million has been drawn down (both maturing in July 2021), as well as CHF 2 million on short-term lines originally taken out by subsidiaries.

Monitoring the impact of the PRE 3 coating line incident at the Tour du Pin facility

On December 1, 2019, a fire broke out on the main coating line at the La Tour du Pin site: production was immediately halted. No injuries or accidental pollution occurred. The line was back in operation on January 21, 2020, following repairs.
The Company offered its customers alternatives, in an effort to offset the resulting loss of revenues: products with the same Précontraint technology but smaller widths, products using other coating technologies but with larger widths. The Group estimates the impact of this incident on revenues at €7.2 million in total, including €5 million in 2020.

Insurance payments covering the costs of repairing and replacing damaged equipment and property, as well as the operating losses resulting from this incident, were recognized under "Other recurring income and expenses" (Note 26). Insurance payments relating to decontamination and clean-up costs were recognized in the 2019 income statement as a deduction from related operating expenses (see Note 21 "External expenses" to the 2019 consolidated financial statements). No further material expenses of this kind were incurred in 2020.
All insurance payments had been collected by December 31, 2020 and no additional payments are due in 2021 in this respect.

1.3 Post-balance sheet events

None

Note 2 – Accounting and financial principles

The main accounting methods used in the preparation of the consolidated financial statements are explained below. They have been applied consistently to all the fiscal years presented.

2.1 Basis of preparation

The consolidated financial statements have been prepared pursuant to:

– IFRS (International Financial Reporting Standards) as adopted by the European Union. These may be consulted on the European Commission website at:
https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002_en;
– IFRS as published by the IASB and adopted by the EU.

The consolidated financial statements were prepared in accordance with the general principles of IFRS: fair presentation, going concern, accrual basis of accounting, consistency of presentation and materiality.

2.2 Changes in standards

The Group refers to the guidelines available for consultation on the EFRAG (European Financial Reporting and Advisory Group) website at:
https://www.efrag.org/News/Public-213/EFRAG-Endorsement-Status-Report-Update

New standards, amendments and interpretations of mandatory application from 2020 have not had a material impact on the Company's financial statements or their presentation.

The Group has applied the following standards, amendments and interpretations since January 1, 2020:

– Amendment to IFRS 3: "Definition of a business"
– Amendments to IFRS 9, IAS 39 and IFRS 7: "Interest rate benchmark reform"
– Amendments to IAS 1 and IAS 8: "Definition of material"
– Amendments to references to the IFRS conceptual framework
– Amendments to IFRS 16: "COVID-19-Related Rent Concessions" (early application)

In 2020, the Group decided not to apply any other standard, interpretation or amendment early.

Principal accounting standards, amendments and interpretations published but not yet adopted by the European Union:

– Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current" and "Classification of Liabilities as Current or Non-Current: Deferral of Effective Date"
– Amendments to IFRS 3: "Reference to the conceptual framework"
– Amendments to IAS 16: "Property plant and equipment – Proceeds before intended use"
– Amendments to IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract"
– "IFRS annual improvements, 2018–2020 cycle"

The foregoing standards, interpretations and amendments are not expected to have a material impact on the Group financial statements upon first-time application.
The Group has completed its analyses following the November 2019 IFRIC IC update, which reviewed the ANC interpretation on lease terms and the useful life of leasehold improvements. The Group is mainly concerned by this interpretation with regard to the lease of industrial and office buildings in France.
The Group now applies the following method to determine the lease term.
At each balance sheet date, the Group individually analyses material leases:

– If the remaining lease term at the balance sheet date is less than five years, the Group must determine whether the lease will be renewed. If the Group considers the lease will be renewed, the assets and liabilities are re-entered for a period corresponding to the contractual term of a new lease.
– If the commitment at closing exceeds five years, the remaining contractual term is retained.

This new methodology did not give rise to a material difference compared to the valuation of right-of-use assets and financial liabilities at December 31, 2019, which could have been revalued accordingly with a maximum impact of €2.9 million. As the impact of the revaluation on the balance sheet total and the impact of unwinding the discount on revalued debt on the income statement are considered non-material, the 2019 financial statements have not been restated.

2.3 Consolidation methods

SergeFerrari Group is the consolidating company.

In accordance with IFRS 10 (power over the relevant activities; exposure, or rights, to variable returns; the ability to use its power to affect the amount of returns), companies in which the Group directly or indirectly holds the majority of voting rights at the General Meeting on the Board of Directors or equivalent governing body, giving it the power to direct those companies' operational and financial policies, are generally deemed to be controlled and are fully consolidated.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated.
The financial statements of consolidated companies are all closed on December 31 of each year, with the exception of Serge Ferrari India Private Ltd, whose fiscal year ends on March 31. For Group consolidation purposes, interim statements are prepared on December 31 each year.
The consolidation scope is presented in Note 3.

2.4 Currency translation of financial statements

2.4.1 Operating currency and reporting currency of financial statements

The items included in the financial statements of each Group entity are measured in terms of the prevailing currency in the economic environment in which the entity operates ("operating currency").
The consolidated financial statements are presented in euros, which is the operating and reporting currency of the parent company SergeFerrari Group.

2.4.2 Currency translation of financial statements of foreign subsidiaries

The operating currency of subsidiaries is their local currency, in which most of their transactions are denominated. The financial statements of all Group entities whose operating currency is different from the reporting currency are translated into euros as follows:

- assets and liabilities are translated at the closing exchange rate at the balance sheet date;
- income, expenses and cash flows are translated at the average exchange rate over the reporting period;
- all the resulting differences on translation are recognized in "Items of other comprehensive income", then reclassified under profit or loss at the disposal date of those investments.

Goodwill/badwill and adjustments in fair value resulting from the acquisition of a foreign activity are treated as assets and liabilities of the foreign activity and translated at the closing rate.
The Group does not consolidate any entity that operates in a hyper-inflationary economy.

The exchange rates used for converting foreign currencies into euros are shown below.

2.4.3 Translation of transactions in a foreign currency

		Average rate		Closing rate	
		2020.12	2019.12	2020.12	2019.12
BGN	Bulgarian lev	1.96	1.96	1.96	1.96
BRL	Brazilian real	5.89	4.41	6.37	4.52
CHF	Swiss franc	1.07	1.11	1.08	1.09
CLP	Chilean peso	902.74	787.05	868.89	844.85
CNY	Chinese yuan	7.87	7.73	8.02	7.82
EUR	Euro	1.00	1.00	1.00	1.00
GBP	Pound sterling	0.89	0.88	0.90	0.85
HKD	Hong Kong dollar	7.87	7.73	8.02	7.82
HRK	Croatian kuna	7.54	7.42	7.55	7.44
INR	Indian rupee	84.58	78.85	89.66	80.19
JPY	Japanese yen	121.77	122.06	126.49	121.94
PLN	Polish zloty	4.44	4.30	4.56	4.26
ROL	Romanian leu	4.84	4.75	4.87	4.78
SEK	Swedish krona	10.49	10.59	10.03	10.45
TRY	New Turkish lira	8.04	6.36	9.11	6.68
TWD	Taiwan dollar	34.25	33.78	34.79	33.13
USD	US dollar	1.14	1.12	1.23	1.12

Foreign currency transactions of companies preparing accounts in euros are translated into the operating currency at the average exchange rate in the previous month. Gains and losses on translation resulting from the settlement of these transactions and from the translation, at the closing exchange rate, of monetary assets and liabilities denominated in a foreign currency, are recognized under net financial items.

2.5 Critical accounting estimates and judgments

The preparation of financial statements involves making estimates and assumptions about the valuation of certain assets and liabilities shown on the balance sheet and of certain income statement items. Management is also required to exercise its judgment with regard to the application of the Group's accounting methods, any environmental and dismantling requirements, the impairment of receivables and the accounting treatment of transactions under the factoring agreement.
These estimates and judgments, continually updated, are based partly on historical information and partly on expectations of the future that are considered to be reasonable in light of circumstances. Given the relative uncertainty over assumptions about the future, the accounting estimates may differ from actual results.

Critical accounting estimates and judgments

Assumptions and estimates that may lead to material adjustments in the net carrying value of assets and liabilities mainly relate to the following items:

- Development expenses: development expenses that meet the criteria for capitalization are entered under intangible assets and amortized over their expected useful life. The Group assesses these criteria mainly in light of the business and profitability forecasts applicable to the projects in question;
- The depreciation/amortization periods of non-current assets;
- Deferred tax assets: these result from tax loss carryforwards and the deductible temporary differences between the carrying value and tax value of recognized assets and liabilities. The recoverable value of these assets is measured on the basis of provisional data;
- Measurement of the net realizable value of work-in-progress and finished products (see Notes 2.16 and 9);
- Measurement of post-employment obligations and other long-term benefits. Post-employment obligations and other long-term benefits are estimated on statistical and actuarial bases;
- The structuring assumptions of the business plans used in the impairment tests carried out on Group CGUs at each balance sheet date, or whenever an impairment loss is identified pursuant to IAS 36;
- Fair value measurement of assets and liabilities acquired as part of business combinations and the related valuation of residual goodwill.

When purchase agreements provide for earn-outs indexed to the future performance of the acquired companies or the purchase of minority interests, the Group recognizes these commitments on the balance sheet under current or non-current liabilities. Liabilities are valued subject to estimates, including future cash flows, discount rates, and the settlement horizon. Changes in the fair value of earn-out liabilities are recognized in the income statement.

Subsequent changes in the fair value of liabilities related to options on minority interests are recognized under equity.

2.6 Business combinations

The Group applies IFRS 3 Revised to the purchase of assets and assumption of liabilities constituting a business combination. The acquisition of assets or groups of assets not constituting a business is recognized in accordance with the standards applicable to those assets (IAS 38, IAS 16, IFRS 9).

The Group recognizes business combinations through the acquisition method, which consists of:

- measuring and recognizing goodwill (or badwill if negative) on the acquisition date, this being the difference between:

1 – either, i) the sum of:

- ■ the consideration transferred, valued in accordance with this standard, which generally requires the use of fair value at the acquisition date,
- ■ the non-controlling interest in the acquired company measured in accordance with this standard, and
- ■ in a business combination carried out in stages (step acquisition), the acquisition date fair value of the purchaser's previously held interest in the acquired company,

and ii) the net identifiable assets acquired and liabilities assumed (full goodwill method).

2 – or, i) the purchase price and ii) the purchaser's share of the fair value of net identifiable assets acquired (partial goodwill method).

The initial consolidation date is the date on which the Group obtains effective control of the acquired business. The acquisition price of the acquired business is the fair value, as of the acquisition date, of the components of the remuneration given to the seller in exchange for control of the acquiree, excluding any component that remunerates a transaction separate from taking control. Where the initial recognition value can only be measured provisionally before the end of the period during which the combination is completed, the acquirer recognizes the combination on the basis of provisional valuations. The acquirer must then recognize any adjustments to those provisional values from the initial recognition value, within 12 months following the acquisition date.

2.7 Goodwill

For each business combination, the Group has the choice of recognizing partial goodwill (corresponding to its percentage holding) or full goodwill (including goodwill on non-controlling interests) as an asset.
When the calculation of goodwill shows that the value of the assets acquired is higher than the price paid for them, the Group recognizes the entire difference (badwill gain) in the income statement.

Goodwill is assigned to the cash generating unit to which the assets concerned belong for the purposes of impairment testing. These tests are performed every year as of December 31, the balance sheet date, and whenever a loss in value is identified. As of December 31, 2020, there was only one cash generating unit, named "innovative composite materials and accessories". The main assumptions used to determine the assets' value in use using the future cash flow method are presented below:

- Forecast: 5 yrs
- Perpetual growth rate of 1.8% to project cash flows beyond the forecast period
- Discount rate of 9% applied to cash flow projections.

The Group analyzed a single scenario when assessing its projected future cash flows. Management has estimated, excluding consolidation scope effects and synergies generated by acquisitions, that the Group will return to 2019 profitability levels (pre-COVID-19) as from 2021.

The sensitivity tests (+/- 0.5%) performed on the discount rate and perpetual growth rate do not alter the findings of the impairment test.

2.8 Intangible assets

2.8.1 Assets acquired separately

These correspond to software, licenses, and patents valued on an amortized-cost basis (historical cost at initial recognition date, plus subsequent amortizable expenses, less accumulated amortization and identified impairment losses). These assets are amortized on a straight line basis over a period ranging from one to eight years, depending on their estimated useful life.

2.8.2 Research and development expenses

The Serge Ferrari Group is engaged in a high-value-added business activity whose products are used in innovative applications. R&D operations are critical factors in implementing the Group's strategy in developing functional uses and chemical formulations of innovative composite materials. The criticality of customers' applications of Group products (mechanical and aerodynamic constraints in tensile architecture, hostile or highly corrosive environments) calls for the implementation of high-level technology. R&D corresponds to the work of designing products, making industrial prototypes for potential scale-up, and development testing to ensure product compliance with market specifications and applicable regulations (fire ratings, REACH requirements, etc.). To date, many patents have been filed in the names of Serge Ferrari Group companies covering the Group's products and the industrial processes used to manufacture them.

In accordance with IAS 38 "Intangible Assets":

- research expenses are expensed as incurred;
- development expenses are capitalized if the following six conditions can be demonstrated:
  - the technical feasibility of completing the intangible asset so that it will be available for use or sale;
  - the intention to complete the intangible asset and to use or sell it;
  - the capacity to use or sell the intangible asset;
  - expected future economic benefits;
  - the availability of suitable technical, financial and other resources for completing development and using or selling the intangible asset;
  - the ability to reliably estimate the costs attributable to the intangible asset during its development.

These development costs include the gross salaries and social security contributions of the employees who work on these programs and are calculated on a prorated time basis. The expenses related to service providers involved in these projects are also taken into account.
Development costs have been capitalized as assets since January 1, 2011, the year in which project-based cost monitoring and allocation was set up.
The useful life of these development expenses is estimated at four years, while the equipment is depreciated on a straight line basis over the same period after commissioning.
Residual values and useful lives are reviewed at every period-end and adjusted if necessary. Amortized assets are subjected to an impairment test when, due to particular events or circumstances, recoverability may be in question. The recoverable value of an asset is its fair value less selling costs, or its value in use, whichever is higher. Recoverable value at period-end takes into account, in particular, any change in the commercial success of the product as well as technological advances.

2.9 Property, plant and equipment

Property, plant and equipment mainly includes land, structures and technical facilities, as well as re-engineering expenses incurred to upgrade and prolong the lifetime of industrial equipment. Property, plant and equipment is recognized at acquisition cost (purchase price and ancillary expenses or production costs for certain industrial equipment comprising capitalized production) excluding financial expenses, minus accrued depreciation and impairment, if any. It is not revalued. In application of the component method, each component of a single asset is recognized separately for the purpose of establishing the relevant depreciation schedule.
Depreciation is calculated using the straight line method based on the expected useful life of the various categories of assets:

Asset	Depr. method	Term
Buildings	Straight line	10/27 yrs
Building fixtures	Straight line	5/12 yrs
Industrial equipment and machinery	Straight line	3/8 yrs
Transport equipment	Straight line	2/5 yrs
Office equipment/furniture	Straight line	3/7 yrs

Depreciation is calculated on the basis of acquisition price, minus any residual value. Residual values and expected useful lifetimes are reviewed at every period-end.

2.10 C Leases

The Group has applied IFRS 16 "Leases" with effect from January 1, 2019 (see section 2.2 "Changes in standards").
Where a lease agreement gives rise to fixed or substantially fixed payments, the standard requires recognition of (i) a liability corresponding to discounted future lease payments and (ii) a right-of-use asset which is depreciated over the eligible lease term under IFRS 16.

Each lease payment is broken down between the interest expense and amortization of the outstanding debt remaining so as to obtain a constant periodic interest rate on the remaining balance due. The corresponding contractual rents, net of interest expense, are included under "Borrowings and debt". The corresponding interest expense is recognized in the income statement under "Cost of debt" over the lease term.

The Group recognizes deferred taxes in the accounting treatment for leases eligible for IFRS 16 when the accounting and tax bases are no longer equal.

2.11 Impairment of assets

2.11.1 Impairment of intangible assets

IAS 36 "Impairment of Assets" requires the entity to identify any evidence of impairment whenever financial statements are prepared. If evidence of impairment is found, the entity must estimate the recoverable value of the asset.
An entity must also, even in the absence of evidence of impairment:

- annually test intangible assets with an indefinite useful life;
- test business combinations for goodwill impairment;
- annually test intangible assets in progress at the balance sheet date.

Impairment tests are carried out at the level of the cash generating unit (CGU) to which the assets are assigned. A CGU is the smallest identifiable group of assets that generates cash inflows largely independent of cash inflows generated by other assets or groups of assets.
The Group adopts segmentation per CGU that is consistent with the operational organization of business units, management control, and sector information and reporting. Impairment tests consist of comparing the carrying value and the recoverable value of the CGUs. The recoverable value of a CGU is the higher of its fair value (generally the market price) net of disposal cost and its value in use.

The value in use of a CGU is measured using the discounted future cash flow method:

- estimated flows during an explicit 5-year forecasting period, the first year of this period being derived from the budget;
- flows subsequent to this 5-year period measured by applying a growth rate to infinity reflecting the expected real growth rate of the economy in the long term.

The cash flow forecasts for the explicit period take into account the growth rate of the entity or the relevant sector.

The cash flow is discounted using a discount rate equal to:

- the 10-year risk-free interest rate;
- plus the market risk premium to which a sensitivity coefficient (β) specific to the entity is applied.

If the carrying value of the CGU exceeds its recoverable value, the CGU's assets are written down to match their recoverable value. An impairment charge is allocated as a priority to goodwill and recorded in the income statement under "Non-recurring operating income and expenses". The recognition of goodwill impairment is final.

2.11.2 Impairment of investments in equity affiliates

Investments in equity affiliates are a unique asset and are tested for impairment in accordance with IAS 36 "Impairment of Assets". The goodwill relating to an equity affiliate is included in the value of the investment in the equity affiliate and must not be tested separately for impairment, as the value of these investments is measured including goodwill.
At each period-end, if there is evidence of impairment of the value of any investments in equity affiliates, the parent company performs an impairment test which consists of comparing the carrying value of the investments with their recoverable value.
According to IAS 36, the recoverable value of an investment in an equity affiliate is the higher of the value in use, measured in terms of future cash flow, and the fair value of the equity interest minus its disposal cost.
If an improvement in the recoverable value of investments in equity affiliates justifies a reversal of the value impairment, the entire impairment loss must be reversed, including the portion relating to goodwill.

2.11.3 Impairment of financial assets

IFRS 9 replaces the incurred loss model of IAS 39 with the expected loss model. Impairment of financial assets through profit or loss applies to financial assets measured at amortized cost and to debt instruments measured at fair value through OCI transferable to earnings. However, this principle does not apply to equity instruments (regardless of how they are measured) or debt instruments measured at fair value through profit or loss.
IFRS 9 applies to all financial instruments and defines the rules for classifying and measuring financial assets and liabilities, the impairment of credit risk on financial assets (including the impairment of trade receivables), and hedge accounting.

2.12 Financial assets

The Group classifies its financial assets under the following categories:

- Financial assets measured at amortized cost
- Financial assets measured at fair value, recognized under other comprehensive income
- Financial assets measured at fair value through profit or loss

Financial assets are not reclassified following their initial recognition unless the Group changes its model for managing financial assets.

Financial assets are measured at amortized cost if both of the following conditions are met and if they are not measured at fair value through profit or loss:

- It is held as part of a business model under which the assets are held with a view to receiving contractual cash flows; and
- The contractual terms generate, on specified dates, cash flows that correspond solely to principal repayments and interest payments on the outstanding principal.

These assets are initially recognized (a) at their nominal value, in the case of short-term trade receivables, and (b) at their fair value net of direct costs. They are subsequently recognized at amortized cost, net of impairment charges recognized on the basis of the probability of recovery, using the expected credit loss model.

The Group has identified in this category:

- (i) long-term loans and receivables classified as non-current financial assets; and
- (ii) short-term trade receivables. As required, impairment is recognized on a case-by-case basis to take into account any payment collection problems. Where the customer is involved in a court-supervised procedure (receivership, liquidation, etc.), except in duly justified circumstances, a provision is recorded for an amount ranging from 75% to 100% of the value of the receivable. Otherwise, the provision is estimated with regard to the likelihood of collection, with the amount ranging from 25% to 100% of the amount owed.

Trade receivables not due that are sold as part of a valid factoring agreement are kept under "Trade receivables and related accounts". A financial liability is recorded to offset the cash received.

A financial asset is measured at fair value through other comprehensive income with subsequent transfer to profit or loss when:

- it is held as part of a business model whose objective is achieved through (i) the collection of contractual cash flows and (ii) the sale of financial assets; and
- the contractual terms provide for cash flows on specified dates which comprise solely repayments of the principal and payments of interest on the outstanding principal

For these assets, changes in fair value are recognized under items transferable to profit or loss. The Group does not hold any assets in this category.

In the case of equity instruments not held for trading by the Group, changes in fair value are recognized under non-transferable items of comprehensive income. This is specifically the case for non-consolidated holdings analyzed on a line-by-line basis.
As these Group-held equity instruments are not quoted on an active market (unlisted companies) and their fair value cannot be measured reliably, they are held at cost, net of any impairment losses. Their fair value is measured by taking various criteria into account (Group share of net assets, the growth and profitability outlook for the entity in which the Group has invested, etc.).

All financial assets not classified at amortized cost or fair value through other comprehensive income as set out above are measured at fair value through profit or loss. This is the case for all derivative financial assets, with the exception of some derivatives recorded as hedges (see Note 2.14). Upon initial recognition, the Group may irrevocably record at fair value through profit or loss a financial asset that would otherwise qualify for measurement at amortized cost or fair value through other comprehensive income, if this would eliminate or significantly reduce an accounting discrepancy that may otherwise arise.

2.13 Deferred taxes

Deferred taxes are recognized using the liability method for all temporary differences between the tax base of the assets and liabilities and their carrying value in the consolidated financial statements.
Deferred taxes are measured per entity or tax group, using the tax rate adopted or substantially adopted at year-end, in accordance with IAS 12, and expected to be applied when the relevant tax asset is realized or tax liability settled.
Deferred tax assets corresponding to temporary differences and tax loss carryforwards are not recognized unless the probability exists that these tax savings will be realized in the future. They are calculated by applying the tax rate of the country to which the deferred tax assets are attached to the relevant tax base.

To assess the Group's ability to recover these assets, the following elements in particular have been taken into account:
- projected future taxable income;
- the proportion of non-recurring expenses in past losses which are not expected to recur in the future;
- the existence of sufficient taxable differences or tax opportunities;
- historical taxable income in previous years.

2.14 Derivatives

Derivative financial instruments are initially recognized at fair value on the date on which the agreement was entered into. They are subsequently remeasured at fair value. The method for recognizing the resulting profit or loss depends on the designation of the derivative as a hedge instrument and the type of item hedged.
The Group designates hedges as follows:
- a hedge of the fair value of recognized assets or liabilities or of a firm commitment (fair value hedge); or
- a hedge of a specific risk associated with a recognized asset or liability or a highly probable future transaction (cash flow hedge); or
- a hedge of a net investment in a foreign operation (net investment hedge).

The fair value of a hedging derivative is classified as a non-current asset or liability when the residual maturity of the hedged item is longer than 12 months, and as a current asset or liability when the residual maturity of the hedged item is less than 12 months.
Depending on whether the hedge is a cash flow hedge or fair value hedge, changes in fair value are recognized in:
- Items of other comprehensive income. In the case of a cash flow hedge, the amount accumulated under other comprehensive income is posted to income as of the date on which the hedged transactions are executed;
- Profit or loss, in the case of fair value hedges.

Derivatives held for trading are classified as current assets or liabilities when they close out within less than a year after the period-end concerned. Otherwise, they are recognized as non-current assets or liabilities. The Group classifies as speculative derivatives that cannot be qualified as designated and effective hedging instruments as defined by IFRS 9. Changes in fair value are recorded in the income statement under "Other financial income and expenses".

2.15 Cash and cash equivalents

This heading includes liquid assets, bank sight deposits, other highly liquid investments with initial maturities of no more than three months, and bank overdrafts. Bank overdrafts are shown under balance sheet liabilities, under "Borrowings and debt - short-term portion".
The Group uses the analytical approach updated by the French Financial Management Association (AFG), the French Association of Corporate Treasurers (AFTE) and the French Association of Institutional Investors (AF2I) on the classification of UCITS (mutual funds) as cash equivalents:
- UCITS classified by the AMF as "money market" and "short-term money market" automatically satisfy the four eligibility criteria;
- The eligibility of other cash UCITS for classification as "cash equivalents" is not presumed: an assessment of compliance based on the four accepted criteria (short-term investment, highly liquid investment, investment easily convertible into a known amount of cash, and a negligible risk of change in value) is performed.

Cash equivalents are recognized at their fair value in the income statement under "Income from cash and cash equivalents"; changes in fair value of cash equivalents are recognized in the income statement under "Other financial income and expenses".

2.16 Inventories

Inventories of raw materials and traded goods are valued at the weighted average price.
The gross value of inventories of traded goods and supplies includes the purchase price and ancillary expenses (customs duties and other taxes, as well as handling, shipping and costs directly attributable to the purchase).
Inventories of manufactured products and work-in-progress are valued at their production cost. Production cost includes consumables and direct and indirect production expenses. The cost of under-activity is excluded from inventory value. Intermediate products are components whose cycle of production is completed and which are due to be incorporated into innovative composite materials, which have been classified solely as finished products in these financial statements.
Net realizable value (NRV) corresponds to the expected selling price after deducting the completion and marketing costs.
Inventories are written down to their net realizable value when evidence exists that NRV is below cost; the impairment is reversed as soon as the circumstances that led to the write-down cease to exist.
An impairment charge can also be recognized if the inventories have been damaged, if they have become completely or partially obsolete, or their selling price has fallen.
Estimates of net realizable value take into account fluctuations in price or costs directly linked to events arising after the end of the reporting period if those events confirm conditions existing at the end of the period.

2.17 Employee benefits

2.17.1 Short-term benefits and post-employment defined contribution schemes

The Group recognizes under "Personnel expenses" the value of short-term benefits as well as the contributions payable for general and mandatory pension plans. A provision is recorded under liabilities for the Italian companies corresponding to these companies' commitments to Italian employees benefiting from the TFR (*Trattamento di fine rapporto*) severance pay scheme.

2.17.2 Post-employment defined benefit schemes

These schemes relate to the payment of contractual retirement benefits (France) and retirement pensions (Switzerland and Germany) under a plan that concerns a limited number of employees and former employees of Verseidag Indutex.
Defined benefit schemes are borne directly by the Group, which provisions the cost of the deliverable benefits as follows.
The Group uses the projected unit credit method to measure the value of its defined benefit obligations: this method stipulates that each period of service gives rise to one additional unit of benefit rights and separately measures each unit to obtain the final obligation.
These calculations incorporate various actuarial assumptions such as the employee's probable future length of service, the level of future compensation, life expectancy, and estimated staff turnover.
The Group makes use of actuaries to assess its commitments in France and Switzerland.
The commitment calculated in this way is then discounted at the interest rate for blue chip corporate bonds, denominated in the currency of payment and whose duration approximates the estimated average duration of the pension obligation concerned.
Changes in these estimates and assumptions may lead to a significant change in the amount of the obligation. The main estimates and assumptions are as follows:
- Discount rate of 0.3% (France), 0.2% (Switzerland) and 0.87% (Germany)
- Salary growth rate 2.5% (France), 1% (Switzerland) and 2.5% (Germany)
- Retirement age of 64 for executives and 62 for non-executives (France), 65 for men and 64 for women (Switzerland)

The amount of the provision set up for pension and similar obligations corresponds to the discounted value of the defined-benefit obligation. Actuarial gains (losses) resulting from the change in value of the discounted defined-benefit obligation include (i) the effects of the differences between the earlier actuarial assumptions and actuals and (ii) the effects of the changes in actuarial assumptions.
Actuarial gains (losses) are recognized in full in shareholders' equity under "Items of other comprehensive income" without subsequent reclassification in the income statement, for all of the Group's defined benefit schemes, in accordance with IAS 19 Revised.
No new benefit or change of scheme resulting from statutory or contractual provisions was introduced during the year ended.

2.17.3 Other long-term benefits

These benefits concern the payment of various long-service awards ("jubilee gifts") in Switzerland.
Other long-term benefits are borne by the Group and are calculated by an independent actuary.

2.18 Borrowings and debt

Borrowings and debt include:

- bank loans, initially recognized at fair value net of transaction costs. Borrowings are subsequently measured at their amortized cost; any difference between the income (net of transaction costs) and the repayment value is recognized in the income statement under "Other financial income and expenses" over the lifetime of the loan using the effective interest rate method;
- bank overdrafts;
- factoring.

The portion of borrowings and debt that must be repaid within 12 months following period-end is classified under current liabilities.

Financial liabilities are classified as measured at either amortized cost or fair value through profit or loss. A financial liability is classified as a financial liability at fair value through profit or loss if it is held for trading, whether it is a derivative or is designated as such upon first-time recognition. Financial liabilities at fair value through profit or loss are measured at fair value and any resulting gains or losses, net of interest expenses, are recognized on the income statement. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the income statement.

2.19 Provisions

A provision is set up when an obligation to a third party arises before period-end and the loss or liability is probable and can be measured reliably.
When the Group expects the provision to be totally or partially reimbursed, for example under an insurance policy, the reimbursement is recognized as a separate asset but only if it the reimbursement is substantially certain. The provision charge is shown in the income statement net of any reimbursement.
If the effect of the time value of money is significant, the provision is discounted at a pre-tax rate that reflects the risks specific to the liability. When the provision is discounted, the provision increase linked to the flow of time is recognized as a financial expense.
When the provision reversal reflects the extinction of the projected risk with or without associated expenditure, the reversal is recognized on the credit side of the provision expense account.
If the loss or liability is not probable or cannot be measured reliably, a contingent liability is mentioned under off-balance sheet commitments.

Provision for warranties

In addition to the product liability insurance subscribed by the Group, a provision for warranties is recognized to cover technical and/or commercial expenses resulting from the partial or total replacement of deliveries of innovative composite materials to customers or the cost of additional or corrective work invoiced to the Group by customers. The expenditures actually recognized in previous years are analyzed by market and extrapolated to sales in the period ended. Depending on how long it takes for the Group to identify the origin of these costs, a provision is recognized and updated at each annual period-end.

2.20 Recognition of revenue

Revenue is recognized once control of the goods has been transferred to the customer. This transfer of control constitutes the transfer of risk of the goods sold; in most cases, this corresponds to the date of shipment.
Revenue includes proceeds from the sale of goods and services after deduction of price reductions and taxes and after elimination of intercompany sales.

The Group recognizes revenue generated by its subsidiary F.I.T.'s PTFE material installation business in Taiwan using the percentage of completion method.

2.21 EBIT

Profit from continuing operations, or EBIT, includes all recurring income and expenses directly relating to the Group's activities, with the exception of income and expenses resulting from one-off decisions or transactions.

2.22 Non-recurring operating income and expenses

This item is populated when a major event occurs during the accounting period that may give a false impression of the Company's performance.

This includes a very limited number of income and expense entries, of unusual frequency, nature or value.

2.23 Operating income

Operating income includes all income and expenses directly relating to the Group's activities, whether recurring or not or resulting from one-off decisions or transactions.

2.24 Segment information

The Group is a "single segment" enterprise within the meaning of IFRS 8, in the "innovative composite materials and accessories" segment (in accordance with IFRS 8, segment reporting is based on internal management data used by the Group's senior management, the Chairman and Chief Executive Officer, and members of senior management), this single-segment presentation being linked to the strongly integrated nature of the Group's business activities.
Geographic regions and fields of application do not constitute segments as defined by IFRS 8.

2.25 Earnings per share

The earnings per share presented with the income statement is calculated from "Net income, Group share" as follows:

- basic earnings per share is calculated using the weighted average number of outstanding shares during the period, after cancellation, where applicable, of treasury shares relating to the liquidity contract and share buyback plan, based on (i) the injection dates of funds from capital increases in the form of cash, and (ii) the date of first consolidation for share issues carried out in connection with external contributions of securities of newly consolidated companies;
- diluted earnings per share is calculated by adjusting "Net income, Group share" and the weighted average number of outstanding shares by the dilutive effect of stock option plans outstanding at period-end and bonus share allocation plans. The share buyback method is applied at the market price based on the average share price throughout the year.

Note 3 – Scope of consolidation

Companies	Activity	Headquarters	Percentage interest			2020 consolidation method
			2020	2019	2018	
Serge Ferrari Group	Holding	La Tour-du-Pin (France)	100%	100%	100%	Parent company
Serge Ferrari SAS	Production and distribution	La Tour-du-Pin (France)	100%	100%	100%	Full consolidation
Serge Ferrari North America	Distribution	Deerfiel Beach (USA)	100%	100%	100%	Full consolidation
Serge Ferrari Asia Pacific	Distribution	Hong Kong (HK)	100%	100%	100%	Full consolidation
Serge Ferrari Japan	Distribution	Kamakura (Japan)	83%	83%	83%	Full consolidation
Ferrari Latino America	None	Santiago (Chile)	-	100%	100%	Liquidated in 2020
Serge Ferrari Brasil	Distribution	Sao Paulo (Brazil)	100%	100%	100%	Full consolidation
Ci2M SAS	Equipment manufacture	La Tour-du-Pin (France)	100%	100%	100%	Full consolidation
Serge Ferrari AG	Production and distribution	Eglisau (Switzerland)	100%	100%	100%	Full consolidation
Serge Ferrari Tersuisse (formerly Ferfil Multifils)	Production	Emmenbrücke (Switzerland)	100%	100%	100%	Full consolidation
Texyloop SAS	Recycling	La Tour-du-Pin (France)	100%	100%	100%	Full consolidation
Vinyloop	Recycling	Ferrara (Italy)	-	-	40%	Not consolidated
Serge Ferrari India Limited	Distribution	Delhi (India)	100%	100%	100%	Full consolidation
Serge Ferrari Shanghai	Distribution	Shanghai (China)	100%	100%	100%	Full consolidation
Serge Ferrari GmbH	Distribution	Berlin (Germany)	100%	100%	100%	Full consolidation
Serge Ferrari AB	Distribution	Veddige (Sweden)	100%	100%	100%	Full consolidation
Serge Ferrari Tekstil	Distribution	Istanbul (Turkey)	100%	100%	100%	Full consolidation
Ferramat Tekstil	Distribution	Istanbul (Turkey)	100%	100%	100%	Full consolidation
Plastitex	Production and distribution	Carmignano di Brenta (Italy)	100%	100%	100%	Full consolidation
Istratextum	Production and distribution	Novigrad (Croatia)	100%	100%	100%	Full consolidation
Giofex Group Srl	Holding	Milan (Italy)	51%	51%	51%	Full consolidation
Giofex France	Distribution	Issoudun (France)	51%	51%	51%	Full consolidation
Giofex UK	Distribution	Dartford (United Kingdom)	51%	51%	51%	Full consolidation
Giofex GmbH	Distribution	Chemnitz (Germany)	51%	51%	51%	Full consolidation
Giofex Slovakia	Distribution	Bratislava (Slovakia)	51%	51%	51%	Full consolidation
Giofex SP ZOO	Distribution	Warsaw (Poland)	51%	51%	51%	Full consolidation
Giofex Bulgaria	Distribution	Plovdiv (Bulgaria)	51%	51%	51%	Full consolidation
F.I.T.	Production and distribution	Chiayi (Taiwan)	55%	-	-	Full consolidation
TAIWAN EDEN	Production and distribution	Chiayi (Taiwan)	55%	-	-	Full consolidation
FIT HK	Holding	Hong Kong (HK)	28%	-	-	Full consolidation
T MORE	Holding	Shanghai (China)	28%	-	-	Full consolidation
VERSEIDAG-INDUTEX GmbH	Production and distribution	Krefeld (Germany)	100%	-	-	Full consolidation
CUBUTEX GmbH	None	Krefeld (Germany)	100%	-	-	Full consolidation
VERSEIDAG-US INC	Distribution	New Jersey (USA)	100%	-	-	Full consolidation
VERSEIDAG-INDUTEX Far East LTD	Distribution	Hong Kong (HK)	100%	-	-	Full consolidation
Deutsche BIOGAS Dach-Systeme GmbH	Manufacture	Kreuzau, Germany	60%	-	-	Full consolidation

SIBAC (18% owned) and MTB Group (5% owned) are excluded from the consolidation scope due to the absence of significant influence over these entities.
The Group holds a 35% stake in VR Développement and does not take part in strategic decision-making regarding the company's operations. The company is therefore not included in the 2020 consolidated financial statements.

Note 4 – Goodwill

Goodwill - €'000	Dec 31, 2020	Dec 31, 2019
Innovative composite materials and Accessories	34,821	10,167

The valuation tests conducted on the cash generating unit (CGU) as of December 31, 2020 and 2019, based on discounted cash flows (DCF), did not show evidence of a need to write down this asset.

The increase in goodwill is mainly due to:

- the acquisition of Verseidag and F.I.T. group entities (see "Highlights of the year"). The provisional goodwill resulting from the first-time consolidation of these entities amounted to 22,730 thousand euros and 2,176 thousand euros respectively;
- fluctuations in the currencies in which goodwill items were recognized under purchase price allocations for the acquired companies.

Note 5 – Intangible assets

Intangible assets break down as follows:

€'000	Dec 31, 2018	Acq.	Disposals	First-time application of IFRS 16	Increases	Changes in exchange rates	Reclassification and retirement	Dec 31, 2019
Research & development costs	12,939	1,689	-			128	(190)	14,565
Concessions, patents & similar rights	485	63	-			-	7	554
Intangible assets in progress	265	16	-			3	(268)	16
Trademark, customers	2,936	-	-			(2)	-	2,934
Right-of-use assets - Software		1,147	-	20		-	-	1,167
Other intangible assets	12,540	908	-			91	(328)	13,211
Total intangible assets	**29,165**	**3,823**	**-**	**20**		**219**	**(780)**	**32,447**
R&D costs amortization/impairment	(5,809)	-	-		(1,311)	(60)	11	(7,169)
Concessions, patents & similar rights amortization/impairment	(175)	-	-		(75)	-	-	(250)
Customers amortization/impairment	(281)	-	-		(271)	1	-	(547)
Amort. of right-of-use assets - Software	-	-	-		(317)	-	-	(317)
Other intangible assets amortization/ impairment	(9,253)	-	-		(1,220)	(81)	(11)	(10,569)
Total intangible assets amortization/ impairment	**(15,518)**	**-**	**-**	**-**	**(3,193)**	**(140)**	**-**	**(18,851)**
Total net book value	**13,648**	**3,823**	**-**	**20**	**(3,193)**	**80**	**(780)**	**13,596**

€'000	Dec 31, 2019	Acq.	Disposals	Increases	Changes in exchange rates	Ch. in conso. scope	Reclassification and retirement	Dec 31, 2019
Research & development costs	14,565	1,477	(204)	-	16	-	(180)	15,674
Concessions, patents & similar rights	554	17	-	-	-	50	-	621
Intangible assets in progress	16	129	(8)	-	-	8	(9)	136
Trademark, customers	2,934	-	-	-	(40)	-	-	2,894
Right-of-use assets - Software	1,167	71	-	-	-	-	-	1,238
Other intangible assets	13,211	90	-	-	(31)	381	49	13,700
Total intangible assets	**32,447**	**1,783**	**(212)**	**-**	**(55)**	**439**	**(139)**	**34,263**
R&D costs amortization/impairment	(7,169)	-	-	(1,728)	(5)	-	-	(8,902)
Concessions, patents & similar rights amortization/impairment	(250)	-	-	(95)	-	-	-	(345)
Customers amortization/impairment	(547)	-	-	(268)	11	-	-	(804)
Amort. of right-of-use assets - Software	(317)	-	-	(333)	-	-	-	(649)
Other intangible assets amortization/ impairment	(10,569)	-	-	(1,341)	5	4	-	(11,902)
Total intangible assets amortization/ impairment	**(18,852)**	**-**	**-**	**(3,764)**	**10**	**4**	**-**	**(22,602)**
Total net book value	**13,595**	**1,783**	**(212)**	**(3,764)**	**(45)**	**442**	**(139)**	**11,663**

Development expenses capitalized during the year totaled 1,477 thousand euros.

Research and development projects are amortized as from commissioning. For projects in progress and not yet commissioned, a provision for impairment is recognized when the likelihood of success is uncertain.

Other intangible assets and intangible assets in progress mainly consist of IT solutions and systems used by the Group.

The "Reclassification" item includes 139 thousand euros of assets reallocated between intangible assets and PP&E for accounting purposes.

Note 6 – Property, plant and equipment

Property, plant and equipment breaks down as follows:

€'000	Dec 31, 2018	Acq.	Disposals	Increases	First-time application of IFRS 16	Changes in exchange rates	Reclassification	31/12/2019
Land	1,814	-	-			69	-	1,883
Buildings	40,450	314	(2,653)			745	348	39,204
Plant and equipment	123,877	1,451	(1,020)			2,446	1,746	128,500
Other PP&E	8,063	257	(167)			184	151	8,487
Right-of-use assets - Buildings		21,876	-		5,018	(14)		26,880
Right-of-use assets - Production facilities		197	(16)		1,419	3		1,603
Right-of-use assets - Other items		677	(115)		1,593	5		2,160
PP&E in progress	2,507	3,696	(35)			24	(2,182)	4,011
Total property, plant and equipment	**176,711**	**28,468**	**(4,006)**	**-**	**8,030**	**3,461**	**64**	**212,727**
Building depreciation/impairment	(32,426)	-	2,650	(1,487)		(566)	-	(31,829)
Plant and equipment depreciation/ impairment	(111,612)	-	981	(3,675)		(2,301)	(3)	(116,610)
Depr./imp. of right-of-use assets - Buildings				(4,398)	-	3		(4,395)
Depr./imp. of right-of-use assets - Production facilities			16	(496)				(481)
Depr./imp. of right-of-use assets - Other			100	(911)		(1)		(812)
Other PP&E depreciation/impairment	(7,791)	-	163	(420)		(174)	9	(8,218)
Total PP&E depreciation/impairment	**(151,829)**	**-**	**3,911**	**(11,387)**	**-**	**(3,040)**	**5**	**(162,345)**
Total net book value	**24,882**	**28,468**	**(95)**	**(11,387)**	**8,030**	**419**	**69**	**50,382**

€'000	Dec 31, 2019	Acq.	Disposals	Increases	Changes in exchange rates	Ch. in conso. scope	Reclassification and retirement	Dec 31, 2020
Land	1,883	-	-	-	(175)	3,854	-	5,562
Buildings	39,204	558	(292)	-	(203)	6,128	331	45,726
Plant and equipment	128,500	3,023	(196)	-	218	5,656	1,737	138,937
Other PP&E	8,487	288	(40)	-	(102)	2,546	10	11,190
Right-of-use assets - Buildings	26,880	8,538	(19)	-	(238)	7,061	(3,849)	38,373
Right-of-use assets - Production facilities	1,603	576	(32)	-	(9)	315	534	2,987
Right-of-use assets - Other items	2,160	731	(171)	-	(34)	196	0	2,882
PP&E in progress	4,011	2,346	(76)	-	15	3,071	(2,472)	6,895
Total property, plant and equipment	**212,728**	**16,059**	**(825)**	**-**	**(528)**	**28,826**	**(3,709)**	**252,552**
Building depreciation/impairment	(31,829)	-	136	(1,556)	(62)	-	-	(33,311)
Plant and equipment depreciation/impairment	(116,610)	-	196	(4,220)	(286)	(94)	215	(120,799)
Depr./imp. of right-of-use assets - Buildings	(4,395)	-	19	(4,579)	75	-	-	(8,880)
Depr./imp. of right-of-use assets - Production facilities	(481)	-	32	(535)	3	-	(215)	(1,196)
Depr./imp. of right-of-use assets - Other	(812)	-	171	(987)	12	-	-	(1,617)
Other PP&E depreciation/impairment	(8,218)	-	14	(1,820)	20	(33)	-	(10,038)
Total PP&E depreciation/impairment	**(162,345)**	**-**	**567**	**(13,697)**	**(238)**	**(127)**	**-**	**(175,840)**
Total net book value	**50,383**	**16,059**	**(258)**	**(13,697)**	**(765)**	**28,699**	**(3,710)**	**76,713**

*Includes lease renewals.

The reclassification recorded under "Right of use assets – Buildings" for a total amount of 3,849 thousand euros is the result of amendments to the contractual terms governing leased assets signed during the year. This revaluation recorded under fixed assets and financial liabilities has no impact on profit or loss.

A 534 thousand euros reclassification was recorded between "Plant and equipment" and "Right of use assets - Production facilities" following the reclassification of finance leases under right-of-use assets.

Reclassification under other items of property, plant and equipment amounts to 139 thousand euros net, corresponding to items reclassified between PP&E and intangible assets.

Note 7 - Other financial assets

€'000	Dec 31, 2020	Dec 31, 2019
Non-consolidated investments	1,023	359
Other loans and receivables	1,093	916
Total other financial assets	**2,116**	**1,274**

The increase in non-consolidated investments is mainly due to the first-time consolidation of F.I.T., which holds a 3.3% equity stake in BO-HSN Development LTD valued at NTD 14.3 million (411 thousand euros).

Note 8 – Deferred tax assets and liabilities

Deferred taxes are shown on the balance sheet separately from current tax assets and liabilities and are classified as non-current items.

€'000	Dec 31, 2020	Dec 31, 2019
Deferred tax assets related to employee benefits	1,632	1,432
Tax losses carried forward	2,041	1,079
Elimination of intercompany gains and losses	604	551
Research tax credit adjustment	220	428
Change in fair value of interest rate and currency hedges	13	-
Asset revaluation - first-time consolidation of acquired company	(668)	(584)
Temporary differences	(296)	693
Total net deferred tax	**3,547**	**3,600**

The Group took into account the impact of the French 2020 Finance Act on the valuation of deferred tax assets and liabilities. Interest rate fluctuations have no material impact on the Group's deferred tax.

Note 9 – Inventories

€'000	Dec 31, 2020			Dec 31, 2019		
	Gross	Provisions	Net	Gross	Provisions	Net
Raw materials, supplies and other	15,751	(358)	15,394	11,743	(620)	11,124
Work in progress	426		426	344	-	344
Finished goods and components	54,410	(4,042)	50,368	39,208	(4,028)	35,179
Goods for resale	5,558	(40)	5,518	3,752	(27)	3,725
Total inventories	**76,144**	**(4,439)**	**71,705**	**55,047**	**(4,675)**	**50,372**

Inventories at December 31, 2020 include €22.7 million relating to Verseidag group companies and €4.3 million relating to F.I.T. group companies.

Note 10 – Trade receivables and related accounts

€'000	Dec 31, 2020	Dec 31, 2019
Trade receivables and payments on account	38,657	26,617
Receivables sold to the factoring company	10,476	9,726
Trade receivables	**49,133**	**36,344**
Trade receivables impairment	(2,391)	(1,939)
Net trade receivables	**46,741**	**34,405**

Impairment of trade receivables is presented under Note 2.12 "Financial assets".
Customer credit risks are presented in Note 30 "Information on financial risk".
Trade receivables at December 31, 2020 include €10.8 million relating to Verseidag group companies and €1.8 million relating to F.I.T. group companies.

Note 11 – Tax receivables and payables

€'000	Dec 31, 2020	Dec 31, 2019
Tax receivables	1,746	3,460
Tax payables	398	321

Note 12 – Other current assets

€'000	Dec 31, 2020	Dec 31, 2019
Current accounts - assets	2,430	2,118
Tax receivables excl. income tax	2,497	3,385
Staff and related receivables	445	274
Supplier receivable balances	429	218
Other receivables	2,068	2,426
Prepaid expenses	754	928
Loans receivable, guarantees and other receivables	24	26
Advances and payments on account to suppliers	343	282
Receivables against suppliers (rebates, discounts, refunds and other credits)	266	352
Total other current assets	**9,257**	**10,009**

Tax receivables excluding corporate income tax mainly include customs duties and VAT receivables.

The change in current accounts is presented in "Other cash flows from financing activities" in the cash flow statement.

F.I.T. and Verseidag recorded current assets of €2 million.
The change versus 2019, excluding changes in consolidation scope, results from the collection of the insurance receivable held at December 31, 2019 in the amount of €1.8 million.

Note 13 - Cash and cash equivalents

€'000	Dec 31, 2020	Dec 31, 2019
Cash equivalents	222	314
Cash	45,702	26,405
Total cash and cash equivalents	**45,925**	**26,720**

As of December 31, 2020 term deposits amounted to €7 million. The valuation methods for cash and cash equivalents are presented in Note 2.15 "Accounting rules and methods".

Note 14 – Capital stock

The capital stock of SergeFerrari Group as of December 30, 2020 comprised 12,299,259 shares with a par value of €0.40 each.

In accordance with economic conditions and changing requirements, the Group may opt to make changes to its capital stock, for example by issuing new shares or by purchasing and canceling existing shares.
As of December 31, 2020, the Group held 485,071 treasury shares. These shares are eliminated via an offsetting entry under equity; the value of treasury shares held and deducted from equity as of December 31, 2020 was 2,876 thousand euros. Gains or losses made under the liquidity contract are removed from the income statement and posted to shareholders' equity. These impacts are recorded under the "Treasury shares" column in the statement of changes in shareholders' equity.

Note 15 – Borrowings and debt

Presentation of net debt

Dec 31, 2019 - €'000	Current	Non-current	Total	Due in less than 1 yr	Due in 1 to 5 yrs	Due in more than 5 yrs
Bank loans and bonds	15	15,076	15,091	15	15,076	-
Finance lease financial liabilities	-	336	336	-	336	-
Operating lease financial liabilities	4,907	21,232	26,139	4,907	13,756	7,475
Bank overdrafts	250	-	250	250	-	-
Factoring	7,379	-	7,379	7,379	-	-
Total borrowings and debt	**12,551**	**36,643**	**49,194**	**12,551**	**29,168**	**7,475**
Cash and cash equivalents	(26,720)	0	(26,720)	(26,720)	0	-
Net (cash)/debt	**(14,169)**	**36,643**	**22,474**	**(14,169)**	**29,168**	**7,475**

Dec 31, 2020 - €'000	Current	Non-current	Total	Due in less than 1 yr	Due in 1 to 5 yrs	Due in more than 5 yrs
Bank loans and bonds	12,991	59,501	72,492	12,991	21,138	38,364
Finance lease financial liabilities	850	1,598	2,448	850	1,598	
Operating lease financial liabilities	6,560	25,649	32,209	6,560	19,231	6,418
Factoring	5,280		5,280	5,280	-	-
Total borrowings and debt	**25,681**	**86,748**	**112,429**	**25,681**	**41,967**	**44,781**
Cash and cash equivalents	(45,925)	-	(45,925)	(45,925)		
Net (cash)/debt	**(20,244)**	**86,748**	**66,504**	**(20,244)**	**41,967**	**44,781**

Current liabilities at December 31, 2020 included €6.2 million in bank loans granted to F.I.T. This debt, which matures in the first half of 2021, will be renewed without repayment on the renewal date.
Non-current liabilities at December 31, 2020 included 691 thousand euros in bank loans held by Verseidag.

To finance acquisitions, implement the 2020-2022 investment plan, and repay existing debt, in 2020 the Group set up:

- a €30 million Euro PP private placement in bond format, serving to refinance the existing €15 million Euro PP;
- a €75 million loan with its relationship banks, including a €15 million revolving credit facility. €34.5 million of this loan had been drawn down at Dec 31, 2020;
- The Group has bilateral lines of credit with local banks for subsidiaries Verseidag-Indutex GmbH, F.I.T. and Plastitex;
- The Group also uses non-deconsolidating factoring for its trade receivables for short-term financing needs;
- As of December 31, 2020, the main balance sheet and income statement items relating to factoring were as follows:
  - Trade receivables (Note 10): 10,476 thousand euros of receivables sold to the factoring company (including 5,380 thousand euros drawn);
  - Borrowings and debt (Note 15): 5,380 thousand euros of financing advanced by the factor. 5,096 thousand euros had not been drawn as of December 31, 2020.

Note 16 – Provisions for pensions and similar obligations

The provisions recognized relate to:

- post-employment benefits relating to defined benefit schemes in France (severance pay on retirement), Switzerland and Germany (pension plan);
- other long-term benefits in Switzerland ("jubilee gifts");
- specific measures (Italy - TFR).

These benefits are calculated by actuaries working in France, Switzerland, Italy and Germany.

The main actuarial assumptions adopted for obligations in France are as follows:

	Dec 31, 2020	Dec 31, 2019
Retirement age	64 years executives / 62 years non-executives	
Collective bargaining agreement	Textile industry	
Discount rate	0.30%	0.70%
Mortality table	TH-TF 14-16	TH-TF 12-14
Salary growth rate	2.5%	2.5%
Staff turnover rate	Turnover inversely proportional to age	
Social security charge rate	49%	49%

The main actuarial assumptions adopted for obligations in Switzerland are as follows:

	Dec 31, 2020	Dec 31, 2019
Retirement age	65 for men,	
	64 for women	
Discount rate	0.20%	0.30%
Mortality table	BVG2015GT	BVG2015GT
Salary growth rate	1.00%	1.00%
Staff turnover rate	Turnover inversely proportional to age	

The reference discount rate used is the rate of return on "investment grade" corporate bonds in the industrial sector on the Swiss market.

The following table shows changes in provisions for pension and related commitments:

€'000	Retirement compensation - France	Switzerland		Retirement compensation - Italy	Retirement compensation - Germany	Total
		Pension plan	Long service awards			
2018	**1,002**	**3,477**	**422**	**1,000**		**5,903**
Cost of past services	265	973	32	154		1,423
Interest expense	18	35	4			58
Actuarial gains/(losses)	615	2,693				3,308
Benefits paid	(149)	(939)	(17)	(205)		(1,310)
Exchange differences	-	202	16			219
2019	**1,750**	**6,442**	**458**	**948**		**9,601**
Cost of past services	244	937	59	149	57	1,446
Interest expense	(8)	20	1		13	27
Actuarial gains/(losses)	168	(758)				(590)
Benefits paid	(45)	(746)	(104)	(146)	(18)	(1,059)
Ch. in conso. scope					1,552	1,552
Exchange differences	-	36	3			39
2020	**2,110**	**5,931**	**417**	**951**	**1,604**	**11,015**

The following tables analyze the provision for pensions in Switzerland:

€'000	Dec 31, 2020	Dec 31, 2019
Present value of the obligation	40,280	37,602
Fair value of plan assets	34,348	31,159
Recognized net liability	**5,931**	**6,442**

Reconciliation of plan assets and the present value of pension obligations in previous years:

Change in the present value of the obligation

€'000	2020	2019
Benefit obligations at start of period	37,602	31,786
Interest expense	118	327
Cost of services rendered	1,009	956
Members' contributions	539	509
Benefits paid or received	579	(496)
Cost of past services	(90)	-
Administration costs	19	18
Actuarial gains/losses	346	3,174
Currency translation differences	158	1,327
Benefit obligations at end of period	**40,280**	**37,602**

The breakdown of plan assets for the years presented is as follows:

Breakdown of plan assets by asset class

€'000	Dec 31, 2020	Dec 31, 2019
Cash and cash equivalents	653	689
Equity instruments	5,364	4,738
Debt securities	6,345	5,636
Real estate	7,336	6,232
Other	9	0
Other assets from insurance policies	14,640	13,864
Total plan assets	**34,348**	**31,159**

The underlying assets comprising "Other assets from insurance policies" represent the valuation of Serge Ferrari AG's share of the collectively managed assets and break down as follows: 30% real estate, 58% fixed income and 9% mortgages and other claims on nominal value, the remainder consisting of other assets and cash.

Plan assets for Serge Ferrari Tersuisse comprise around 47% real estate, 27% fixed income and 23% equities, the remainder consisting of other assets and cash.

The following table shows the sensitivity to significant changes in actuarial assumptions:

Sensitivity test

€'000	Dec 31, 2020	Dec 31, 2019
Change in present value of the obligation if the discount rate is reduced by 0.50%	4,067	3,774
Change in present value of the obligation if the discount rate is increased by 0.50%	(3,309)	(3,229)
Change in present value of the obligation if the interest rate on the retirement savings plan capital is reduced by 0.50%	(254)	(479)
Change in present value of the obligation if the interest rate on the retirement savings plan capital is increased by 0.50%	997	827
Change in present value of the obligation if the salary growth rate decreases by 0.50%	(264)	(334)
Change in present value of the obligation if the salary growth rate increases by 0.50%	404	284
Change in the present value of the obligation if life expectancy increases by 1 year	1,268	1,045
Change in the present value of the obligation if life expectancy decreases by 1 year	(1,086)	(1,056)

The Company does not expect significant fluctuation in its cash flows in future years, as the flows mainly correspond to premiums paid to insurance companies. The annual premiums paid in respect of 2020 amounted to 799 thousand CHF and the expected premium for 2021 is estimated at 824 thousand CHF. The estimated weighted average duration of the obligation is 18.3 years. There is no minimum funding requirement.

Note 17 – Other non-current liabilities

€'000	Dec 31, 2020	Dec 31, 2019
Commitment to purchase shares from minority shareholders	4,945	4,911
Liabilities to shareholders of acquired companies	17,063	425
Current account - liabilities	3,000	
Other	44	69
Total other non-current liabilities	**25,051**	**5,405**

Liabilities to shareholders of acquired companies relates to earn-outs under the Verseidag and Sunteam purchase agreements, and deferred payments under the F.I.T. and Verseidag purchase agreements.

The current account liability mainly comprises a €3 million debt owed by the Group to one of its family shareholders.

Note 18 – Provisions for risks and contingencies

€'000	Dec 31, 2019	Increases	Reversals		Ch. in conso. scope	Dec 31, 2020
			Used	Not used		
Current provisions	**868**	**648**	**(735)**	**(69)**	**550**	**1,263**
Provisions for guarantees	687	66	(604)	(69)	550	630
Disputes	181	583	(131)			633

Note 19 – Other current liabilities

€'000	Dec 31, 2020	Dec 31, 2019
Current accounts - liabilities	42	10
Tax and social security payables	12,210	12,109
Customers - Advances and down payments received	2,013	1,199
Customers - Credits, rebates, discounts & refunds	929	1,601
Other payables	1,644	1,431
Liabilities to shareholders of acquired companies	9,769	-
Total other current liabilities	**26,607**	**16,349**

The change in current accounts is presented in "Other cash flows from financing activities" in the cash flow statement.

Liabilities to shareholders of acquired companies relates to deferred payments provided for in the Verseidag and F.I.T. purchase agreements.

Note 20 – Information relating to geographic regions

Revenues

(€'000)	Q4 2020	Q4 2019	Ch. at current scope and exchange rates	Ch. at constant scope and exchange rates	2020	2019	Ch. at current scope and exchange rates	Ch. at constant scope and exchange rates
Europe					141,990	142,476		
Americas	6,715	4,624	+45.2%	+10.7%	19,636	19,349	+1.5%	-10.3%
Asia-Africa-Pacific	13,990	7,429	+88.3%	+6.4%	33,675	27,222	+23.7%	-11.1%
Total revenues	**61,668**	**44,367**	**+39.0%**	**+0.3%**	**195,301**	**189,047**	**+3.3%**	**-11.0%**

Countries in which the Group has generated more than 10% of its consolidated revenue:

€'000	2020	2019
Germany	46,215	21,386
France	35,834	44,125
Italy	16,363	20,758
Other countries	96,889	102,778
Total revenue	**195,301**	**189,047**

The Group generated 8% of its revenue in Italy; for the sake of comparison we have stated the amount for the period ended December 31, 2020.

Geographic breakdown of main assets

The Group's main assets are located in France and Germany. For its commercial bases outside Europe, the Group leases its offices and facilities.

Breakdown of non-current assets by main geographic region

€'000	Dec 31, 2020	Dec 31, 2019
Total consolidated non-current assets	129,149	79,469
France	44,499	47,175
Germany	42,001	2,801
Taiwan	14,967	-
Switzerland	12,382	14,895
Italy	8,425	7,537
Other countries	6,876	7,061

Note 21 – External expenses

€'000	2020	2019
Bank charges	(558)	(478)
Maintenance and repairs	(4,978)	(4,354)
Leasing and rental costs	(1,171)	(1,150)
Transport	(7,863)	(8,327)
Fees and advertising expenses	(12,028)	(13,577)
Other external expenses	(9,097)	(11,545)
Total external expenses	**(35,695)**	**(39,431)**

The amounts recorded under the leasing line item relate to contracts not eligible for accounting treatment under IFRS 16.

F.I.T. and Verseidag recorded external expenses of €3.5 million during the consolidated period.

The decrease in "Fees and advertising expenses" and "Other external expenses" was due to the reduction in sales staff travel in 2020 and the cancellation of promotional events due to the COVID-19 pandemic.

Note 22 – Personnel expenses and executive remuneration

Personnel expenses

€'000	2020	2019
Staff pay	41,070	38,488
Social security charges	12,214	12,265
Pension commitments	1,496	1,423
Other personnel expenses	1,402	1,931
Total personnel expenses	**56,183**	**54,107**

F.I.T. and Verseidag posted total personnel expenses of €5.2 million over the consolidated period.

The headcount at year-end breaks down as follows:

	Dec 31, 2020	Dec 31, 2019
TOTAL	**1,192**	**862**
Commercial	293	247
Production / Logistics	726	495
Support Functions - R&D	173	120

F.I.T. and Verseidag had a combined headcount of 364 as of December 31, 2020.

Executive remuneration

€'000	2020	2019
Ferrari Participations (for services provided)	670	758(1)
Corporate office	132	139
Benefits in kind	11	58
Total executive remuneration	**813**	**955**

(1) Includes Mr. Trellu's remuneration until the end of his term of office.

Ferrari Participations (for services provided)

The amounts shown comprise remuneration paid in respect of corporate officer operational positions.

The total invoiced amount under the management fees agreement, which amounted to 2,280 thousand euros in 2020 and 2,782 thousand euros in 2019, is shown in the table in Note 31 "Related party transactions", and is recorded under "Other external expenses".

Corporate office

All remuneration received by Group corporate officers in respect of Group corporate office positions.

Benefits in kind

Benefits in kind relating to the provision of company vehicles.

Note 23 – Miscellaneous taxes

€'000	2020	2019
Other miscellaneous taxes	(1,597)	(1,679)
Miscellaneous payroll taxes	(632)	(442)
Total miscellaneous taxes	**(2,229)**	**(2,121)**

Miscellaneous payroll taxes include ongoing training, the 1% housing contribution, apprenticeship tax and the disability tax paid in France. All other miscellaneous taxes are included under "Other miscellaneous taxes".
641 thousand euros was recognized in 2020 in respect of the CVAE business value added tax, compared to 748 thousand euros in 2019.
These amounts are included in the calculation of adjusted EBITDA.

Note 24 – Depreciation, amortization and impairment

€'000	2020	2019
Intangible assets	(3,487)	(3,193)
Property, plant and equipment	(12,639)	(11,387)
Total depreciation, amortization and impairment	**(16,126)**	**(14,581)**

The application of IFRS 16 impacted intangible assets by 333 thousand euros in 2020 and 317 thousand euros in 2019, and property, plant and equipment by 6,101 thousand euros in 2020 and 5,805 thousand euros in 2019.

Note 25 – Net provisions for impairment

€'000	2020	2019
Operating provisions	(398)	(413)
Receivables provisions	(590)	(585)
Provisions for inventories, WIP and finished goods	(1,807)	(678)
WIP and finished goods reversals	2,036	2,144
Reversals of receivables provisions	134	491
Reversals of operating provisions	803	366
Net provisions for impairment	**180**	**1,325**

Note 26 – Other recurring income and expenses

€'000	2020	2019
Operating grants	941	1,180
Gains/(losses) on disposal of assets	(234)	(285)
Bad debt losses	(26)	(364)
Other	5,845	1,785
Other recurring income and expenses	**6,526**	**2,316**

Operating grants include 799 thousand euros of income from the research tax credit.

Bad debt losses were offset by reversals of provisions for impairment, as presented in Note 25.

In 2020, the "Other" item includes:

– €3.4 million in compensation for the loss of revenues incurred by SergeFerrari SAS, as well as €1.3 million in compensation for the replacement of fixed assets destroyed during the December 1, 2019 incident;
– 319 thousand euros relating to the settlement of payments linked to future performance.

Note 27 – Non-recurring operating income and expenses

€'000	2020	2019
Non-recurring operating income and expenses	(2,096)	-

Non-recurring operating income and expenses correspond to exceptional expenses primarily relating to the implementation of the integration program for companies acquired in 2020, relating in particular to:

– the costs of rescaling a site in Switzerland (impairment of PP&E and intangible assets not retained at the planned end of use and employee-related costs);
– the costs of transferring the Giofex France business from its Issoudun site to La Tour du Pin (employee costs);
– costs relating to the reorganization of sales and marketing operations as part of the organizational integration of acquired companies (employee costs).

Non-recurring operating income and expenses include €1.8 million of provision charges.

Note 28 – Financial income and expenses

	2020	2019
Net cost of debt	**(2,083)**	**(1,014)**
Income from cash and cash equivalents	78	125
Interest expense on loans and bonds	(1,516)	(567)
Interest on lease liabilities	(645)	(572)
Other financial income and expenses	**- 1,660**	**65**
Net currency gains/(losses)	**- 1,135**	**126**
- USD	(320)	103
- AED	(118)	-
- CHF	22	- 40
- GBP	(11)	5
- INR	(348)	41
- TRY	(142)	1
- BRL	(151)	1
- Other	(67)	16
Financial expenses relating to pension and similar commitments	**(27)**	**(58)**
Dividends from non-consolidated entities	**7**	**87**
Other	**(504)**	**(91)**
Net financial expense	**(3,742)**	**(948)**

The increase in interest expenses on loans and bonds is due to the Group's refinancing arrangements in 2020 (see "Highlights of the year").

Note 29 – Tax charge

The notional tax charge is calculated using the French corporate income tax rates of 28.92% for fiscal 2020 and 32.02% for fiscal 2019. This charge is reconciled with the recognized tax charge as follows:

€'000	2020	2019
Net income	754	4,786
Offset:		
=> Tax charge	176	1,899
Income before tax	**930**	**6,685**
French statutory tax rate	**28.92%**	**32.02%**
Notional tax charge	**269**	**2,141**
Reconciliation		
=> Tax credits	(287)	(285)
=> Tax rate differences - France/other countries	30	(31)
=> Permanent differences	22	(16)
=> Other	142	91
Actual tax charge	**176**	**1,899**
Effective tax rate	**18.9%**	**28.4%**

CVAE business value added tax has been recognized in "Miscellaneous taxes" under operating income.

Note 30 – Information on financial risk

Credit risk

The Group assesses the insolvency risk of its customers. Solvency takes into account items that are purely internal to the Group, as well as contextual items such as geographic location, global economic conditions and sector growth prospects.

An application for cover is submitted to a credit insurer whenever a key account is opened.

Credit risk represents the risk, for the Group, of financial loss in the event that a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group is not exposed to material credit risk, which mainly concerns trade receivables. The net carrying value of identified receivables reflects the net cash flow receivable estimated by management, based on data at year-end. The Group has not taken into account any guarantees or agreements for offsetting liabilities with the same maturity when performing impairment tests on financial assets.
The Group also considers the risk of customer insolvency "moderate": it has rarely encountered problems with collecting payments or bad debts in the past. However, the unit amount of each customer can be significant when it comes to distributors.

All of the Group's main relationship banks have complied with EU solvency testing requirements.

- Trade receivables

A credit risk exists when a loss may occur if a customer cannot meet its obligations within the deadlines provided. The Group has set up an internal permanent credit-risk watch on its customers. When a possible credit risk is identified, the Group requires its customers to pay an advance deposit.

- Average payment time by main geographic region

The average collection time for trade receivables depends on the market and financing practices in the economy concerned:

– Europe: from 10 days for discount (German-speaking region) to 120 days (Italy)
– North America and Asia: from 45 to 90 days
– Latin America: from 90 to 180 days

- Provisions for impairment of receivables:

Trade receivables are analyzed on a case-by-case basis and an impairment charge is recognized when the collectibility of the receivable is at risk.

- Importance of main customers

In 2020, the Group's largest customer accounted for 8% of revenue from innovative composite materials and the top 5 customers accounted for 15% of total revenue. On the other hand, distributor-customers serve dozens or even hundreds of end customers in the countries in which they operate.

Exchange rate risk

The Group is exposed to the risk of exchange rate fluctuations on commercial and financial transactions made in a currency different from the operating currency of the Group entity that records it. Within its historical scope, consolidated revenue is mainly invoiced in EUR (76%), as well as in USD (7%), CHF (6%) and CNY (3%), with the remainder invoiced in other currencies.
Intercompany transactions are usually executed in the same currencies.

- Breakdown of expenditure by currency

Historic consolidation scope expenses are mainly denominated in EUR (80%), with the exception of raw materials (USD) and local expenses of subsidiaries and offices denominated in the local currency. Local expenses in CHF incurred by the Swiss companies amounted to around CHF 25 million in 2020.

Liquidity risk

The Group has no liquidity risk: net debt at December 31, 2020 amounted to 66,504 thousand euros, while net debt excluding financial liabilities relating to the application of IFRS 16 amounted to 34,295 thousand euros. Moreover, the Group has the following financing means:

– a factoring agreement covering up to €10 million, €5.3 million of which had been used as of December 31, 2020;
– a €40.5 million financing agreement, not drawn as of December 31, 2020.

Bank loans taken out by the Group provide for floating interest rates indexed to 3-month Euribor. 60% of the debt (out of a nominal drawn amount of €32 million) was capped via a financial instrument.
The bond issue was subscribed at a fixed rate.

The Group's medium-term financing agreements include covenants requiring compliance with financial ratios. The covenants are tested at each annual balance sheet date:

– Leverage ratio (net debt/adjusted EBITDA): maximum 4.75 as of December 31, 2020;
– Gearing ratio: (net debt/equity): maximum 1 as of December 31, 2020.

The aggregates used to calculate the aforementioned ratios are clearly defined in the borrowing agreements referred to in the IFRS consolidated financial statements with regard to covenant tests conducted as from December 31, 2020.

Non-compliance with these ratios gives the lender concerned the option of requiring the loan to be repaid early and could lead to an increase in the interest rates. As of December 31, 2020, the Group was in compliance with its covenants.

The Group gives its subsidiary managers freedom to incur expenses provided for in the annual budget. As such, the Group is exposed to a financial risk and a risk of non-compliance with its rules on the delegation of powers and separation of duties, which is covered by central management of bank statements and reconciliations. A cash pooling system is gradually being rolled out and the internal audit team is involved in reviewing the separation of duties implemented at subsidiaries in accordance with Group rules.

Note 31 – Related party transactions

€'000	Dec 31, 2020		Dec 31, 2019	
	Ferrari Participations	Real estate companies	Ferrari Participations	Real estate companies
Operating payables	37	3	61	3
Operating receivables	210	187	693	-
Current accounts	2,033	-	1,295	-
Purchases of goods and services	2,280	2,986	2,782	3,356
Sales of goods and services	149	166	149	134
Interest income	21	-	6	-

Income recognized corresponds to services rendered under the services agreement whereby Serge Ferrari SAS provides administrative services (assistance in accounting, human resources management and IT services) to other Group entities and companies related to the Group.

Expenses correspond to:

- Ferrari Participations: re-invoicing under the agreement described in Note 22 "Executive remuneration".
- Real estate companies: rent paid to real estate companies directly or indirectly controlled by the same Ferrari family group, for industrial sites in France.

These agreements were entered into on arm's length terms.

Note 32 – Off-balance sheet commitments

Commitments given

SergeFerrari Group debt is subject to covenants with which the Group has complied in all the fiscal periods presented.
As part of the loans taken out by SergeFerrari Group with financial institutions, 45,617 Serge Ferrari SAS shares held by SergeFerrari Group were pledged to the pool of bank creditors.

The purchase guarantees obtained by SergeFerrari Group under the Verseidag and F.I.T. group purchase agreements (asset and liability guarantees) were pledged to said creditors in connection with loans taken out in 2020.
The same applies to the current account advance granted by SergeFerrari Group to subsidiary Verseidag Indutex GmbH, pledged for an amount of 21,310 thousand euros.

SergeFerrari Group has granted a joint and several guarantee to Giofex Group Srl in the amount of 1,500 thousand euros.

SergeFerrari Group has granted Jagenberg put options over SergeFerrari Group shares, which will be delivered to Jagenberg as part of the payment of the Verseidag group purchase price.
In accordance with Jagenberg AG's choice, SergeFerrari Group has undertaken to buy back its own shares between:

- May 1, 2022 and January 31, 2023 for shares delivered to Jagenberg on July 29, 2021. These shares are subject to a one-year lock-up period from the date of delivery;
- May 1, 2023 and January 31, 2024 for shares delivered to Jagenberg on July 29, 2022. These shares are subject to a one-year lock-up period from the date of delivery.

F.I.T. has pledged the land it owns to the Taiwan Business Bank as security for an NTD 185 million bank loan

Commitments received

The F.I.T. and Verseidag group purchase agreements contain clauses that guarantee the assets and liabilities granted by the transferors to SergeFerrari Group.
The asset and liability guarantee granted by Jagenberg to SergeFerrari Group is only for a minimum amount of 100 thousand euros and a maximum amount of €4 million.

SergeFerrari Group has a pre-emptive right over the 45% of F.I.T. shares held by minority shareholders, without any obligation to purchase them. The purchase price would be determined under similar terms to the valuation carried out when it acquired its 55% stake.

LCL bank has granted Jagenberg a first demand guarantee on behalf of SergeFerrari Group for the amount of the earn-out set out in the Verseidag group purchase agreement on July 29, 2021
(€4.7 million before price adjustment). In return, Ferrari Participations has frozen a €3.8 million current account with LCL.

Group liability guarantees were provided for under the purchase agreements signed in relation to:

- the acquisition of Milton Ltd shares;
- the acquisition of FERRATEKS assets;
- the acquisition of Plastitex shares;
- the acquisition of SUNTEAM shares.

Note 33 – Statutory auditors' fees

€'000, excl. tax	Mazars				Grant Thornton			
	Amount		%		Amount		%	
	2020	2019	2020	2019	2020	2019	2020	2019
Total fees	**159.4**	**130.7**	**100%**	**100%**	**193.4**	**137.0**	**100%**	**100%**
Statutory audit, certification, review of separate and consolidated financial statements	**153.4**	**124.7**	**96%**	**95%**	**187.4**	**131.0**	**97%**	**96%**
Parent company (recurring assignments)	85.4	57.0	-	-	85.4	57.0	-	-
Fully consolidated subsidiaries	68.0	67.7	-	-	102.0	74.0	-	-
Not-audit services required under statutory and regulatory provisions	**6.0**	**6.0**	**4%**	**5%**	**6.0**	**6.0**	**3%**	**4%**
Parent company	3.0	3.0	-	-	3.0	3.0	-	-
Fully consolidated subsidiaries	3.0	3.0	-	-	3.0	3.0	-	-
Non-audit services			**0%**	**0%**	**-**	**-**	**0%**	**0%**
Parent company								
Fully consolidated subsidiaries								

6.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

SERGEFERRARI GROUP
YEAR ENDED DECEMBER 31, 2020

To the General Meeting of SergeFerrari Group SA,

OPINION

In accordance with the engagement entrusted to us by your General Meeting, we have audited the Company financial statements of SergeFerrari Group for the year ended December 31, 2020, as appended to this report.

We hereby certify, in accordance with French accounting rules and standards, that the Company financial statements give a true and fair view of the results of the transactions performed during the fiscal year ended, as well as of the Company's financial position and net assets at the end of that fiscal 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 believe that the information we have gathered is sufficient and appropriate to form the basis of 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 laid down by the French Commercial Code and the French Code of Ethics for statutory auditors, for the period running from January 1, 2020 to the date of issue of our report, and in particular we have not provided services prohibited under Article 5 (1) of Regulation (EU) 537/2014.

JUSTIFICATION OF 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 organization and the procedures for conducting audits.

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 judgment, 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 in the context of our audit of the consolidated financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion on the individual components of the consolidated financial statements.

Valuation of equity investments

Risks identified

Equity investments, which are carried on the December 31, 2020 balance sheet at a net amount of €77.4 million, constitute one of the most significant balance sheet items.

Goodwill is tested for impairment by management as soon as there is an indication that it may be impaired, and systematically at the end of the fiscal year. The recoverable amount of goodwill is defined as the higher of its fair value, net of disposal costs, and its value in use calculated using the future cash flow method. An impairment loss is recognized whenever the recoverable amount of such goodwill falls below the carrying amount. Notes 2.7 and 2.11 to the consolidated financial statements describe how impairment tests are performed.

In addition, in the context of these acquisitions, a certain number of commitments are given or received by SergeFerrari Group, such as earn-outs indexed to the future performance of the acquired companies and clauses to buy back shares held by minority shareholders. held by minority shareholders. The Group measures these commitments as liabilities on the basis of their fair value, which The Group measures these commitments as liabilities on the basis of their fair value, which takes into account, in particular, the timing of settlement. As of December 31, 2020, liabilities for share buyback commitments 4.9 million euro and liabilities for future performance of acquired companies amounted to 11.9 million euro.

We considered that the assessment of the recoverable amount of goodwill and the assessment of commitments given or received in connection with acquisitions We considered that the assessment of the recoverable amount of goodwill and the valuation of commitments given or received in connection with acquisitions was a key point in our audit, given that :

- The external growth transactions carried out during the year have a significant impact on the consolidated financial statements for the year and their accounting translation requires management's judgment and estimates in the context of the initial accounting of the business combination on the date of first consolidation,
- the assessment of the recoverable amount of goodwill involves numerous estimates and judgments on the part of Management of SergeFerrari Group, such as the probability of realization of future cash flow forecasts,
- the assessment of the fair value of the commitments related to these acquisitions also requires numerous estimates and management of the SergeFerrari Group, such as the probability of occurrence of the events the assumptions used in the calculation of the earn-out clauses, the assumptions used in the calculation of the the assumptions used in the calculation of the buy-out clauses for minority shareholders.

Audit procedures implemented

We performed a critical review of the methods used by Management to determine the recoverable amount of goodwill and the fair value of liabilities related to the buy-out provisions for minority shareholders and earn-outs based on the future performance of acquired companies. In particular, we have:

- examined the impairment tests prepared by Management,
- assessed the reasonableness of the cash flow projections by interviewing Management and comparing them with the performance of the year, by :
  - comparing the 2021 cash flows used in the tests with the 2021 budgets prepared by Management
  - assessing the reasonableness of the main assumptions used (including the growth rate and the discount rate) in relation to the macro-economic data available at the balance sheet date,
  - assessing the impact of a change in the discount rate and the main operating assumptions through sensitivity analyses,
- examined the methods used to determine the recoverable amounts and corroborate the arithmetical accuracy of the calculations made;
- assessed the assumptions used in estimating the earnouts based on the future performance of the companies acquired
- examined the compliance of the calculation of the buy-out clauses for shares held by minority shareholders with the related acquisition agreements.

Finally, we have verified the appropriateness of the information disclosed in notes 2.5, 2.7, 2.11.1, 17, and 19 to the consolidated financial statements with respect to goodwill and acquisition-related commitments given or received.

SPECIFIC CHECKS

In accordance with professional standards applicable in France, we have also verified the information given in the management report of the Board of Directors concerning the Group.

We have no matters to report as to its fair presentation and consistency with the consolidated financial statements.

Non-financial performance statement

We hereby certify that the consolidated statement of non-financial performance required by Article L. 225-102-1 of the French Commercial Code is included in the Group's management report, it being specified that, in accordance with the provisions of Article L. 823-10 of the said Code, the information contained in this statement has not been verified by us as to its fair presentation or consistency with the consolidated financial statements, and that it must be reported on by an independent third-party body.

OTHER VERIFICATIONS OR INFORMATION REQUIRED BY LAW AND REGULATIONS

Format of the consolidated financial statements to be included in the annual financial report

In accordance with Article 222-3 III of the AMF General Regulation, the management of your company has informed us of its decision to postpone the application of the single electronic reporting format as defined by the European Delegated Regulation n° 2019/815 of December 17, 2018 to fiscal years beginning on or after January 1, 2021. Consequently, this report does not include a conclusion on conclusion on compliance with this format in the presentation of the consolidated financial statements to be included in the annual financial report report referred to in Article L. 451-1-2 of the French Monetary and Financial Code.

Appointment of auditorss

We were appointed as statutory auditors of SergeFerrari Group by the General Meeting of May 16, 2019 for Grant Thornton and June 30, 2007 for the cabinet of Mazars.

As of December 31, 2020, Grant Thornton was in the second year of its uninterrupted engagement and the cabinet of Mazars in the fourteenth year (including seven years since the company's shares were admitted to trading on a regulated market).

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE IN RELATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

It is the responsibility of the management to prepare consolidated financial statements that give a true and fair view in accordance with IFRS as adopted by the European Union, and to implement such internal controls as it determines are necessary to ensure that the consolidated financial statements are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for making an assessment of the company's ability to continue as a going concern, for making the necessary disclosures in the financial statements as a going concern and for applying the going concern basis of accounting, unless the company is to be (wound up) or cease trading.

The Audit Committee is responsible for monitoring the financial reporting process and for monitoring the effectiveness of the internal control and risk management systems and, where appropriate, the internal audit, in relation to the procedures for the preparation and processing of accounting and financial information.

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

RESPONSIBILITIES OF THE STATUTORY AUDITORS IN RELATION TO THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Audit objective and approach

Our responsibility is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements taken as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but does not guarantee that an audit performed in accordance with professional standards will result in the systematic detection of material misstatements. Misstatements may be due to fraud or error and are considered material when it is reasonable to expect that they could, individually or in the aggregate, influence the economic decisions that users of the financial statements make in reliance on them.

As specified by Article L. 823-10-1 of the French Commercial Code, our responsibility as statutory auditor does not include guaranteeing the viability or quality of the management of your company.

Dans le cadre d'un audit réalisé conformément aux normes d'exercice professionnel applicables en France, le commissaire aux comptes exerce son jugement professionnel tout au long de cet audit. En outre :

- it identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error from fraud or error, defines and implements audit procedures to address those risks, and obtains audit evidence that it and collects evidence that it considers sufficient and appropriate to provide a basis for its opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, because fraud may involve collusion, falsification, intentional omissions, misrepresentation or circumvention of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;
- it assesses the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by management, as well as the information concerning them provided in the consolidated financial statements;
- it assesses the appropriateness of management's application of the going concern accounting policy and, based on the information obtained, whether there is any material uncertainty related to events or circumstances that may affect the company's ability to continue as a going concern. This assessment is based on information gathered up to the date of the report, it being noted, however, that subsequent events or circumstances circumstances or events could call into question the company's ability to continue as a going concern. If the auditor concludes that there is a material uncertainty, the auditor draws the attention of the readers of its report to the information provided in the consolidated financial statements with respect to this uncertainty or, if such information is not provided or is not relevant, it issues a qualified opinion or a refusal to certify;
- evaluating the overall presentation of the consolidated financial statements and assessing whether the consolidated financial statements present fairly the underlying transactions and events;
- with respect to the financial information of the persons or entities included in the scope of consolidation, it gathers information that it considers sufficient and appropriate to express an opinion on the consolidated financial statements. The auditor is responsible for directing, supervising and performing the audit of the consolidated financial statements and for expressing an opinion on those financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee setting out, in particular, the scope of our audit and the work program implemented, as well as the conclusions arising from our work. We also report to the Audit Committee on any material weaknesses in the internal control procedures relating to the preparation and processing of accounting and financial information.

The matters disclosed in the report to the Audit Committee include the risks of material misstatement that we considered to be of most significance for the audit of the consolidated financial statements for the year and which therefore constitute the key points of the audit, which it is our responsibility to describe in this report.

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

Lyon et Villeurbanne, March 17, 2021

The Statutory Auditors

Grant Thornton
French member of Grant Thornton International

Frédéric Jentellet
Partner

Mazars

Séverine Hervet
Partner

6.3 PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

BALANCE SHEET - ASSETS

	Presentation currency: **euros**	Dec 31 2020 Gross	Dec 31 2020 Depr. & imp.	Dec 31 2020 Net	Dec 31, 2019 Net
Subscribed capital not called (I)					
NON-CURRENT ASSETS	**INTANGIBLE ASSETS**				
	Start-up costs				
	Development costs				
	Concessions, patents & similar rights				
	Commercial goodwill (1)				
	Other intangible assets				
	PROPERTY, PLANT & EQUIPMENT				
	Land				
	Buildings				
	Plant, machinery, tools and equipment				
	Other PP&E				
	PP&E in progress				
	Advances and down payments				
	FINANCIAL ASSETS (2)				
	Interests valued under equity method				
	Other interests	88,918,256	11,555,555	77,362,702	32,538,590
	Loans to affiliates	3,272,047		3,272,047	23
	Other long-term investments				
	Loans				
	Other financial assets	462,650	789	461,861	370,641
	TOTAL (II)	**92,652,953**	**11,556,343**	**81,096,610**	**32,909,254**
CURRENT ASSETS	**INVENTORIES AND WIP**				
	Raw materials & supplies				
	Work in progress - goods				
	Work in progress - services				
	Intermediate and finished products				
	Traded goods				
	Advances and down payments on orders				1,220
	RECEIVABLES (3)				
	Trade receivables and related accounts	41,592		41,592	51,437
	Other receivables	53,485,957	233,987	53,251,970	29,205,665
	Subscribed, called-up but unpaid capital				
	MARKETABLE SECURITIES	4,482,514	1,893,059	2,589,455	2,746,456
	CASH & CASH EQUIVALENTS	18,785,350		18,785,350	14,368,988
	Prepaid expenses	21,661		21,661	17,248
	TOTAL (III)	**76,817,074**	**2,127,046**	**74,690,028**	**46,391,014**
ACCRUALS AND EQUIVALENT	Deferred debt issuance costs (IV)				
	Bond redemption premiums (V)				
	Unrealized foreign currency losses (VI)	188,979		188,979	69,373
	TOTAL ASSETS (I to VI)	**169,659,006**	**13,683,389**	**155,975,617**	**79,369,641**
	(1) o/w leasehold rights				
	(2) o/w financial assets < 1yr		510,311		370,641
	(3) o/w receivables > 1 yr		22,020,987		

BALANCE SHEET - LIABILITIES & EQUITY

	Presentation currency: **euros**	**2020**	**2019**
SHAREHOLDERS' EQUITY	Capital stock or individual capital	4,919,704	4,919,704
	Additional paid-in capital	43,867,647	43,867,647
	Revaluation surplus		
	RESERVES	491,970	491,970
	Legal reserve		
	Voluntary and contractual reserves		
	Regulated reserves		
	Other reserves	10,788,407	10,152,934
	Retained earnings		
	Net income for the period	**437,120**	**2,054,779**
	Investment subsidies		
	Regulated provisions		
	Total equity	**60,504,848**	**61,487,034**
OTHER EQUITY	Proceeds from issue of equity loans Conditional advances		
	Total other equity		
PROVISIONS	Provisions for risks Provisions for contingencies	664,528	210,635
	Total provisions	**664,528**	**210,635**
LIABILITIES[1]	**FINANCIAL LIABILITIES**		
	Convertible bonds		
	Other bonds	30,584,409	
	Borrowings from credit institutions [2]	34,585,294	15,281,872
	Other borrowings and debt		
	Advances and down payments received on current orders		
	OPERATING LIABILITIES		
	Trade payables	461,416	354,852
	Tax and social security payables	89,616	73,307
	OTHER LIABILITIES		
	Fixed asset payables		
	Other payables	29,008,394	1,919,647
	Deferred income [1]		
	Total liabilities	**94,729,128**	**17,629,678**
	Unrealized foreign currency gains	77,113	42,294
	TOTAL EQUITY & LIABILITIES	**155,975,617**	**79,369,641**
	Net income for the period (in euros and cents)	437,120,42	2,054,778,56
	[1] Liabilities and deferred income < 1yr	19,684,531	2,629,678
	[2] Of which current bank loans and overdrafts	85,294	85,544

INCOME STATEMENT

	Presentation currency: **euros**			**2020**	**2019**
		France	**Exports**	**12 months**	**12 months**
OPERATING INCOME	Sales of traded goods				
	Production sold - goods				
	Production sold - works and services	766,856	356,600	1,123,456	1,341,407
	Net revenues	**766,856**	**356,600**	**1,123 456**	**1,341,407**
	Production transferred to inventories				
	Capitalized production				
	Operating grants				
	Write-back of provisions and depreciation, expense transfers			40,444	
	Other items			8,138	45,307
	Total operating income (1)			**1,172,038**	**1,386,714**
OPERATING EXPENSES					
	Purchase of traded goods				
	Change in inventories				
	Purchase of raw materials and other supplies				
	Change in inventories				
	Other purchases and external expenses			3,289,309	1,128,503
	Taxes, duties and levies			1,044	3,051
	Wages and salaries			36,000	42,581
	Social security charges			46,799	38,550
	Operator's contribution				
	Depreciation and amortization: - of non-current assets - deferred operating expenses				
	Impairment: - of non-current assets - of current assets			71,913	202,518
	Provisions			334,287	141,262
	Other expenses			174,510	138,362
	Total des charges d'exploitation (2)			**3,953,862**	**1,694,827**
	RESULTAT D'EXPLOITATION			**(2,781,824)**	**(308,114)**

INCOME STATEMENT (CONT.)

	Presentation currency: **euros**	2020	2019
	NET OPERATING INCOME/(LOSS)	**(2,781,824)**	**(308,114)**
JOINT OPERATIONS	Profit transferred in/loss transferred out		
	Loss transferred in/profit transferred out		
FINANCIAL INCOME	From equity investments (3)	4,018,754	2,596,435
	Other marketable securities and fixed-asset receivables (3)		
	Other interest and similar income (3)	582,117	469,798
	Write-backs of provisions and impairment, expense transfers	237,680	374,216
	Currency gains	8,429	7,288
	Net gains on sale of marketable securities		
	Total financial income	**4,846,981**	**3,447,737**
FINANCIAL EXPENSES	Depreciation, amortization, impairment and provisions	525,877	824,479
	Interest and similar expenses (4)	1,394,481	575,037
	Currency losses	7,959	22,137
	Net losses on sale of marketable securities		243,458
	Total financial expenses	**1,928,317**	**1,665,111**
	NET FINANCIAL INCOME/(EXPENSE)	**2,918,663**	**1,782,626**
	NET INCOME BEFORE TAX & NON-RECURRING ITEMS	**136,839**	**1,474,513**
NON-RECURRING	On operating transactions		
	On capital transactions		
	Write-back of provisions and impairment, expense transfers		
	Total non-recurring income		
NON-RECURRING	On operating transactions		
	On capital transactions		
	Depreciation, amortization and impairment charges, provisions		
	Total non-recurring expenses		
	NET NON-RECURRING ITEMS		
	EMPLOYEE PROFIT SHARING		
	CORPORATION TAX	(300,281)	(580,266)
	TOTAL INCOME	**6,019,019**	**4,834,451**
	TOTAL EXPENSES	**5,581,899**	**2,779,672**
	NET INCOME FOR THE PERIOD	**437,120**	**2,054,779**
	(1) of which income from prior years		
	(2) of which expenses from prior years		
	(3) of which income from affiliated companies	4,513,152	2,831,454
	(4) of which interest from affiliated companies	85,189	84,366

ACCOUNTING RULES AND METHODS

Presentation currency: **euros**

Introduction

The balance sheet total at year-end amounted to €**155,975,617.**

The income statement, presented in the form of a list, shows total income of **€6,019,019** and total **expenses** of **€5,581,899**, resulting in **net income** of **€437,120.**

The Notes form an integral part of the parent company financial statements for the **12**-month period beginning on **January 1, 2020** and ending on **December 31, 2020.**

These company financial statements were approved by the Board of Directors on March 11, 2021.

Accounting principles, valuation methods and comparability of financial statements

The parent company financial statements were prepared and presented in accordance with French accounting standard ANC 2018-07 of December 10, 2018 (amending ANC 2014-3 of June 5, 2014) regarding the French chart of accounts.

Generally accepted accounting principles were applied with respect to the true and fair view principle in accordance with the underlying assumptions and the general rules of preparation and presentation as required for annual financial statements.

Intercompany current accounts (current account and cash pool account, excluding tax consolidation current account) are presented at December 31, 2020 under "Other receivables" for debit items and under "Other payables" for credit items. Please note that positions between the same legal entity are netted under a single debit or credit position.

Valuation methods and procedures applied to various balance sheet items

The basic method used to value items recorded in the financial statements is the historical cost method.

No change was made to the valuation and presentation methods during the fiscal year.

Highlights of the year

– **COVID-19 pandemic**

SergeFerrari Group, the Group holding company, was only indirectly impacted by the health crisis, which did not have a material impact on the Company's 2020 financial performance.

In 2020, the Group was impacted by government measures (lockdowns, travel and business restrictions) implemented in response to the COVID-19 pandemic that emerged in January 2020. These measures had an impact both in terms of the decrease in demand for the Group's products and the Group's production capacity at its French, Italian and Swiss plants (particularly during the second quarter of 2020).

The Serge Ferrari Group implemented all the necessary preventive health and safety measures to maintain its essential logistics activities wherever possible, and mobilized its teams to organize the safe resumption of production as soon as conditions allowed, in order to continue meeting customer demand.

ACCOUNTING RULES AND METHODS (CONT.)

Presentation currency: **euros**

- **Acquisition of Verseidag-Indutex GmbH and its subsidiaries by SergeFerrari Group from Jagenberg AG**

On July 29, 2020 SergeFerrari Group announced the signing of an agreement with the Jagenberg AG Group for the purchase of Verseidag-Indutex, thereby strengthening its global positioning on the fast growing innovative composite materials market.

Based in Krefeld, Germany, Verseidag-Indutex, the world leader in PTFE glass materials, operates on the tensile architecture and modular structure markets, as well as the following sectors: industry, biogas, large format digital printing, and solar protection for the building and automotive industries.

Verseidag-Indutex currently employs around 247 people working at its four industrial facilities in and around Krefeld and has sales subsidiaries covering four regions: Europe, including Germany, the largest European market, USA, the Middle East and Hong Kong. Verseidag-Indutex and the companies acquired posted consolidated 2020 revenues of €62 million.

Under the terms of the transaction, SergeFerrari Group acquired the entire capital stock of Verseidag-Indutex, Verseidag Seemee US and Cubutex GmbH and a 60% stake in DBDS. The €27.8 million transaction includes a cash payment in two tranches (one at closing for €14.1 million, the other in 2021 for €4.4 million after price adjustment), a SergeFerrari Group share-based payment also in two tranches (one in 2021, the other in 2022, each for an amount of approximately €4.7 million) plus an earn-out to be paid in 2023, indexed to EBITDA growth. Earn-outs are recognized under other payables on the balance sheet. The portion of earn-outs that cannot be reliably measured (indexed to future performance) has not been valued on the liabilities side of the balance sheet, and is presented under off-balance sheet commitments in the Notes.

- **Serge Ferrari acquires 55% stake in F.I.T.**

On March 11, 2020, the Group announced the acquisition of a 55% equity stake in F.I.T., a Taiwanese company that designs, manufactures and distributes high-tech non-combustible materials, through the purchase of securities from the current family shareholders. This transaction was completed following its approval by the Taiwanese authorities on June 23, 2020.

Founded in 2003, the company was initially involved in the production of glass yarn. It has now developed unrivaled expertise in the manufacture and application of PTFE/glass membranes (non-combustible materials). It employs around 100 people, mainly located at its Chiayi industrial facility in Taiwan.

F.I.T. holds all shares in Taiwan Eden Space Frame & Membrane Engineering Co. Ltd., which specializes in the manufacture of PTFE glass fiber projects using F.I.T. products. F.I.T. holds a 51% stake in F.I.T. HK (Hong Kong), which in turn wholly owns T-more, a company based in Shanghai (China). These two companies have no operations and the Group is looking into ways of streamlining its organizational structure.

The Group acquired a 55% stake in F.I.T. for a total purchase price of NTD 320 million, NTD 48.3 million of which will be paid in 2021 and 2022. The liability resulting from this transaction is presented under other payables on the balance sheet.

- **Financing and refinancing contracts:**

Together with the acquisitions and in order to finance external growth and the 2020-2022 capital expenditure and development program, as well as refinance existing debt, on July 29, 2020 SergeFerrari Group signed loan agreements totaling €75 million with its relationship banks and a €20 million Euro PP financing scheme in the form of a bond issue, later increased to €30 million. This financing will be drawn as and when required, with the exception of the Euro PP, which was fully drawn down at closing.

The refinancing of existing debt covers the €15 million Euro PP arranged in July 2015 and the revolving credit facility for an initial amount of €35 million, of which €1 million has been drawn down (both maturing in July 2021).

- **Financial instruments:**

SergeFerrari Group has taken out two interest rate caps to hedge against changes in 3-month Euribor under loan agreements for a total of €32 million.

- **Loans**

The Company has granted loans amounting to €300,000 and €1,100,000 to its subsidiary Serge Ferrari Spa, maturing on April 23, 2026 and July 29, 2021 respectively, plus a CHF 2,019,000 loan to Swiss subsidiary Serge Ferrari AG repayable in 2021.

The Company paid a €21.5 million current account contribution to its subsidiary Verseidag to finance the repayment of credit facilities set up with its former shareholder.

- **Dividends**

On May 14, 2020, the General Meeting resolved to distribute dividends of €0.12 per share, i.e. a total amount of €1,419,149, excluding treasury shares that do not grant entitlement to the distribution of dividends. A partial payment was made on September 30, 2020 in an amount of €380,169.96 and the balance of €1,038,979.42 was paid on January 5, 2021.

On May 14, 2020, the Company received a €4,014,296 dividend from Serge Ferrari SAS as a current account contribution.

On March 5, 2020, the Company received a €4,458.18 dividend from SIBAC.

Equity investments

Equity investments are recognized at their acquisition cost, excluding ancillary expenses.
An impairment charge is recorded when the fair value of the securities falls below the book value.
Depending on the investment in question and the manner in which the securities were acquired, the fair value is the higher of:

- market value, which may be obtained by reference to a comparable transaction or recent valuation;
- the company's net assets as of the balance sheet date; and
- value in use, measured using the discounted cash flow method via calculations analogous to those used for impairment testing on non-current assets during the preparation of the consolidated financial statements.

On May 22, 2020, Ferrari Latino America was dissolved, giving rise to a provision and reversal of €32,000 in the SergeFerrari Group accounts.

As of December 31, 2020, impairment charges recognized relating to equity investments held by the Company amounted to €271,000 in respect of subsidiary Ferrari Brasil, while reversals amounted to €136,000 in respect of subsidiary Vr Développement.

Additional information

Statutory auditors' fees amounted to €212,010.50.

Impairment charges for accounts receivable were recognized at December 31, 2020 in an amount of €72,000 for the Ci2m and Ferrari Brasil subsidiaries and a €40,000 impairment reversal was recorded for the Texyloop subsidiary.

A €334,000 provision for risks and contingencies was also recorded for subsidiaries Ci2m and Texyloop, given that they had posted negative net assets.

ACCOUNTING RULES AND METHODS (CONT.)

Presentation currency: **euros**

Group

The SergeFerrari Group SA financial statements have been included in the Ferrari Participations consolidated financial statements in accordance with the full consolidation method.

Since July 1, 2007, the cash flows of the companies based at La Tour du Pin have been pooled. Serge Ferrari SAS acts as the pooling company.

Remuneration of directors

Net attendance fees of €117,000 were recorded under expenses in the accounts.

SergeFerrari Group SA paid annual remuneration totaling €36,000 to three members of corporate bodies in respect of their office.

Taxation

Since January 1, 1992, the Company has headed the tax group. This tax consolidation option is tacitly renewed.

An amendment to the tax consolidation agreement was concluded by way of Amendment No. 4 applicable from January 1, 2020 to December 31, 2024, taking into account the change in the neutral method of allocating tax between the member companies, as if there were no tax consolidation system, while taking into account losses of subsidiaries previously offset.

NON-CURRENT ASSETS

	Presentation currency: **euros**	Gross values b/fwd	Changes during the period				Gross values as of Dec 31, 2020
			Increase		Decrease		
			Revaluations	Acquisitions	Item transfers	Disposals	
INTANGIBLE	Start-up and development costs						
	Other						
	TOTAL INTANGIBLE ASSETS						
PROPERTY, PLANT & EQUIPMENT	Land						
	Buildings on own land on land owned by third parties fixtures, fittings & equipment						
	Plant, machinery, tools and equipment						
	Other fixtures, fittings & equipment						
	Transport equipment						
	Office equipment and furnishings						
	Recoverable packaging and other items						
	P&E in progress						
	Advances and down payments						
	TOTAL PROPERTY, PLANT & EQUIPMENT						
FINANCIAL	Interests accounted for by the equity method						
	Other interests	43,959,358		48,254,889		23,944	92,190,304
	Other long-term investments						
	Loans and other financial assets	370,641		92,009			462,650
	TOTAL FINANCIAL ASSETS	**44,329,999**		**48,346,898**		**23,944**	**92,652,953**
	TOTAL	**44,329,999**		**48,346,898**		**23,944**	**92,652,953**

AMORTIZATION & DEPRECIATION

	Presentation currency: **euros**	Amort. & depr. b/fwd	Changes during the period		Amort. & depr. at Dec 31, 2020
			Increase	Decrease	
INTANGIBLE	Start-up and development costs				
	Other				
	TOTAL INTANGIBLE ASSETS				
PROPERTY, PLANT & EQUIPMENT	Land				
	Buildings on own land on land owned by third parties fixtures, fittings & equipment				
	Plant, machinery, tools and equipment				
	Other fixtures, fittings & equipment Transport equipment Office equipment and furnishings Recoverable packaging and other items				
	TOTAL PROPERTY, PLANT & EQUIPMENT				
	TOTAL				

	Breakdown of movements affecting the provision for accelerated depreciation						
	Provisions			Reversals			Net change in depreciation at year-end
	Differences in duration and other	Declining balance method	Exceptional tax depreciation	Differences in duration and other	Declining balance method	Exceptional tax depreciation	
Start-up and development costs							
Other intangible assets							
TOTAL INTANGIBLE ASSETS							
Land Buildings on own land on land owned by third parties fixtures, fittings & equipment							
Plant, machinery, tools and equipment							
General fixtures Misc. fittings & equipment							
Transport equipment							
Office & IT equipment/ furniture							
Recoverable packaging, miscellaneous							
TOTAL PROPERTY, PLANT & EQUIPMENT							
Transaction costs on equity investments							
TOTAL							
OVERALL UNALLOCATED TOTAL							

PROVISIONS

	Presentation currency: **euros**	**B/fwd**	**Increase**	**Decrease**	**Dec 31, 2020**
REGULATED PROVISIONS	Provisions for mineral and oil deposits				
	Provisions for investment				
	Provisions for price increases				
	Provisions for accelerated depreciation				
	Tax provisions for installation loans				
	Other provisions				
	REGULATED PROVISIONS				
PROVISIONS FOR RISKS & CONTINGENCIES	For litigation				
	For guarantees granted to clients				
	For loss of long-term contracts				
	For fines and penalties				
	For foreign exchange losses	69,373	188,979	69,373	188,979
	For pensions and similar commitments				
	For taxes				
	For renewal of assets				
	For major works and repairs				
	For vacation pay employee & tax charges				
	Other	141,262	334,287		475,549
	PROVISIONS FOR RISKS & CONTINGENCIES	210,635	523,266	69,373	664,528
PROVISIONS FOR IMPAIRMENT	non-current assets: intangible				
	non-current assets: tangible				
	non-current assets: investments in equity affiliates				
	non-current assets: equity investments	11,420,745	271,117	136,307	11,555,555
	non-current assets: other financial assets		789		789
	Of inventories and WIP				
	On customer accounts (accounts receivable)	32,000			32,000
	Other	2,030,584	136,906	40,444	2,127,046
	PROVISIONS FOR IMPAIRMENT	**13,483,329**	**408,811**	**208,751**	**13,683,389**
	OVERALL TOTAL	**13,693,964**	**932,077**	**278,124**	**14,347,917**
	o/w provisions and write-backs: - operating		406,200	40,444	
	o/w provisions and write-backs: - financial		525,877	237,680	
	o/w provisions and write-backs: - non-recurring				

Investments in equity affiliates: impairment carried forward calculated in accordance with Article 39-1 5e of the French General Tax Code.

RECEIVABLES AND PAYABLES

	Presentation currency: **euros**	**Dec 31, 2020**	**≤ 1 year**	**Due in > 1 yr**
RECEIVABLES	Loans to affiliates	3,272,047	48,450	3,223,597
	Loans (1) (2)			
	Other financial assets	462,650	462,650	
	Doubtful or disputed receivables			
	Other trade receivables	41,592	41,592	
	Receivables - securities lent			
	Personnel and related payables			
	Social security and other welfare organizations			
	Income tax	1,556,213	1,029,577	526,636
	Value-added tax	103,794	103,794	
	Other taxes, duties and levies			
	Sundry			
	Group and associates (2)	51,778,537	30,284,186	21,494,351
	Miscellaneous debtors	47,414	47,414	
	Prepaid expenses	21,661	21,661	
	TOTAL RECEIVABLES	**57,283,907**	**32,039,323**	**25,244,584**
(1)	Loans granted during the year	3,269,414		
(1)	Repayments received during the year	23,944		
(2)	Loans and advances granted to associates (natural persons)			

		Dec 31, 2020	**≤ 1 year**	**1 to 5 yrs**	**> 5 years**
PAYABLE	Convertible bonds (1)				
	Other bonds (1)	30,584,409	584,409		30,000,000
	Borrowings from credit institutions originally due in up to 1 yr (1)	85,294	85,294		
	Borrowings from credit institutions originally due in more than 1 yr (1)	34,500,000	5,227,273	20,909,091	8,363,636
	Other borrowings and debt (1) (2)				
	Trade payables	461,416	461,416		
	Personnel and related payables				
	Social security and other welfare organizations	37,361	37,361		
	Income tax				
	Value-added tax				
	Guarantee liabilities				
	Other taxes, duties and levies	52,254	52,254		
	Payables for non-current assets				
	Group and associates (2)				
	Other payables	29,008,394	13,236,524	12,771,870	3,000,000
	Borrowed securities				
	Deferred income				
	TOTAL PAYABLES	**94,729,128**	**19,684,531**	**33,680,961**	**41,363,636**
(1)	Borrowings taken out during the year	65,500,000			
(1)	Borrowings repaid during the year	16,000,000			
(2)	Borrowings from associates (natural persons)	3,000,000			

ACCRUED INCOME

Presentation currency: **euros**		Dec 31, 2020
Total accrued income		**312,859**
Loans to affiliates		26,554
accrued interest on loans to affiliates	*26,554*	
Other receivables		286,306
accrued interest on current accounts	*221,869*	
accrued income/interest	*64,437*	

ACCRUED EXPENSES PAYABLE

Presentation currency: **euros**		Dec 31, 2020
Total accrued expenses payable		**526,967**
Borrowings from credit institutions		85,294
accrued interest	*85,294*	
Trade payables		358,101
pending invoices	*358,101*	
Tax and social security payables		83,572
soc. sec. charges/Pr reser-Bonus	*33,429*	
tax payable	*50,143*	

PREPAID EXPENSES

Presentation currency: **euros**	Period	Amount	Dec 31, 2020
Prepaid expenses - OPERATIONS			**21,661**
ANNUAL INSIDERLOG CONTRACT IN SWEDEN	1/1/2021-9/30/2021	3,951	
INSURANCE	1/1/2021-7/31/2021	5,687	
INSURANCE	1/1/2021-8/31/2021	10,987	
CONSULTING	1/1/2021-5/6/2021	1,036	
Prepaid expenses - FINANCIAL			
Prepaid expenses - NON-RECURRING			
		TOTAL	**21,661**

CAPITAL STOCK

	Presentation currency: **euros**	Dec 31, 2020	Number	Par value	Amount
SHARES / UNITS	Capital stock b/fwd		12,299,259,00	0.4000	4,919,703,60
	Issued during the fiscal year			0.0000	
	Redeemed during the year			0.0000	
	Capital stock c/fwd		**12,299,259,00**	**0.4000**	**4,919,703,60**

CURRENCY TRANSLATION DIFFERENCES

Presentation currency: **euros**	Amount	Dec 31, 2020
Unrealized foreign currency LOSSES		**188,979**
Unrealized loss on current accounts	188,979	
Unrealized foreign currency GAINS		**77,113**
Unrealized gain on current accounts	77,113	
TOTAL		111,866

FINANCIAL COMMITMENTS

Presentation currency: **euros** Dec 31, 2020	Commitments granted	Commitments received
Discounted bills not yet due		
Endorsements, sureties and guarantees		
First ranking pledge of Serge Ferrari SAS securities: 45,617 shares	117,500,000	
Corporate guarantee to Giofex France	1,500,000	
Pledge of current account receivable related to Verseidag	21,309,667	
	140,309,667	
Finance lease commitments		
Pension and retirement commitments		
Other commitments		
Liability on Verseidag group future performance: between 0 and 5,000,000		15,000,000
Revolving credit facility		25,500,000
Investment credit facility		48,140
Interest rate derivative		32,000,000
Interest rate hedges (notional + variable rate and cap)		**72,548,140**
Total financial commitments (1)	140,309,667	72,548,140
(1) of which: Executives		
Subsidiaries		
Equity interests		
Other affiliated companies		

An earn-out clause relating to the acquisition of the Verseidag group is included in the purchase agreement. This is indexed to the future performance of the acquired companies. The earn-out value is floored at €7.5m and capped at €12.5m. The Company has recognized the earn-out in its accounts under other payables as of December 31, 2020 at its minimum amount, i.e. €7.5m. The €5m difference between minimum and maximum amounts has not been valued in the financial statements, as this cannot be done reliably.

SergeFerrari Group has granted Jagenberg put options over SergeFerrari Group shares, which will be delivered to Jagenberg as part of the payment of the Verseidag group purchase price. SergeFerrari Group has undertaken to buy back its own shares between:

– May 1, 2022 and January 31, 2023 for shares delivered to Jagenberg on July 29, 2021. These shares are subject to a one-year lock-up period from the date of delivery.

– May 1, 2023 and January 31, 2024 for shares delivered to Jagenberg on July 29, 2022. These shares are subject to a one-year lock-up period from the date of delivery.

SUBSIDIARIES AND EQUITY INTERESTS

Presentation currency: **euros** Dec 31, 2020	Capital stock	Shareholders' equity	Share in capital % interest	Book value of shares held Gross	Book value of shares held Net
A. Detailed information					
1. Subsidiaries (> 50%)					
Serge Ferrari SAS	14,169,170	47,771,508	99.80	14,690,638	14,690,638
Texyloop	1,101,000	(398,612)	100.00	10,787,500	
CI2M	500,000	(330,956)	100.00	335,245	
Tersuisse (in CHF except for shares and advances in EUR)	1,000,000	17,028,603	100.00	623,789	623,789
Serge Ferrari Brasil (in BRL except for shares and advances in EUR)	854,164	1,627,875	83.12	271,117	
Giofex Srl	4,000,000	10,447,496	51.00	7,765,000	7,765,000
Ferramat (in TRY except for shares and advances in EUR)	9,167,400	13,010,515	100.00	1,834,695	1,834,695
2. Equity interests (10 to 50%)					
Sibac at Dec 31, 2019 (in TND except for shares in EUR)	600,000	1,236,790	17.53	102,269	102,269
Vr Développement at Dec 31, 2019 (except for loans & advances and shares)	1,072,370	974,739	35.00	450,079	288,386

	Loans and advances granted	Sureties and endorsements granted	Revenues	Net income for year ended	Dividends received
1. Subsidiaries (> 50%)					
Serge Ferrari SAS	27,173,505		126,814,936	4,520,002	4,014,296
Texyloop	163,556			(54,832)	
CI2M	(74,500)		1,156,194	(326,510)	
Tersuisse (in CHF except for shares and advances in EUR)	13,868		16,489,803	471,876	
Serge Ferrari Brasil (in BRL except for shares and advances in EUR)	258,380		17,603,727	(140,479)	
Giofex Srl	826,253		483,748	9,419	
Ferramat (in TRY except for shares and advances in EUR)	406,202		14,664,089	2,301,156	
2. Equity interests (10 to 50%)					
Sibac at Dec 31, 2019 (in TND except for shares in EUR)			1,043,949	358,879	4,458
Vr Développement at Dec 31, 2019 (except for loans & advances and shares)	145,234		155,926	12,353	

B. General information	Subsidiaries not included in A: French	Subsidiaries not included in A: Overseas	Equity interests not included in A: French	Equity interests not included in A: Overseas
Capital stock			2,000,000	
Shareholders' equity			10,545,626	
% interest			5.00	
Book value of shares held - gross			100,000	
Book value of shares held - net			100,000	
Loans and advances granted				
Sureties and endorsements granted				
Revenues			3,548,707	
Net income for year ended			3,772,989	
Dividends received				

Part B - General information:
The information in Part B relates to 2019, excluding loans and advances.

SUBSIDIARIES AND EQUITY INTERESTS

Presentation currency: **euros**	Dec 31, 2020 Capital stock	Shareholders' equity	Share in capital % interest	Book value of shares held Gross	Net
A. Detailed information					
1. Subsidiaries (> 50%)					
Plastitex	500,000	2,457,833	100.00	6,603,241	6,603,241
Serge Ferrari AB (in SEK except for shares and advances in EUR)	4,235,863	4,514,963	100.00	394,763	394,763
F.I.T. (in TWD except for shares and advances in EUR)	235,500,000	246,309,641	55.00	9,658,919	9,658,919
Verseidag-Indutex	2,560,000	16,948,076	100.00	27,800,000	27,800,000
Cubutex	100,000	(323,892)	100.00	1	1
Verseidag US (in USD except for shares and advances in EUR)	100,000	(450,528)	100.00	1	1
2. Equity interests (10 to 50%)					

	Loans and advances granted	Sureties and endorsements granted	Revenues	Net income for year ended	Dividends received
1. Subsidiaries (> 50%)					
Plastitex			6,598,572	(839,061)	
Serge Ferrari AB (in SEK except for shares and advances in EUR)			13,593,650	(251,722)	
F.I.T. (in TWD except for shares and advances in EUR)			169,645,476	3,362,913	
Verseidag-Indutex	18,512,089		20,902,644	(451,272)	
Cubutex				(15,004)	
Verseidag US (in USD except for shares and advances in EUR)			3,414,974	(73,804)	
2. Equity interests (10 to 50%)					

B. General information	Subsidiaries not included in A French	Subsidiaries not included in A Overseas	Equity interests not included in A French	Equity interests not included in A Overseas
Capital stock			2,000,000	
Shareholders' equity			10,545,626	
% interest			5.00	
Book value of shares held - gross			100,000	
Book value of shares held - net			100,000	
Loans and advances granted				
Sureties and endorsements granted				
Revenues			3,548,707	
Net income for year ended			3,772,989	
Dividends received				

Part B - General information:
The information in Part B relates to 2019, excluding loans and advances.

TREASURY SHARES

	Number	Book value
January 1, 2020	468,027	4,918,096.35
Purchases	291,575	1,775,000.24
Sales	(274,531)	(1,682,991.91)
- value		(241,544.45)
December 31, 2020	**485,071**	**4,768,560.23**

6.4 FINANCIAL RESULTS OF THE LAST FIVE FISCAL YEARS

(€)	2016	2017	2018	2019	2020
1. Capital stock c/fwd					
a. Capital stock	4,919,704	4,919,704	4,919,704	4,919,704	4,919,704
b. No. of existing ordinary shares	12,299,259	12,299,259	12,299,259	12,299,259	12,299,259
c. No. of non-voting preference shares	----	----	----	----	----
d. Max no. of future shares issued					
d.1 by bond conversion	----	----	----	----	----
d.2 by exercise of subscription right	----	----	----	----	----
2. Transactions and earnings for the year					
a. Gross revenues	1,275,896	1,298,586	1,288,072	1,341,407	1,123,456
b. Earnings before tax, employee profit-share, depreciation and provisions	3,834,181	3,787,831	1,394,827	2,268,556	790,792
c. Income tax	-223,373	72,937	170,780	-580,266	300,281
d. Employee profit share due for period	----	----	----	----	----
e. Earnings after tax, employee profit-share, depreciation and provisions	2,547,417	1,577,006	324,763	2,054,779	437,120
f. Distributed earnings	1,464,054	943,888	592,037	1,475,911	0
3. Earnings per share					
a. Earnings after tax and employee profit-share, but before depreciation and provisions	0.29	0.31	0.13	0.23	0.09
b. Earnings after tax, employee profit-share, depreciation and provisions	0.21	0.13	0.03	0.17	0.04
c. Dividend per share	0.12	0.08	0.05	0.12	0.00
4. Personnela					
a. Average headcount (full-time equivalent) during the period	----	----	----	----	----
b. Total payroll	40,000	48,000	576,640	42,580	36,000
c. Social security, employee services and benefits, etc.	41,222	58,267	124,489	38,550	46,799

(1) Share split whereby the par value per share was reduced from €20 to €0.40 on April 30, 2014
(2) According to resolution put forward at the May 19, 2021 General Meeting

6.5 STATUTORY AUDITORS' REPORT ON THE COMPANY FINANCIAL STATEMENTS

SERGEFERRARI GROUP
YEAR ENDED DECEMBER 31, 2020

To the General Meeting of SergeFerrari Group SA,

OPINION

In accordance with the engagement entrusted to us by your General Meeting, we have audited the Company financial statements of SergeFerrari Group for the year ended December 31, 2020, as appended to this report.

We hereby certify, in accordance with French accounting rules and standards, that the Company financial statements give a true and fair view of the results of the transactions performed during the fiscal year ended, as well as of the Company's financial position and net assets at the end of that fiscal 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 believe that the information we have gathered is sufficient and appropriate to form the basis of 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 laid down by the French Commercial Code and the French Code of Ethics for statutory auditors, for the period running from January 1, 2020 to the date of issue of our report, and in particular we have not provided services prohibited under Article 5 (1) of Regulation (EU) 537/2014.

JUSTIFICATION OF 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 organization and the procedures for conducting audits.

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 judgment, 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

Risks identified

Equity investments, which are carried on the December 31, 2020 balance sheet at a net amount of €77.4 million, constitute one of the most significant balance sheet items.

As explained in the note to the financial statements "Equity investments", they are initially recognized at acquisition cost and written down on the basis of their fair value. Fair value is estimated by management on the basis of market value (which may be obtained by reference to a comparable transaction or recent valuation), the investee's net assets as of the balance sheet date, and value in use as measured using the discounted cash flow method.

Estimating the present value of equity investments requires management to exercise judgment in its choice of information to be taken into account and assumptions to be applied if cash flow forecasts are used.

As such, we deemed the correct valuation of equity investments, loans to affiliates and related provisions for contingencies to be a key audit matter.

Audit procedures implemented

Our work consisted mainly in reviewing the estimated present value of equity investments as determined by management and examining the method used for valuing equity investments and the assumptions applied.

Our work focused on:

a) For valuations based on historical data:
- reconciling reported amounts of shareholders' equity with the entities' financial statements and verifying that any adjustments made to shareholders' equity are corroborated by adequate supporting documentation.

b) For valuations based on forecasts:
- obtaining an understanding of the main data and assumptions on which the estimate of present value is based, in particular via interviews with management;
- analyzing the consistency between the growth rate applied to cash flow projections and market analyses;
- examining the calculation of the discount rate applied to future cash flow estimates;
- testing the model and the calculations underlying the determination of value in use.

Our work also involved:
- assessing the recoverability of loans to affiliates in light of the analyses performed on equity investments;
- examining the recognition of a provision for contingencies in cases where the Company is required to bear the losses of a subsidiary posting negative equity.

Lastly, we assessed the appropriateness of the disclosures made in the note to the financial statements "Equity investments" in the paragraph entitled "Accounting rules and methods".

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 nothing to report regarding the fair presentation of the information provided in the Board of Directors management report and in the documents sent to the shareholders regarding the Company's financial position and financial statements, or on the consistency of such 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.

Report on corporate governance

We hereby certify that the Board of Directors report on corporate governance 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 favor 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. Based on this work, we hereby certify the accuracy and fair presentation of this information.

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 nothing to report regarding this information.

Additional information

In accordance with French law, we verified that the required information regarding the acquisition of equity investments and controlling interests and the identity of the holders of capital stock and voting rights has been duly disclosed in the management report.

OTHER VERIFICATIONS AND DISCLOSURES REQUIRED BY STATUTORY AND REGULATORY PROVISIONS

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

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

Appointment of statutory auditors

We were appointed as statutory auditors of SergeFerrari Group SA by the General Meeting on May 16, 2019 in the case of Grant Thornton and June 30, 2007 in the case of Mazars.

As of December 31, 2020, Grant Thornton was in the second continuous year of its engagement and Mazars in the 14th year (including seven years since the Company's shares were admitted to trading on a regulated market).

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 the 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 assignment 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 judgment throughout this audit. Furthermore:

- the auditor identifies and assesses the risks that the Company financial statements contain material misstatements, whether resulting from fraud or error, defines and implements audit procedures to address these risks, and gathers the elements the auditor deems necessary and appropriate upon which to base the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is more serious than the risk of not detecting a material misstatement resulting from error, since fraud may involve collusion, falsification, deliberate omission, false representations or the circumvention of internal control;
- the auditor examines the aspects of the internal control system that are relevant to the audit, in order to define the audit procedures appropriate in the circumstances but not for the purpose of expressing an opinion on the efficacy of the internal control system;
- the auditor assesses the appropriateness of the accounting methods adopted and the reasonableness of the accounting estimates made by management, as well as the related information provided in the Company financial statements;
- the auditor assesses the appropriateness of management's application of the going concern principle and, according to the information gathered, the existence or absence of material uncertainty regarding events or circumstances liable to jeopardize 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 jeopardize 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 program 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 referred to in Article 6 of Regulation (EU) 537-2014 confirming our independence, within the meaning of the rules applicable in France as defined in particular by 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.

Lyon and Villeurbanne, March 17, 2021

The Statutory Auditors

Grant Thornton
French member of Grant Thornton International

Frédéric Jentellet

Partner

Mazars

Séverine Hervet

Partner

6.6 UNAUDITED PRO FORMA FINANCIAL INFORMATION

The SergeFerrari Group consolidated pro forma financial information have been prepared by including Verseidag-Indutex GmbH and F.I.T Industrial Co Ltd (and their subsidiaries and affiliates) in the scope of consolidation as of January 1, 2020.

Serge Ferrari Group SA took effective control of the F.I.T Industrial Co Ltd on June 23, 2020 and Verseidag-Indutex GmbH on July 29, 2020. FIT Industrial Co Ltd and its subsidiaries are consolidated as of July 1, 2020 and Verseidag-Indutex GmbH and its subsidiaries as of August 1, 2020, within the consolidated statement of net income presented in the 2020 financial statements (chapter 6.1 of the 2020 Universal Registration Document).

Given its insignificant impact (less than 25%) on the consolidated financial aggregates, the Group would not be required to present the pro forma impact of the acquisition of 55% of the capital of F.I.T Industrial Co Ltd on the Group's 2020 financial statements. However, as the impact of the acquisition of Verseidag-Indutex GmbH on the consolidated financial statements is greater than 25%, the Group is required to present pro forma information. It has therefore been decided to present the impact of the two acquisitions since January 1, 2020, in the pro forma income statement so that they reflect a complete picture of the Group's consolidated results, including all changes in the scope of consolidation that occurred during the year 2020.

In line with the recommendations of the French Financial Markets Authority (AMF) in its Guide for preparing Universal Registration Documents (version 2021-02), the Group has restated the consolidated income statement in order to present 2020 financial information comparable to 2021. The main adjustments are shown following the pro forma income statement presented below.

In order to prepare its pro forma financial reporting, the Group used the local financial statements of the Verseidag-Indutex Gmbh and F.I.T. Industrial Co Ltd and their subsidiaries. The start dates of the acquired groups' accounting and tax years correspond to the reporting dates of the Group financial statements.

The Pro Forma Financial Information reflects a hypothetical situation and is presented solely as a guideline. As such, it does not provide an indication of the results of operations that would have been obtained if control had been acquired as of January 1, 2020.
Nor is it indicative of the Group's future operating results or financial position.

	Consolidated IS	Fit Verseidag	Adjustments	Consolidated IS Pro Forma
Consolidated income statement - €'000	**2020**	**Jan 1, 2020-Jul 28, 2020**	**Pro Forma**	**2020**
Revenues	**195,301**	**35,298**	**-**	**230,599**
Purchases	(76,094)	(20,534)	-	(96,628)
Change in inventories	(8,910)	(365)	-	(9,274)
External expenses	(35,695)	(5,248)	1,045	(39,898)
Personnel expenses	(56,183)	(8,714)	-	(64,896)
Miscellaneous taxes	(2,229)	(153)	-	(2,382)
Depreciation, amortization and impairment	(16,126)	(1,969)	(70)	(18,165)
Net provisions for impairment	180	(535)	-	(356)
Other recurring income and expenses	6,526	64	-	6,590
EBIT	**6,769**	**(2,155)**	**975**	**5,589**
Non-recurring operating income and expenses	(2,096)	-	-	(2,096)
Operating income	**4,673**	**(2,155)**	**975**	**3,493**
Income from cash and cash equivalents	78	0	-	79
Gross cost of debt	(2,161)	(655)	(1,066)	(3,882)
Net cost of debt	**(2,083)**	**(655)**	**(1,066)**	**(3,804)**
Other financial income and expenses	(1,660)	(551)	(104)	(2,316)
Income before tax	**931**	**(3,362)**	**(195)**	**(2,626)**
Income tax	(176)	(301)	161	(316)
Income after tax	**755**	**(3,663)**	**(34)**	**(2,941)**
Total net income	**754**	**(3,662)**	**(34)**	**(2,941)**
Group share	471	(3,576)	(3)	(3,108)
Non-controlling interests	283	(87)	(30)	165
Earnings per share (€)	0.04	(0.30)	0.10	(0.16)
Diluted earnings per share (€)	0.04	(0.30)	0.10	(0.16)

The main adjustments applied in the assessment of the 2020 pro forma financial statements are as follows:

- Recognition of a €1,066,000 financial expense representing the theoretical financial expense that the Group would have incurred had it contracted the bank loan taken out in 2020 on January 1, 2020;
- Cancellation of a €270,000 financial expense corresponding to a penalty paid by Verseidag-Indutex GmbH for early repayment of its bank debt following the change of shareholder;
- €867,000 cancellation of acquisition costs. These costs recorded as expenses for the year of acquisition will have no long-term impact on the Group financial statements;
- Management fees recorded for Verseidag-Indutex GmbH invoiced by the former shareholder during first half 2020 amounted to €178,000;
- Taking into account an impact of €373,000 of the change in fair value of the earn-out ;
- The tax effects of these adjustments have been taken into account;
- The pro forma income statement does not include any tax income relating to the tax loss generated by the Verseidag group in the pre-acquisition period. Given that the rules for maintaining tax loss carryforwards are subject to specific provisions in the event of a change of shareholder, it has been decided not to recognize a tax receivable before the finalization of the tax analyses in progress at the date of registration of the Universal Registration

Document Other recognized adjustments are not material on an individual basis.

As the work on the allocation of the purchase price of the Verseidag group had not been finalized at the date of registration of the Universal Registration Document, the adjustments listed above do not include any impact on the pro forma financial statements of this work, the results of which will be recognized upon publication of the consolidated financial statements for the period ending June 30, 2021.

6.7 STATUTORY AUDITORS' REPORT ON THE PROFORMA FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

SERGEFERRARI GROUP

To the Chairman and CEO,

2017/1129 as supplemented by Delegated Regulation (EU) No. 2019/980, we have prepared this report on the pro forma financial statements of SergeFerrari Group (the "Company") for the year ended 31 December 2020 included in section 6.6 of the Universal Registration Document, (the "Pro Forma Financial Statements").

The pro forma financial statements have been prepared solely for the purpose of illustrating the effect that the acquisition of the shares of Verseidag-Indutex GmbH and F.I.T Industrial Co Ltd and their subsidiaries would have had on the consolidated income statement for the year ended 31 December 2020 of the SergeFerrari Group if the transaction had been effective as of 1 January 2020. By their very nature, they describe a hypothetical situation and are not necessarily representative of the financial situation or performance that could have been observed if the transaction or event had occurred at a date prior to that of its actual or envisaged occurrence.

The pro forma financial statements have been prepared under your responsibility in accordance with the provisions of Regulation (EU) 2017/1129 and the ESMA recommendations on pro forma financial statements.

It is our responsibility, based on our work, to express a conclusion, in the terms required by Annex 20, Section 3, of the Delegated Regulation (EU) No. 2019/980, as to whether the pro forma financial statements has been properly prepared on the basis stated.

We performed those procedures which we considered necessary to comply with the professional guidance issued by the national auditing body (Compagnie nationale des commissaires aux comptes) relating to this engagement. These procedures, which do not include an audit or a limited review of the financial statements underlying the pro forma financial statements, consisted mainly in verifying that the basis on which the pro forma financial statements has been prepared is consistent with the source documents as described in the explanatory notes to the pro forma financial statements, in examining the evidence supporting the pro forma restatements, and in obtaining from the Company's management the statements and explanations that we considered necessary.

In our opinion:

- the pro forma financial statements have been properly prepared on the basis stated;
- this basis is consistent with the accounting policies applied by the issuer.

This report is issued for the sole purpose of filing the Universal Registration Document with the AMF and may not be used in any other context.

Lyon and Villeurbanne, March 23, 2021

The Statutory Auditors

Grant Thornton *French member of Grant Thornton International*	**Mazars**
Frédéric Jentellet *Partner*	Séverine Hervet *Partner*

7. COMBINED GENERAL MEETING OF MAY 19, 2021

China National Speed Skating Oval | Architecture Tendue

7.1 AGENDA OF THE GENERAL MEETING

Ordinary General Meeting:

- Review of the management and group reports prepared by the Board of Directors.
- Review of the statutory auditors' report on the parent company and consolidated financial statements for the fiscal year ended December 31, 2020.
- Review of the special report of the Board of Directors on corporate governance pursuant to the provisions of Article L. 225- 37 of the French Commercial Code.
- Review of the statutory auditors' report containing their comments on the Board of Directors' report on corporate governance.
- Review of the non-financial performance statement and the related certificate from an independent third-party body.
- Approval of the financial statements for the fiscal year ended December 31, 2020 (*1st resolution*).
- Approval of the consolidated financial statements for the fiscal year ended December 31, 2020 (*2nd resolution*).
- Appropriation of earnings for the fiscal year (*3rd resolution*).
- Regulated agreements (*4th resolution*).
- Reappointment of Victoire Ferrari as director (*5th resolution*).
- Reappointment of Philippe Brun as director (*6th resolution*).
- Reappointment of Christophe Graffin as director (*7th resolution*).
- Reappointment of Bertrand Chammas as director (*8th resolution*).
- Appointment of Jan Kleinewefers as director (*9th resolution*).
- Appointment of Félicie Ferrari as director (*10th resolution*).
- Allocation of an annual budget in order to remunerate the directors in respect of the current fiscal year and subsequent years. (*11th resolution*).
- Approval of information regarding the remuneration of corporate officers covered by Article L. 22-10-9 of the French Commercial Code (*12th resolution*).
- Approval of the components of remuneration paid or awarded in respect of the fiscal year ended December 31, 2020 to Sébastien Ferrari, as Chairman of the Board of Directors and Chief Executive Officer (*13th resolution*).
- Approval of the components of remuneration paid or awarded in respect of the fiscal year ended December 31, 2020 to Romain Ferrari, as Chief Operating Officer (*14th resolution*).
- Approval of the components of remuneration paid or awarded in respect of the fiscal year ended December 31, 2020 to Philippe Brun, as Chief Financial Officer (*15th resolution*).
- Approval of the remuneration policy applicable to corporate officers (*16th resolution*).
- Appointment of KPMG SA as incumbent statutory auditor (*17th resolution*).
- Appointment of SALUSTRO REYDEL as alternate statutory auditor (*18th resolution*).
- Authorization granted to the Board of Directors to implement a Company share buyback plan (*19th resolution*).

Extraordinary General Meeting:

- Delegation of authority to the Board of Directors to issue ordinary shares or any other securities giving access to the Company's capital stock or conferring entitlement to an allotment of Company debt securities with removal of preferential subscription rights, to a specific category of person (companies regularly investing, directly and/or indirectly, in growth shares of "small caps") (*20th resolution*).
- Delegation of authority to the Board of Directors to issue ordinary shares or any other securities giving access to the Company's capital stock or conferring entitlement to an allotment of Company debt securities with removal of preferential subscription rights, to a specific category of person (employee or exclusive commercial agent of the Company or of a related company, corporate officer of a related foreign company) (*21st resolution*).
- Delegation of authority to the Board of Directors to issue ordinary shares or any other securities giving access to the Company's capital stock or conferring entitlement to an allotment of Company debt securities with removal of preferential subscription rights, to a specific category of person (credit institution, investment services provider, investment fund or company under an equity or bond financing contract) (*22nd resolution*).
- Delegation of authority to the Board of Directors to carry out capital stock increases reserved for employees enrolled in a company savings plan, with removal of preferential subscription rights in favor of said beneficiaries (*23rd resolution*).
- Amendments to the Articles of Association (*24th resolution*).
- Powers for formalities (*25th resolution*).

7.2. DRAFT RESOLUTIONS

Ordinary general meeting

First resolution – Approval of the parent company financial statements for 2020

The General Meeting, voting under the quorum and majority conditions for Ordinary General Meetings, and having reviewed the reports of the Board of Directors and the statutory auditors, approves the report of the Board of Directors and the parent company financial statements for the 2020 fiscal year, as presented to the Meeting, together with all the transactions reflected in those financial statements and summarized in these reports, showing a net profit of €437,120.42.
The Meeting notes that the financial statements for the fiscal year ended do not include any expenses that cannot be included in tax-deductible expenses under Article 39.4 of the French General Tax Code.

Second resolution – Approval of the consolidated financial statements for the 2020 fiscal year

The General Meeting, voting under the quorum and majority conditions for Ordinary General Meetings, and having reviewed the reports of the Board of Directors and the statutory auditors, approves the consolidated financial statements for the 2020 fiscal year, together with all the transactions reflected in those financial statements and summarized in these reports.

Third resolution – Appropriation of earnings for the fiscal year

The General Meeting, voting under the quorum and majority conditions for General Meetings, duly notes that the net profit for the fiscal year ended December 31, 2020 is €437,120.42, an amount equal to the distributable profit in the absence of retained earnings.
The General Meeting decides to allocate the distributable profit of €437,120.42 in full to “Other reserves”, which will thus stand at €11,225,526.99.
Dividends paid to shareholders in respect of the last three fiscal years were as follows

	2017	2018	2019
Dividend per share	€0.08	€0.05	€0.12

Fourth resolution – Regulated agreements

The General Meeting, having reviewed the special report of the statutory auditors, set out in Article L. 225-40 of the French Commercial Code, on the agreements referred to in Article L. 225-38 et seq. of the French Commercial Code, approves the regulated agreements mentioned in said report.

Fifth resolution – Reappointment of Victoire Ferrari as director

The General Meeting, voting under the quorum and majority conditions for Ordinary General Meetings, hereby resolves to reappoint Victoire Ferrari as director for a period of three (3) years, subject to the conditions provided for by Article 14 of the Articles of Association, on the recommendation of the Board of Directors. Her office will end following the General Meeting called in 2024 to approve the financial statements for the fiscal year ended December 31, 2023

Sixth resolution – Reappointment of Philippe Brun as director

The General Meeting, voting under the quorum and majority conditions for Ordinary General Meetings, hereby resolves to reappoint Philippe Brun as director for a period of three (3) years, subject to the conditions provided for by Article 14 of the Articles of Association, on the recommendation of the Board of Directors. His office will end following the General Meeting called in 2024 to approve the financial statements for the fiscal year ended December 31, 2023.

Seventh resolution – Reappointment of Christophe Graffin as director

The General Meeting, voting under the quorum and majority conditions for Ordinary General Meetings, hereby resolves to reappoint Christophe Graffin as director for a period of three (3) years, subject to the conditions provided for by Article 14 of the Articles of Association, on the recommendation of the Board of Directors. His office will end following the General Meeting called in 2024 to approve the financial statements for the fiscal year ended December 31, 2023.

Eighth resolution – Reappointment of Bertrand Chammas as director

The General Meeting, voting under the quorum and majority conditions for Ordinary General Meetings, hereby resolves to reappoint Bertrand Chammas as director for a period of three (3) years, subject to the conditions provided for by Article 14 of the Articles of Association, on the recommendation of the Board of Directors. His office will end following the General Meeting called in 2024 to approve the financial statements for the fiscal year ended December 31, 2023.

Ninth resolution – Appointment of Jan Kleinewefers as director

The General Meeting, voting under the quorum and majority conditions for Ordinary General Meetings, hereby resolves to appoint Jan Kleinewefers as director for a period of three (3) years. His office will end following the General Meeting called in 2024 to approve the financial statements for the fiscal year ended December 31, 2023.

Tenth resolution – Appointment of Félicie Ferrari as director

The General Meeting, voting under the quorum and majority conditions for Ordinary General Meetings, hereby resolves to appoint Félicie Ferrari as director for a period of three (3) years. Her office will end following the General Meeting called in 2024 to approve the financial statements for the fiscal year ended December 31, 2023.

Eleventh resolution – Allocation of an annual budget in order to remunerate the directors in respect of the current fiscal year and subsequent years

The General Meeting, voting under the quorum and majority conditions for Ordinary General Meetings, on the proposal of the Board of Directors and in accordance with the remuneration policy established within the Company, sets at two hundred and six thousand euros (€206,000) the total annual remuneration allocated to the directors for the current financial year and for each of the following financial years, until a further decision by the Meeting.

Twelfth resolution – Approval of information regarding the remuneration of corporate officers covered by article L. 22-10-9 of the french commercial code

The General Meeting, voting under the quorum and majority conditions for Ordinary General Meetings, in accordance with Article L. 22-10-34 of the French Commercial Code, hereby approves the information set out in Article 22-10-9 of the French Commercial Code, as presented in the report of the Board of Directors on corporate governance included in 2020 Universal Registration Document.

Thirteenth resolution – Approval of the components of remuneration paid or awarded in respect of the fiscal year ended december 31, 2020 to sébastien ferrari, as chairman and chief executive officer

The General Meeting, voting under the quorum and majority conditions for Ordinary General Meetings, pursuant to Article L. 22-10-34 of the French Commercial Code, hereby approves the fixed, variable and special components of the total remuneration and benefits paid or awarded for the fiscal year ended, in respect of his term of office, to Sébastien Ferrari, as Chairman of the Board of Directors and Chief Executive Officer, as presented in the report of the Board of Directors on corporate governance included in 2020 Universal Registration Document.

Fourteenth resolution – Approval of the components of remuneration paid or awarded in respect of the fiscal year ended december 31, 2020 to romain ferrari, as chief operating officer

The General Meeting, voting under the quorum and majority conditions for Ordinary General Meetings, pursuant to Article L. 22-10-34 of the French Commercial Code, hereby approves the fixed, variable and special components of the total remuneration and benefits paid or awarded for the fiscal year ended, in respect of his term of office, to Romain Ferrari, as the Chief Operating Officer, as presented on the Board of Directors' report on corporate governance included in 2020 Universal Registration Document.

Fifteenth resolution – Approval of the components of remuneration paid or awarded in respect of the fiscal year ended december 31, 2020 to philippe brun, as chief financial officer

The General Meeting, voting under the quorum and majority conditions for Ordinary General Meetings, pursuant to Article L. 22-10-34 of the French Commercial Code, hereby approves the fixed, variable and exceptional components of the total remuneration and benefits paid or awarded for the fiscal year ended, in respect of his term of office, to Philippe Brun, as the Chief Financial Officer, as presented in the report of the Board of Directors on corporate governance included in 2020 Universal Registration Document.

Sixteenth resolution – Approval of the remuneration policy applicable to corporate officers

The General Meeting, voting under the quorum and majority conditions for Ordinary General Meetings, pursuant to Article L. 22-10-8 of the French Commercial Code, hereby approves the remuneration policy applicable to corporate officers, as presented in the board of directors' report on corporate governance included in 2020 universal registration document.

Seventeenth resolution – Appointment of KPMG sa as incumbent statutory auditor

The General Meeting, voting under the quorum and majority conditions for Ordinary General Meetings, hereby resolves to appoint KPMG SA as incumbent statutory auditor for a period of six fiscal years, which will end following the Ordinary Shareholders' Meeting called in 2027 to approve the financial statements for fiscal year 2026.

Eighteenth resolution – Appointment of salustro reydel as alternate statutory auditor

The General Meeting, voting under the quorum and majority conditions for Ordinary General Meetings, hereby resolves to appoint SALUSTRO REYDEL as alternate statutory auditor for a period of six fiscal years, which will end following the Ordinary Shareholders' Meeting called in 2027 to approve the financial statements for fiscal year 2026.

Nineteenth resolution – Authorization granted to the board of directors to implement a company share buyback plan

The General Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Board of Directors' report, hereby authorizes the Board, with the option to sub-delegate that authorization, to purchase a number of shares in the Company representing up to ten per cent (10%) of the number of shares comprising the capital stock, for a period of eighteen (18) months or until the date of its renewal by the Ordinary General Meeting, in accordance with the provisions of Article L. 22-10-62 of the French Commercial Code and European Regulation 596/2014 of April 16, 2014.

These shares may be purchased, sold or transferred at any time and by any means, on one or more occasions, on the stock market or over the counter, in full or in part, through the acquisition, disposal, exchange or transfer of blocks of shares or option transactions. These means include, if necessary, the use of financial instruments and derivatives. The total number of shares authorized under the share buyback plan may be purchased or sold by means of block trades.

The net purchase price per share shall not exceed fourteen (14) euros, excluding fees and commissions, subject to any adjustments made in accordance with the applicable statutory and regulatory provisions in relation to transactions involving the Company's equity.

The Company shall be entitled to purchase, in one or more installments and at such times as the Board of Directors shall see fit, a number of ordinary Company shares not exceeding:

- ten per cent (10%) of the total number of shares comprising the capital stock as adjusted in accordance with any transactions that may affect it following the date of this decision; or
- five per cent (5%) of the aforementioned number of shares comprising the capital stock if the shares are purchased by the Company to hold for subsequent delivery as consideration or in exchange in relation to a merger, demerger or capital contribution;

The maximum amount of funds required to implement the plan will be set at seventeen million, two hundred and eighteen thousand, nine hundred and fifty euros (€17,218,950).

In the event of a capital increase by capitalization of reserves, bonus share allotment, stock split or reverse stock split, the aforementioned prices shall be adjusted by applying a multiplying factor equal to the ratio between the number of shares comprising the capital stock before and after said transaction.

Shares can be acquired in accordance with the terms set out in the applicable laws and regulations, in particular with the aim of:

- encouraging liquidity and boosting the Company's share price through the intervention of an Investment Services Provider, under a liquidity contract on shares, in compliance with (i) Decision 2018-01 of July 2, 2018 of the French Financial Markets Authority (AMF) establishing liquidity contracts on shares as a permitted market practice, and (ii) the French Financial Markets Association's ethics charter as recognized by the French Financial Markets Authority (AMF);
- allotting or selling shares to employees or corporate officers of the Company and French or foreign companies or groups related to it, in accordance with the applicable legal and regulatory conditions, primarily as part of profit sharing in the fruits of business expansion, employee shareholding plans or company savings plans, share subscription options, share purchase options, or as free bonus shares or on any other terms permitted by applicable regulations;
- granting shares upon the exercise of rights attached to securities conferring the right to existing Company shares via redemption, conversion, exchange, presentation of a warrant or in any other way;
- canceling repurchased shares as part of a capital reduction;
- retaining and transferring shares of the Company as consideration or in exchange, primarily in relation to mergers and acquisitions.

To the extent allowed for by the applicable laws, the transactions may be carried out by the Board of Directors pursuant to this authorization at any time, on one or more occasions, throughout the duration of the share buyback plan, on the understanding however that as from the filing by a third-party of a proposed public offer for the purchase of the Company's shares and until the end of the offer period, the Board of Directors cannot exercise this authority and the Company cannot pursue the execution of a share buyback plan.

This authorization cancels and supersedes the authorization granted to the Board of Directors by the Combined General Meeting of May 14, 2020 in its 17th resolution.

The General Meeting hereby grants all powers to the Board of Directors to place any orders, enter into any agreements, complete any formalities, make any representations to any bodies and generally do all that is required, with the option to sub-delegate these powers in accordance with the conditions laid down in the law.

EXTRAORDINARY GENERAL MEETING

Twentieth resolution – delegation of authority to the board of directors to issue ordinary shares or any other securities giving access to the company's capital stock or conferring entitlement to an allotment of company debt securities with removal of preferential subscription rights, to a specific category of person (companies regularly investing, directly and/or indirectly, in growth shares of "small caps")

The General Meeting, voting under the quorum and majority conditions required for Extraordinary General Meetings, and in accordance with Articles L. 225-129-2, L. 225-138 and L. 228-92 of the French Commercial Code, having heard the report of the Chairman and the special report of the statutory auditors hereby:

- delegates authority to the Board of Directors, for a term of eighteen (18) months as from the date of this General Meeting, to issue, on one or more occasions, in such proportions and at such times as the Board shall see fit, in France or abroad, in euros or in any other currency or monetary unit established with reference to a basket of currencies, new ordinary shares in the Company and/or any other securities giving access by any means, immediately or at a later date, to the capital stock (with preference shares being expressly excluded) or conferring entitlement to an allotment of debt securities, to be subscribed in cash and paid up either in cash or by offset against receivables.
- resolves that the maximum par value of the capital increases that may be carried out, immediately and/or at a later date, pursuant to this delegation of authority, shall not exceed two million five hundred thousand euros (€2,500,000), on the understanding that this amount will be deducted from the total nominal value cap of two million five hundred thousand euros (€2,500,000) applicable to this resolution and to the 19th, 20th, 23rd, 24th and 26th resolutions of the Combined General Meeting of May 14, 2020 and to the 21st and 22nd resolutions of this Meeting and excluding the par value of any additional shares issued in order to maintain the rights of any holders of securities giving access to the capital stock, in accordance with the law;
- resolves that the total par value (or its equivalent in euros as of the date of issue if the securities are denominated in a foreign currency or monetary unit established with reference to a basket of currencies) of securities giving access to the Company's capital stock that may be issued under this resolution shall not exceed fifteen million euros (€15,000,000), on the understanding that this amount shall be deducted from the total nominal value cap of fifteen million euros (€15,000,000) applicable to this resolution and to the 19th, 20th, 23rd, 24th, 26th resolutions of the Combined General Meeting of May 14, 2020 and to the 21st and 22nd resolutions of this Meeting;
- resolves to cancel the shareholders' preferential subscription right to the ordinary shares and/or securities giving access to the Company's capital stock or conferring entitlement to an allotment of Company debt securities to be issued, in favor of the following categories of persons:
  - Companies generally investing, directly and/or indirectly, in growth shares of small caps (i.e. companies whose market capitalization, if they are listed companies, does not exceed one billion euros (€1,000,000,000)), operating in the industrial sector, notably in the field of composite materials, which invest an amount (including issue premium) of over one hundred thousand euros (€100,000) in the issue;
- resolves that if the subscriptions received from the aforementioned persons do not cover an entire issue of shares or securities as defined above, the Board of Directors shall be entitled to implement one or more of the following measures, in whichever order it shall see fit
  - Cap the issue at the amount of subscriptions received, provided that these subscriptions cover at least three-quarters of the issue decided upon;
  - Allocate some or all of the unsubscribed securities at its own discretion;
  - Make a public offering, on the French or international market, of some or all of the securities issued but not subscribed;
- duly notes that this delegation of authority automatically entails the shareholders' waiver of their preferential subscription right to the shares or debt securities to which these securities carry entitlement, in favor of the holders of securities issued, if any;
- resolves that the Board of Directors shall have full powers, with the option to sub-delegate those powers, pursuant to the statutory and regulatory provisions, to exercise the authority delegated hereunder, on one or more occasions, in such proportions and at such times as it shall see fit, in particular in order to:
  - set the dates, terms and conditions of the issues, in particular the method of paying up the shares or other securities issued, and the form and characteristics of the shares or securities giving access to the capital to be issued;
  - set the price and terms of the issues, provided that:
    - the issue price of the shares shall be at least equal to the average weighted listed price on Euronext Paris, over the three (3) trading sessions preceding the determination of the issue price, with this average subject to correction if necessary to take account of differences in vesting dates, and less a discount, if applicable, amounting to no more than 10% of the capital stock, provided that the issue price of the securities giving access to the capital stock issued under this delegation of authority shall be such that the amount received immediately by the Company, plus any subsequent amount received by the Company, shall be at least equal to the issue price defined above in respect of each share issued as a result of the issue of the aforementioned securities,
  - set the amounts to be issued and the premium amount that can, if applicable, be requested at the issue;
  - set the vesting date, including on a retroactive basis, of the securities to be issued, the manner in which they are to be paid up and, where applicable, provide for the option of suspending the exercise of rights to the allotment of shares attached to the securities to be issued during a period of no more than three (3) months;
  - determine the list of beneficiaries within each category of persons mentioned above and the number of securities to be allocated to each of them;
  - define the procedures whereby the rights of holders of securities giving access to the capital stock will be maintained in accordance with statutory and regulatory provisions;
  - deduct any amounts required from issue premiums, including costs, disbursements and fees incurred in relation to the issues;
  - in general, take all steps required and enter into any agreements to ensure the due completion of the planned issues, procure completion of all formalities required for the issue, trading and admission of the shares or securities giving access to the Company's capital stock or conferring entitlement to an allotment of Company debt securities for trading on a regulated market, for the listing and financial servicing of the securities issued under this delegation of authority and for the exercise of the rights attached to these securities;
  - duly note the capital stock increases resulting from all issues carried out via the exercise of this delegation of authority and amend the Articles of Association accordingly.
- resolves that this delegation of authority will be suspended in the event of a public offer for the purchase or exchange of the Company's shares, unless that is part of the normal course of the Company's business and that its implementation is not likely to frustrate the offer.

The General Meeting duly notes that, should the Board of Directors exercise the authority hereby delegated, it shall report to the next General Meeting, in accordance with the provisions of Article L. 225-129-5 of the French Commercial Code, on its exercise of the authority delegated under this resolution.

Twenty-first resolution – delegation of authority to the board of directors to issue ordinary shares or any other securities giving access to the company's capital stock or conferring entitlement to an allotment of company debt securities with removal of preferential subscription rights, to a specific category of person (employee or exclusive commercial agent of the company or of a related company, corporate officer of a related foreign company)

The General Meeting, voting under the quorum and majority conditions required for Extraordinary General Meetings, and in accordance with Articles L. 225-129-2, L. 225-138 and L. 228-92 of the French Commercial Code, having heard the report of the Chairman and the special report of the statutory auditors hereby:

- delegates authority to the Board of Directors, for a term of eighteen (18) months as from the date of this General Meeting, to issue, on one or more occasions, in such proportions and at such times as the Board shall see fit, in France or abroad, in euros or in any other currency or monetary unit established with reference to a basket of currencies, new ordinary shares in the Company and/or any other securities giving access by any means, immediately or at a later date, to the capital stock (with preference shares being expressly excluded) or conferring entitlement to an allotment of debt securities, to be subscribed in cash and paid up either in cash or by offset against receivables;
- resolves that the maximum par value of the capital stock increases that may be carried out, immediately and/or at a later date, pursuant to this delegation of authority, shall not exceed two million five hundred thousand euro (€2,500,000), on the understanding that this amount shall be deducted from the two million five hundred thousand euro (€2,500,000) cap applicable to this resolution as well as the 19th, 20th, 23rd, 24th and 26th resolutions of the Combined General Meeting of May 14, 2020 and to the 2th and 22nd resolutions of this General Meeting, excluding the par value of any additional shares issued in order to maintain the rights of any holders of securities giving access to the capital stock, in accordance with the law;
- resolves that the total par value (or its equivalent in euros as of the date of issue if the securities issued are denominated in a foreign currency or monetary unit established with reference to a basket of currencies) of securities representing debt and giving access to the Company's capital stock that may be issued under this resolution shall not exceed fifteen million euros (€15,000,000), within the limit of the unused part of the overall fifteen million euros (€15,000,000) cap applicable to this authority delegated and to the 19th, 20th, 23rd, 24th and 26th resolutions of the Combined General Meeting of May 14, 2020 and to the 20th and 22nd resolutions of this General Meeting;
- resolves to cancel the shareholders' preferential subscription right to the ordinary shares and/or securities giving access to the Company's capital stock or conferring entitlement to an allotment of Company debt securities to be issued, in favor of the following categories of persons:
  - All persons holding the status or whose main shareholder holds the status of employee or exclusive commercial agent of the Company, or of a related company as defined by Article L. 225-180 of the French Commercial Code, as of the date of issue of the shares or securities giving access to the Company's capital stock, provided that exclusive commercial agents are required to prove that they have held such status for at least one year in order to be eligible;
  - All persons holding the status or whose main shareholder holds the status of corporate officer of a foreign company related to the Company within the meaning of Article L. 225-180 of the French Commercial Code, as of the date of issue of the shares or securities giving access to the Company's capital stock, provided that this category expressly excludes corporate officers of said companies related to the Company who are also corporate officers of the Company.
- resolves that if the subscriptions received from the aforementioned persons do not cover an entire issue of shares or securities as defined above, the Board of Directors shall be entitled to implement one or more of the following measures, in whichever order it shall see fit:
  - Cap the issue at the amount of subscriptions received, provided that these subscriptions cover at least three-quarters of the issue decided upon;
  - Allocate some or all of the unsubscribed securities at its own discretion;
  - Make a public offering, on the French or international market, of some or all of the securities issued but not subscribed.
- duly notes that this delegation of authority automatically entails the shareholders' waiver of their preferential subscription right to the shares or debt securities to which these securities carry entitlement, in favor of the holders of securities issued, if any;
- resolves that the Board of Directors shall have full powers, with the option to sub-delegate those powers, pursuant to the statutory and regulatory provisions, to exercise the authority delegated hereunder, on one or more occasions, in such proportions and at such times as it shall see fit, in particular in order to:
  - set the dates, terms and conditions of the issues, in particular the method of paying up the shares or other securities issued, and the form and characteristics of the shares or securities giving access to the capital to be issued;
  - set the price and terms of the issues, provided that the issue price of the shares shall be at least equal to the average weighted listed price on Euronext Paris, over the three (3) trading sessions preceding the determination of the issue price, with this average subject to correction if necessary to take account of differences in vesting dates, and less a discount, if applicable, amounting to no more than ten per cent (10%) of the capital stock, provided that the issue price of the securities giving access to the capital stock issued under this delegation of authority shall be such that the amount received immediately by the Company, plus any subsequent amount received by the Company, shall be at least equal to the issue price defined above in respect of each share issued as a result of the issue of the aforementioned securities;
  - set the amounts to be issued and the premium amount that can, if applicable, be requested at the issue;
  - set the vesting date, including on a retroactive basis, of the securities to be issued, the manner in which they are to be paid up and, where applicable, provide for the option of suspending the exercise of rights to the allotment of shares attached to the securities to be issued during a period of no more than three (3) months;
  - define the procedures whereby the rights of holders of securities giving access to the capital stock will be maintained in accordance with statutory and regulatory provisions;
  - determine the list of beneficiaries within each category of persons mentioned above and the number of securities to be allocated to each of them;
  - Deduct any amounts required from issue premiums, including costs, disbursements and fees incurred in relation to the issues;
  - in general, take all steps required and enter into any agreements to ensure the due completion of the planned issues, procure completion of all formalities required for the issue, trading and admission of the shares or securities giving access to the Company's capital stock or conferring entitlement to an allotment of Company debt securities for trading on a regulated market, for the listing and financial servicing of the securities issued under this delegation of authority and for the exercise of the rights attached to these securities;
  - duly note the capital stock increases resulting from all issues carried out via the exercise of this delegation of authority and amend the Articles of Association accordingly.
- resolves that this delegation of authority will be suspended in the event of a public offer for the purchase or exchange of the Company's shares, unless that is part of the normal course of the company's business and its implementation is not likely to frustrate the offer.

The General Meeting duly notes that, should the Board of Directors exercise the authority hereby delegated, it shall report to the next General Meeting, in accordance with the provisions of Article L. 225-129-5 of the French Commercial Code, on its exercise of the authority delegated under this resolution.

Twenty-second resolution – Delegation of authority to the board of directors to issue ordinary shares or any other securities giving access to the company's capital stock or conferring entitlement to an allotment of company debt securities with removal of preferential subscription rights, to a specific category of person (credit institution, investment services provider, investment fund or company under an equity or bond financing contract)

The General Meeting, voting under the quorum and majority conditions required for Extraordinary General Meetings, and in accordance with Articles L. 225-129-2, L. 225-138 and L. 228-92 of the French Commercial Code, having heard the report of the Chairman and the special report of the statutory auditors hereby:

- delegates authority to the Board of Directors, for a term of eighteen (18) months as from the date of this General Meeting, to issue, on one or more occasions, in such proportions and at such times as the Board shall see fit, in France or abroad, in euros or in any other currency or monetary unit established with reference to a basket of currencies, new ordinary shares in the Company and/or any other securities giving access immediately and/or at a later date, to the capital stock (with preference shares being expressly excluded) or conferring entitlement to an allotment of debt securities, to be subscribed in cash and paid up either in cash or by offset against receivables;
- resolves that the maximum par value of the capital stock increases that may be carried out, immediately or at a later date, pursuant to this delegation of authority, shall not exceed two million five hundred thousand euro (€2,500,000), on the understanding that this amount shall be deducted from the two million five hundred thousand euro (€2,500,000) cap applicable to this resolution as well as the 19th, 20th, 23rd, 24th and 26th resolutions of the Combined General Meeting of May 14, 2020 and to the 20th and 21st resolutions of this General Meeting, excluding the par value of any additional shares issued in order to maintain the rights of any holders of securities giving access to the capital stock, in accordance with the law;
- resolves that the total par value (or its equivalent in euros as of the date of issue if the securities issued are denominated in a foreign currency or monetary unit established with reference to a basket of currencies) of securities representing debt and giving access to the Company's capital stock that may be issued under this resolution shall not exceed fifteen million euros (€15,000,000), within the limit of the unused part of the overall fifteen million euros (€15,000,000) cap applicable to this authority delegated and to the 19th, 20th, 23rd, 24th and 26th resolutions of the Combined General Meeting of May 14, 2020 and to the 2th and 21st resolutions of this General Meeting;
- resolves to cancel the shareholders' preferential subscription right to the ordinary shares and/or securities giving access to the Company's capital stock or conferring entitlement to an allotment of Company debt securities to be issued, in favor of the following categories of persons:
  - Any credit institution, investment services provider, investment fund or company undertaking to subscribe to or guarantee the capital stock increase or any issue of securities likely to lead to a capital stock increase in the future (including through the exercise of share warrants) which may be carried out pursuant to this delegation under an equity or bond financing contract.
- duly notes that this delegation of authority automatically entails the shareholders' waiver of their preferential subscription right to the shares or debt securities to which these securities carry entitlement, in favor of the holders of securities issued, if any;
- resolves that the Board of Directors shall have full powers, with the option to sub-delegate those powers, pursuant to the statutory and regulatory provisions, to exercise the authority delegated hereunder, on one or more occasions, in such proportions and at such times as it shall see fit, in particular in order to:
  - set the dates, terms and conditions of the issues, in particular the method of paying up the shares or other securities issued, and the form and characteristics of the shares or securities giving access to the capital to be issued;
  - set the price and terms of the issues, provided that the issue price of the shares shall be at least equal to the average weighted listed price on Euronext Paris, over the three (3) trading sessions preceding the determination of the issue price, with this average subject to correction if necessary to take account of differences in vesting dates, and less a discount, if applicable, amounting to no more than ten per cent (10%) of the capital stock, provided that the issue price of the securities giving access to the capital stock issued under this delegation of authority shall be such that the amount received immediately by the Company, plus any subsequent amount received by the Company, shall be at least equal to the issue price defined above in respect of each share issued as a result of the issue of the aforementioned securities;
  - set the amounts to be issued and the premium amount that can, if applicable, be requested at the issue;
  - set the vesting date, including on a retroactive basis, of the securities to be issued, the manner in which they are to be paid up and, where applicable, provide for the option of suspending the exercise of rights to the allotment of shares attached to the securities to be issued during a period of no more than three (3) months;
  - define the procedures whereby the rights of holders of securities giving access to the capital stock will be maintained in accordance with statutory and regulatory provisions;
  - determine the list of beneficiaries within each category of persons mentioned above and the number of securities to be allocated to each of them;
  - deduct any amounts required from issue premiums, including costs, disbursements and fees incurred in relation to the issues;
  - in general, take all steps required and enter into any agreements to ensure the due completion of the planned issues, procure completion of all formalities required for the issue, trading and admission of the shares or securities giving access to the Company's capital stock or conferring entitlement to an allotment of Company debt securities for trading on a regulated market, for the listing and financial servicing of the securities issued under this delegation of authority and for the exercise of the rights attached to these securities;
  - duly note the capital stock increases resulting from all issues carried out via the exercise of this delegation of authority and amend the Articles of Association accordingly.
- resolves that this delegation of authority will be suspended in the event of a public offer for the purchase or exchange of the Company's shares, unless that is part of the normal course of the company's business and that its implementation is not likely to frustrate the offer.

The General Meeting duly notes that, should the Board of Directors exercise the authority hereby delegated, it shall report to the next General Meeting, in accordance with the provisions of Article L. 225-129-5 of the French Commercial Code, on its exercise of the authority delegated under this resolution.

Twenty-third resolution – Delegation of authority to the board of directors to carry out capital increases reserved for employees enrolled in a company savings plan, with removal of preferential subscription rights in favor of said beneficiaries

The General Meeting, voting under the quorum and majority conditions required for extraordinary General meetings, and having heard the report of the Board of Directors and the report of the statutory auditors, in accordance with the provisions of Articles L. 225-129-6 and L. 225-138-1 of the French Commercial Code and Articles L. 3332-18 et seq. of the French Labor Code, hereby:

- authorizes the Board of Directors, for a term of twenty-six (26) months as from the date of this General Meeting, to carry out a cash capital increase, on one or more occasions, amounting to no more than three per cent (3%) of the capital stock, via the issue of new shares having a par value of forty euro cents (€0.40) each to be fully paid up in cash, either by cash payment or by offset against specific, liquid and payable receivables against the Company;
- resolves to cancel the shareholders' preferential subscription right to the new shares to be issued in favor of employees of the company or of French or foreign companies or groups of companies related to it, within the meaning of the applicable regulation, enrolled in a company savings plan or a similar plan such as an employee mutual fund (FCPE) and who also meet the criteria defined by the Board of Directors in accordance with the provisions of Article L. 225-138-1 of the French Commercial Code and Articles L. 3332-18 et seq. of the French Labor Code and/or any such law or regulation permitting the reservation of a capital increase under similar conditions;
- delegates full powers to the Board of Directors, for a term of twenty-six (26) months as from the date of this General Meeting, with the option to sub-delegate those powers to the Chief Executive Officer pursuant to the statutory and regulatory provisions, to define the other terms applicable to the securities issue, including, more specifically, to:
  - carry out the capital stock increase on one or more occasions, at its sole discretion, via an issue of shares reserved for employees enrolled in said company savings plan in favor of whom the shareholders' preferential subscription right will be canceled;
  - set the final issue price of the new shares in accordance with and to the extent of the provisions of Article L. 3332- 19 of the French Labor Code, providing its justification for the price adopted;
  - where applicable and in accordance with statutory and regulatory limits, define the seniority criteria that employees are required to meet in order to subscribe to the capital stock increase, the exact list of beneficiaries and the number of securities to be allocated to each one in accordance with the aforementioned limit;
  - subject to a cap of three per cent (3%) of the capital stock, set the amount of each issue, set the length of the subscription period and set the vesting date of the new shares;
  - set the opening and closing dates for subscriptions and receive said subscriptions;

- subject to the statutory maximum period of three (3) years following subscription, set the time period within which subscribers are required to pay up their subscriptions, provided that, in accordance with statutory provisions, shares subscribed may be paid up, at the request of the Company or subscriber, either via periodic payments or in regular equal installments deducted from the subscriber's salary;
- collect the amounts paid up in respect of subscriptions, irrespective of whether they are paid in cash or via offset of receivables; where applicable, balance the subscriber's current account by offset;
- determine whether the new shares are to be subscribed directly or via a mutual investment fund;
- note the completion of the capital stock increases in the amount of the shares actually subscribed pursuant to this delegation of authority.

The Meeting takes due note that this delegation of authority will be suspended in the event of a public offer for the purchase or exchange of the Company's shares, unless that is part of the normal course of the company's business and that its implementation is not likely to frustrate the offer.

In addition, the Board of Directors shall be entitled, where applicable, with the option to sub-delegate such powers, subject to statutory and regulatory conditions, to deduct any amounts required from the issue premium(s), including costs, disbursements and fees incurred in relation to the issues, and, in general, take all steps required and enter into any agreements to ensure the due completion of the planned issues, procure completion of all formalities required for the issue, trading and admission of the shares or securities giving access to the Company's capital stock or conferring entitlement to an allotment of Company debt securities for trading on a regulated market, for the listing and financial servicing of the securities issued under this delegation of authority and for the exercise of the rights attached to these securities, and to duly note the capital stock increase(s) resulting from all issues carried out via the exercise of this delegation of authority and amend the Articles of Association accordingly.

Twenty-fourth resolution – Amendments to the articles of association

The General Meeting, voting under the quorum and majority conditions required for Extraordinary General Meetings, and having reviewed the report of the Board of Directors, hereby resolves:

- to delete paragraph 1(9) of Article 8 of the Company's Articles of Association as follows:
- **Deleted paragraph:** *"Furthermore, an Extraordinary General Meeting must be held every three years to decide on a draft resolution aimed at carrying out a share capital increase reserved for employees if, in light of the report presented to the General Meeting by the Board of Directors in compliance with Article L.225-102 of the French Commercial Code, the shares held by employees of the Company and companies related to it within the meaning of Article L. 225-180 of the French Commercial Code represent less than three percent (3%) of the capital stock.".*
- to amend Article 20.1 of the Company's Articles of Association as follows:

Previous wording	New wording
"The General Meeting may allocate to directors as ***attendance fees,*** *an annual fixed amount, which is charged to operating costs and is maintained until otherwise decided. The Board of Directors shall determine the distribution of this amount among the directors".*	*"The General Meeting may allocate to directors as* ***remuneration,*** *an annual fixed amount, which is charged to operating costs and is maintained until otherwise decided. The Board of Directors shall determine the distribution of this amount among the directors".*

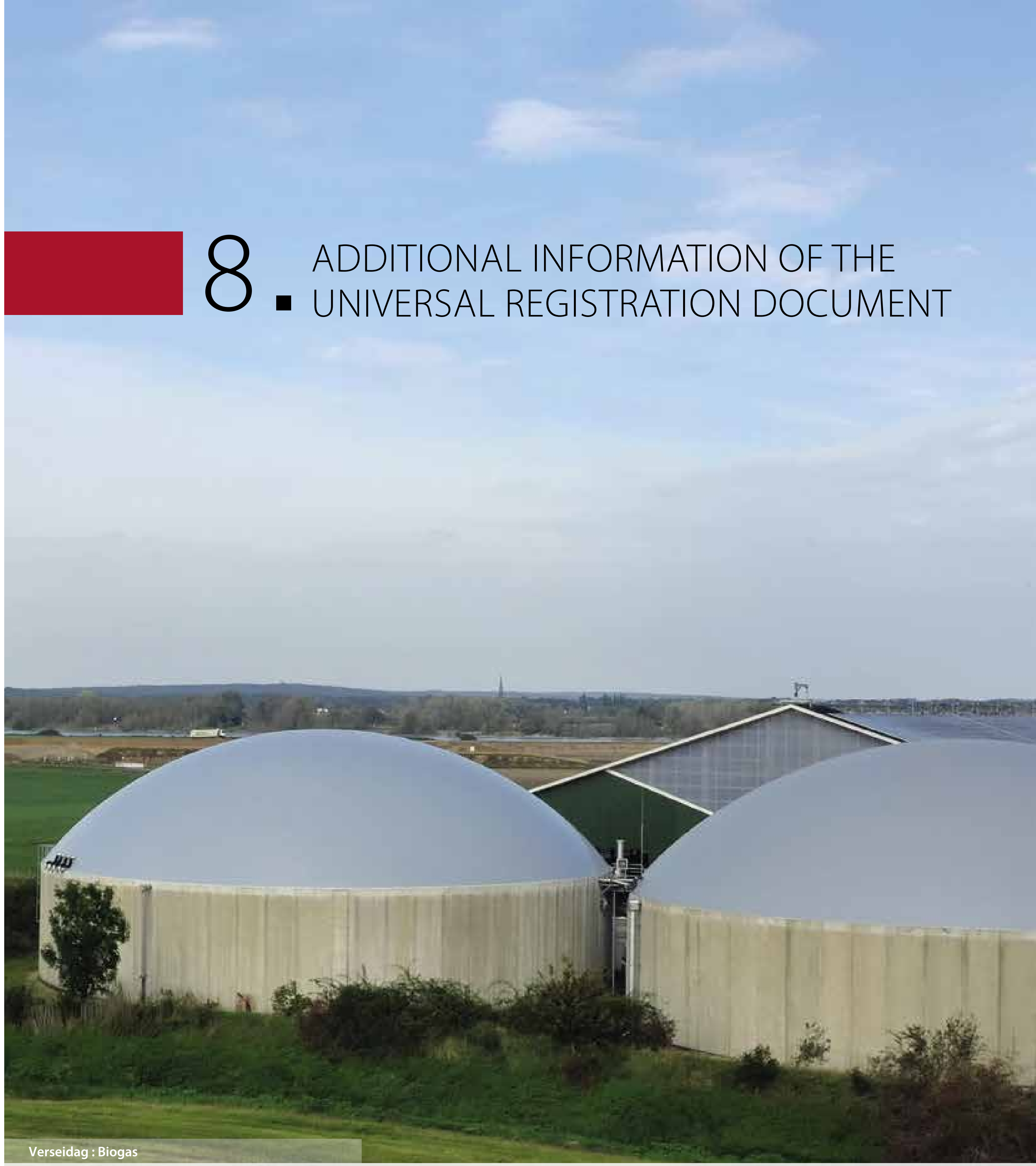
- to amend Article 27 of the Company's Articles of Association as follows:

Previous wording	New wording
"Every shareholder has the right to attend General Meetings and to take part in the voting, in person or by proxy, upon provision of proof of the shareholder's identity, provided the shares are paid up as required. *However, this right is contingent on the shares being registered shares or, in the case of bearer shares, upon proof that, as of zero hour (Paris time) on the second business day preceding the date of the General Meeting, the shares are recorded in a securities account registered in the name of the shareholder or the intermediary acting on his behalf in accordance with Article L. 228-1 paragraph 7 of the French Commercial Code, either in the shareholder register kept by the Company or in a bearer securities account maintained by an intermediary as covered by Article L. 211-3 of the French Monetary and Financial Code. Bearer-share ownership via an intermediary securities account as mentioned in Article L. 211-3 is identified in accordance with the provisions of Article R. 225-85.II of the French Commercial Code.* *Any shareholder can be represented by their spouse, common-law partner or another shareholder acting as proxy, but to do so the representative must provide proof of proxy. A shareholder can also be represented, subject to applicable laws, by any natural person or legal entity of his/her choice if the Company shares are admitted for trading on a regulated market or multilateral trading facility. The representative must provide proof of proxy and must provide the grantor of the proxy with the information specified in Article L. 225-106-1 of the French Commercial Code.* *Legal representatives of shareholders who are legally incapacitated and natural persons representing shareholders who are legal entities take part in General Meetings whether they are shareholders or not.* *Any shareholder can submit a postal vote by using a ballot addressed to the Company under the conditions allowed by applicable laws and regulations. The ballot form must be received by the Company three (3) days before the date of the General Meeting in order to be counted.* *Remote voting via an electronic ballot or by electronically signed proxy is governed by applicable laws and regulations, either via secure electronic signature as defined by French Decree no. 2001-271 of March 30, 2001 or via a reliable identification process guaranteeing the provenance of the action.* *Two members of the Works Committee, designated by the Works Committee, if there is one, under the conditions set by law, can attend General Meetings regardless of the status and agenda of the meeting. They must, if they so request, be heard in any deliberations on decisions that require shareholder unanimity."*	*"Every shareholder has the right to attend General Meetings and to take part in the voting in accordance with the conditions set out in the applicable regulations.* *However, this right is contingent on the shares being registered shares or, in the case of bearer shares, upon presentation of proof of the accounting entry of the shares in the name of the shareholder or the intermediary acting on his/her behalf under the conditions and within the deadlines set out in the applicable regulations.* *Every shareholder can vote by post, using a form prescribed for this purpose and sent to the Company, or be represented, under the conditions and within the deadlines set out in the applicable regulations.* *The Board of Directors has the option to decide that shareholders may take part and vote at any meeting by video-conference or any other telecommunication means, or vote remotely via an electronic ballot or by an electronically signed proxy, under the conditions set out in the applicable regulations."*

Twenty-fifth resolution – Powers for formalities

The General Meeting grants full powers to the bearer of copies or extracts of these minutes of proceedings to complete all registrations and formalities required by the applicable law and regulations.

8 ■ ADDITIONAL INFORMATION OF THE UNIVERSAL REGISTRATION DOCUMENT



Verseidag : Biogas

8.1 PERSONS RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT AND THE ANNUAL FINANCIAL REPORT

Statement by the person responsible for the Universal Registration Document

"I hereby certify, that the information contained in this Universal Registration Document is, to the best of my knowledge, accurate and does not contain any omission that could affect its scope.

I hereby certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting principles and present a true and fair view of the assets and liabilities, financial position and earnings of the Company and all of the companies included in the consolidation. I also certify that the management report included from page 129 onward presents a true and fair view of developments in the business activity, earnings and financial position of the Company and all of the companies included in the consolidation and describes the main risks and contingencies with which they are faced."

Sébastien FERRARI
Chairman & CEO
March 24, 2021

8.2 STATUTORY AUDITORS

Identity of the Statutory Auditors

The incumbent statutory auditors are:

GRANT THORNTON represented by Frédéric Jentellet
44 Quai Charles de Gaulle 69006 Lyon

GRANT THORNTON was appointed statutory auditor at the Extraordinary General Meeting of May 16, 2019 for a six-year term ending at the close of the Ordinary General Meeting called to approve the financial statements for the fiscal year ending December 31, 2024.

MAZARS represented by Séverine Hervet
131 Boulevard Stalingrad - Le Premium - 69624 Villeurbanne Cedex

MAZARS was appointed statutory auditor by the General Meeting of April 25, 2007 for the remaining term of its predecessor, who had resigned, ending at the close of the General Meeting called to approve the financial statements for the fiscal year ending December 31, 2008. Its appointment was renewed by the General Meeting of April 29, 2015 for a six-year term ending at the close of the Ordinary General Meeting called to approve the financial statements for the fiscal year ending December 31, 2020.

The alternate statutory auditors are:

Institut de Gestion et d'Expertise Comptable – IGEC (alternate statutory auditor to GRANT THORNTON)
22 Rue Garnier 92200 Neuilly sur Seine
IGEC was appointed alternate statutory auditor at the Extraordinary General Meeting of May 16, 2019 for a six-year term ending at the close of the Ordinary General Meeting called to approve the financial statements for the fiscal year ending December 31, 2024.

Philippe Galofaro
131 Boulevard Stalingrad - Le Premium - 69624 Villeurbanne Cedex
The shareholders at the General Meeting on April 25, 2016 approved the appointment of Philippe Galofaro as alternate statutory auditor to replace resigning alternate statutory auditor Max Dumoulin for the remaining duration of his term of office, i.e. until the close of the Ordinary General Meeting called to approve the financial statements for the fiscal year ending December 31, 2020.

Information regarding resignations and non-reappointment of statutory auditors
No statutory auditor has resigned or been dismissed during the period covered by the historical financial information.

Pending approval by the General Meeting on May 19, 2021, the statutory auditors for fiscal years beginning on or after January 1, 2021 will be as follows:

GRANT THORNTON represented by Frédéric Jentellet
44 Quai Charles de Gaulle 69006 Lyon

GRANT THORNTON was appointed statutory auditor to replace Cabinet Martine CHABERT at the Extraordinary General Meeting of May 16, 2019 for a six-year term ending at the close of the Ordinary General Meeting called to approve the financial statements for the fiscal year ending December 31, 2024.

KPMG SA represented by Sara Righenzi de Villers
51 Rue de Saint-Cyr I 69009 Lyon

Pending approval by the General Meeting on May 19, 2021, KPMG SA will be appointed incumbent statutory auditor for a six-year term ending at the close of the Ordinary General Meeting called in 2027 to approve the financial statements for fiscal year 2026.

The alternate statutory auditors will be:

Institut de Gestion et d'Expertise Comptable – IGEC (alternate statutory auditor to GRANT THORNTON)
22 Rue Garnier 92200 Neuilly sur Seine
IGEC was appointed alternate statutory auditor to replace Didier Vaury at the Extraordinary General Meeting of May 16, 2019 for a six-year term ending at the close of the Ordinary General Meeting called to approve the financial statements for the fiscal year ending December 31, 2024.

SALUSTRO REYDEL (alternate statutory auditor to KPMG SA)
51 Rue de Saint-Cyr I 69009 Lyon
Pending approval by the General Meeting on May 19, 2021, SALUSTRO REYDEL will be appointed alternate statutory auditor to KPMG SA for a six-year term ending at the close of the Ordinary General Meeting called in 2027 to approve the financial statements for fiscal year 2026.

8.3 FEES PAID TO STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORK

Information on fees paid to statutory auditors is set out in Note 33 to the consolidated financial statements.

8.4 INFORMATION ABOUT THE COMPANY

Corporate name

The Company's corporate name is SergeFerrari Group.

Place of registration and registration number

The Company is entered in the Vienne Commercial Register (Registre du Commerce et des Sociétés de Vienne) under number 382 870 277.

Date of incorporation and term

The Company was incorporated for a period of 99 years expiring on June 30, 2090, unless wound up early or extended.

Registered office, legal form, applicable legislation

Initially incorporated as a French limited liability company (*société anonyme*), then transformed into a simplified joint-stock company (*société par actions simplifiée*) by unanimous decision of the shareholders at a meeting held on June 30, 2003, the Company was transformed back into a limited liability company by decision of the April 30, 2014 shareholders' General Meeting.

The Company is governed by present and future applicable laws and regulations, notably the French Commercial Code, as amended from time to time, and the Company's Articles of Association. Due to the nature of its activity, since 2007 it has also complied with the European "REACH" regulations governing manufacturing safety and the use of chemical substances in European industry.

The Company's registered office is at: Zone industrielle de La Tour-du-Pin - 38110 Saint Jean-de-Soudain.
The Company's contact details are as follows:
Telephone: +33(0)4 74 97 41 33
Email: investor@sergeferrari.com
Website: www.sergeferrari.com
LEI: 96950023L46VUM1L8555

Key events in the development of the Company

1973	- TESF (Tissage et Enduction Serge Ferrari) is founded by Serge Ferrari, father of Sébastien Ferrari and Romain Ferrari. - Development starts on the Précontraint® process and the first production line is set up.
1977	The first distribution contract is signed, in Italy.
1980	Sébastien Ferrari joins the Serge Ferrari Group.
1987	The Batyline® (Taraflex) business is acquired, specializing in coating extruded cables for furniture.
1990	Romain Ferrari joins the Serge Ferrari Group.
1991	As part of family succession, Ferrari Participations is formed (corporate name later changed to SergeFerrari Group) by contribution of TESF shares.
1999	A collaboration and license agreement is signed with Solvay to develop an industrial process for recycling PVC materials.
2000	A 50% stake is acquired in Tersuisse (a company based in Lucerne, Switzerland), the main supplier of micro-cables to the Group, as a joint venture with Rhodia Group.
2001	Forbo-Stamoïd, a Group competitor based in Zurich, Switzerland, is acquired in order to expand the range of coating technologies and products (yachting and breathable protection mainly for roofs and facades).
2002	A US marketing subsidiary (Serge Ferrari North America) is created in Kentucky to target the United States and Canada. It is currently the Group's largest subsidiary (based in Florida, with 15 employees and approximately US$15 million revenues in 2017).
2004	A 10% stake is acquired in a marketing subsidiary in Tokyo, Japan (Serge Ferrari Japan), gradually increased to 83% over the following years.
2005	The remaining 50% stake in Tersuisse is acquired (the Company having owned 50% since 2000).
2007	A marketing subsidiary is created in Hong Kong (Serge Ferrari Asia Pacific Ltd) to target China and Southeast Asia.
2008	A 2% stake is acquired in SergeFerrari Group by Banque de Vizille, later becoming CM-CIC Capital Finance (which owns CM-CIC Investissement). The composite materials collection and recycling business is developed through the Texyloop subsidiary created in 2003. Texyloop provides the first mechanical stage involved in recycling collected PVC materials, and sells the PET products resulting from the recycling process.
2008 - 2012	SAP systems are installed at the Tour-du-Pin (France) and Eglisau (Switzerland) sites as part of the Group's streamlining and restructuring program.
2009	Précontraint Ferrari SAS merges with weaving firm Sénéclauze Ainé & Fils.
2011	Following a shareholder restructuring initiative (by creating a controlling holding company called Ferrari Participations), former Ferrari Participations SAS changes its corporate name to SergeFerrari Group SAS.
2012	A marketing subsidiary is opened in Sao Paulo, Brazil (Serge Ferrari Brasil) to target South America.
2013	An exclusive distribution agreement for the Stamisol range is signed in December with the German Würth Group. A strategy committee is formed with three independent (non-company) members.
2014	Merger by absorption of Précontraint Ferrari SAS by Serge Ferrari SAS (formerly TESF). The Company is transformed into a limited liability company with a Board of Directors. Initial public offering (IPO) on Euronext Paris – Compartment C ISIN: FR0011950682 Symbol: SEFER
2015	Deployment of SAP at Emmenbrücke Hiring of sales staff Refinancing and strengthening of credit facilities
2016	Acquisition of a 51% equity stake in GIOFEX Group srl Review of strategic plan and sales/marketing organization
2017	Acquisition of a 100% equity stake in PLASTITEX SpA Acquisition of the business operations of FERRATEKS (Turkey) and Milton (UK) Start of operations at Serge Ferrari Shanghai (China), Serge Ferrari India Private Limited (India), and Serge Ferrari GmbH
2018	Sale of a 40% equity stake in Vinyloop Ferrari SpA Two new members join the Executive Committee as Chief Industrial Operations Officer and CEO-Research & Development
2019	Plan to focus on four strategic markets and improve operating margins
2020	Acquisition of a 55% equity stake in F.I.T. Industrial Co Ltd (Taiwan) and acquisition of Verseidag-Indutex (Germany) and its subsidiaries.

8.5 INFORMATION ON THE CAPITAL STOCK

8.5.1 SHAREHOLDER STRUCTURE AT DECEMBER 31, 2020 AND DURING THE PRIOR TWO FISCAL YEARS

Ferrari Participations and Serge Ferrari Industries are ultimately controlled by Sébastien Ferrari and Romain Ferrari.

	31-déc-20			31-déc-19			31-déc-18		
	Shares	% Capital	% of voting rights	Shares	% Capital	% of voting rights	Shares	% Capital	% of voting rights
Ferrari Participations	7 075 015	57,52 %	59,2%	7 075 015	57,52%	66,8%	6 755 315	54,92%	65,1%
Serge Ferrari Industries	1 229 926	10,00 %	13,1%	1 229 926	10,00 %	5,9 %	1 229 926	10,00%	5,9 %
Sébastien Ferrari	39 791	0,32 %	0,4 %	99 791	0,81 %	0,96 %	104 791	0,85 %	1,0 %
Romain Ferrari	313 443	2,55 %	3,3 %	353 443	2,87 %	3,42 %	423 134	3,44 %	4,1 %
subtotal concert Ferrari	***8 658 175***	***70,4 %***	***76,0%***	***8 758 175***	***71,2%***	***77,2%***	***8 513 166***	***69,2%***	***76,1%***
Other directors	144 140	1,2 %	1,0 %	44 140	0,36 %	0,3 %	44 140	0,4 %	0,3 %
Other shareholders	3 011 873	24,5 %	23,0%	3 028 917	24,63%	22,5%	3 280 085	26,7%	23,6%
Other treasury shares	485 071	3,9 %	0,0 %	468 027	3,81 %	0,0 %	461 868	3,8 %	0,0 %
Total	**12 299 259**	**100,0 %**	**100,0%**	**12 299 259**	**100,0%**	**100,0%**	**12 299 259**	**100,0%**	**100,0%**

To the Company's knowledge, the following non-family shareholders held over or around 5% of the capital stock as of December 31, 2020:

- FCP ETI 2020 (BpiFrance): 5.45% of the shares
- Crédit Mutuel Equity (former CM-CIC Investissement): 4.80% of the shares

In a statement dated February 18, 2021, Crédit Mutuel Equity informed the Company that, following the sale of 147,037 shares, its interest had fallen below the threshold of 5% of voting rights and now represented 3.6% of the capital stock and 2.29% of voting rights.

Pledges

Pledges of Company shares

To the Company's knowledge and as of the filing date of this Universal Registration Document, the only pledge of SergeFerrari Group shares granted to a financial institution concerns the 851,063 SergeFerrari Group shares internally reclassified on June 10, 2016. This pledge was increased to 4,167,203 SergeFerrari Group shares pursuant to the provisions of the financing contract.

Pledges of Company assets

As of the date of this Universal Registration Document, a pledge of all Serge Ferrari SAS shares held by SergeFerrari Group had been granted to banks in relation to the loans contracted by the Company on July 28, 2015 (see Section 5.4.).

8.5.2 INFORMATION ON CONTROL OF THE COMPANY'S CAPITAL STOCK

Sébastien Ferrari, Ferrari Participations, which the former controls, Serge Ferrari Industries controlled by Ferrari Participations and Romain Ferrari have declared that they are acting in concert within the meaning of Article L. 233-10 of the French Commercial Code.

The Company has not implemented any measures to ensure that control is not abused. However, more than half of the Board members are independent directors.

In the event of a change in the control of SergeFerrari Group, the Company's banks could require the immediate repayment of medium-term credit facilities of which €64.5 million had been drawn at December 31, 2020.

The Board of Directors is mindful about the votes expressed by all shareholders and pays particular attention to the outcome of voting at General Meetings excluding the votes expressed by the two executives Sébastien Ferrari and Romain Ferrari and the companies they control. As such, at the General Meeting of May 14, 2020, the majority of minority shareholders voted in favor of the resolutions submitted for their approval.

8.5.3 CAPITAL STOCK

The capital stock, fully subscribed and paid up, amounted to €4,919,703.60 at December 31, 2020. It is divided into 12,299,259 shares with a par value of €0.40 each.

Each share grants the right to ownership of the corporate assets and a share in the profits and liquidation surplus in proportion to the amount of capital stock that it represents.

As of December 31, 2020 there were no securities granting access to the capital stock, shares not representing capital stock, or stock options.

At its meeting on March 14, 2016, the Board of Directors reviewed the conditions for implementing a bonus share plan for the period from April 2016 to April 2018 for a maximum of 200,000 shares. The corresponding resolution was submitted to the shareholders for approval at the General Meeting of April 25, 2016. The General Meeting of April 25, 2016 approved this resolution and the bonus share plan was implemented by the Board of Directors from June 15 and from September 15, 2016 for a potential allotment of 109,000 shares. During fiscal year 2018, 43,980 shares vested representing 0.35% of the capital stock. On the filing date of this Universal Registration Document, there was no outstanding bonus share plan.

Changes in capital stock since the Company's foundation

Date	Nature of operations (in euros unless otherwise indicated).	Amount of the operation	Share premium	Number of shares created	Nombre d'actions composant le capital social	Nominal value	Amount of share capital after the operation
02/09/1991	Constitution (en FRF)	17 184 000	---	171 840	171 840	100,00	17 184 000
10/05/1991	Cancellation of shares following the SEROM merger (in FRF)	-5 900 000	---	-59 000	112 840	100,00	11 284 000
10/05/1991	Capital increase (in FRF)	5 650 000	---	56 500	169 340	100,00	16 934 000
25/04/2001	Capital increase by incoporation of reserves (in FRF)	66 000	---	660	170 000	100,00	17 000 000
25/04/2001	Increase in nominal value by incorporation of reserves (in FRF)	5 302 538	---	0	170 000	131,19	22 302 538
25/04/2001	Conversion to Euro	---	---	0	170 000	20,00	3 400 000
09/06/2008	Capital increase	69 380,00	1 930 602,57	3 469	173 469	20,00	3 469 380
30/04/2014	Division of the nominal value by 50 (Par value split by 50)	---	---	8 499 981	8 673 450	0,40	3 469 380
24/06/2014	Capital increase (open price offer and global placement)	1 101 068,80	31 930 995,20	2 752 672	11 426 122	0,40	4 570 488,80
24/06/2014	Capital increase reserved for CM CIC investissement	166 666,40	4 833 325,60	416 666	11 842 788	0,40	4 737 115,20
18/07/2014	Capital increase (over-allotment option) over-allotment option)	162 198,40	4 703 753,60	405 496	12 248 284	0,40	4 899 313,60
28/07/2014	Capital increase reserved for employees	20 390,00	468 970,00	50 975	12 299 259	0,40	4 919 703,60

8.5.4 DOUBLE VOTING RIGHTS

A double voting right was introduced for all shares held in registered form for at least two years as from the admission of the Company's shares to trading on the Euronext Paris regulated market on June 24, 2014.

The table presented in Section 8.5.1. shows the percentage of capital stock and voting rights held by the shareholders.

8.5.5 MEMORANDUM AND ARTICLES OF ASSOCIATION

8.5.5.1 Corporate purpose

The Company's objects are:

- financial participation by any means, including by contribution, subscription or purchase of shares or units, merger or business combination, in any existing or future French or foreign groups, companies or businesses operating, in particular, in the design, manufacturing and/or distribution of innovative composite materials and associated systems and their recycling;
- the purchase, sale and management of any securities;
- the management, control and coordination of subsidiaries and equity interests;
- the management and exploitation of intellectual property rights;
- consulting on sales organization, marketing and public relations, and provision of all services in the fields of commerce, administration, finance or information technology;
- acceptance and exercise of any administrative, management, control or consulting assignments, engineering, research, development of all management resources and assistance to businesses related to the Company;
- the management of financial investments and any interests in any companies.

8.5.5.2 Provisions of the Articles of Association and other arrangements relating to the members of executive and management bodies

See Section 3. "Corporate governance" of this Universal Registration Document.

8.5.5.3 Rights, preferences and restrictions attached to shares in the Company

- **Form of shares (Article 10 of the Articles of Association)**

  Fully paid-up shares may be registered or bearer shares, at the choice of the shareholder, except where the applicable laws and regulations require them to be registered. (…)

- **Voting rights (Articles 12.1 and 30.2)**

  The voting right attached to shares is proportional to the share of capital that they represent. Each share entitles the holder to one vote.

  However, a double voting right (i.e. double that conferred on other shares with regard to the percentage of capital stock that they represent) is attached to all other fully paid-up shares that can be proven to have been held in registered form for at two (2) years in the name of a given shareholder, counting from the date that the Company shares were first listed on a regulated market or on an organized multilateral trading system.

  In the event of a capital increase through the capitalization of reserves, profits or issue premiums, the double voting right is conferred, immediately upon issuance, on all registered shares allotted to a shareholder in respect of their existing double voting shares.

- **Rights to dividends, profits and liquidation surplus (Articles 12.1, 36 and 37)**

  Each share confers a right to the Company's profits, assets and liquidation surplus in proportion to the fraction of capital that it represents. (…)

  At least five percent (5%) of the profits of a fiscal year, less any retained losses brought forward, must be set aside to form a fund called the "legal reserve". This set-aside ceases to be mandatory when the value of the legal reserve amounts to one-tenth of capital stock.

  Distributable profit consists of the profit for the fiscal year, minus eligible previous losses and minus the aforementioned set-aside, in accordance with law and the Articles of Association, plus any retained earnings.

  The General Meeting may deduct any sums from distributable profit that it considers appropriate to form any optional, ordinary or extraordinary reserves or to allocate to retained earnings.

  The balance, if any, is distributed by the General Meeting among all shareholders in proportion to the number of shares held by each one.

  The General Meeting can also decide to distribute available sums taken from reserves, specifying the reserve accounts from which such sums are taken. However, dividends are taken, as a priority, from the distributable profit of the fiscal year.
  Except in the case of a capital reduction, no distribution may be made to shareholders if shareholders' equity is, or would be after doing so, less than the sum of capital plus reserves that are prohibited by law or the Articles of Association from being distributed. Revaluation gains are not distributable. They may be partly or fully capitalized. (…)

  If a statement of financial position prepared during or at the end of the period and certified by a statutory auditor reveals that since the previous period-end, after constituting the necessary depreciation charges and provisions and after deducting any previous losses as well as the amounts to be posted to reserves, in accordance with the law and Articles of Association, the Company has made a profit, this profit may be distributed as interim dividends before the financial statements for the period have been approved. The interim dividends must not exceed the profit as defined above.

  The methods for paying out dividends in cash are set by the General Meeting or, otherwise, by the Board of Directors.

  Any dividends payable in cash must be paid out no later than nine months after the end of the fiscal year, unless this deadline has been extended by court order. (…)

- **Deadline for claiming dividends (Article 37)**

  Dividends not claimed within five (5) years of being paid out are barred.

  In accordance with Article L. 1126-1 of the French General Public Property Code, the dividend pay-outs affected by the 5-year bar accrue to the State.

- **Right to liquidation surplus (Article 12.1)**

  Each share confers a right to the Company's profits, assets and liquidation surplus in proportion to the fraction of capital that it represents.

- **Preferential subscription rights (Article 8)**

  Shareholders have, in proportion to the number of shares that they hold, preferential rights to subscribe, in cash, for shares issued for the purpose of a capital increase. They may individually waive such rights. An Extraordinary General Meeting can decide, subject to applicable laws, to remove this preferential subscription right.

- **Limitation on voting rights**

  None.

- **Identifiable bearer securities (Article 10)**

  In order to identify the owners of bearer shares, the Company is at all times entitled, at its own expense and in accordance with the conditions and methods laid down by the statutory and regulatory provisions, to request that the central depositary keeping its share issue account disclose the identity (name or corporate name, nationality, year of birth or incorporation, and address) of the owners of shares conferring immediate or future voting rights at shareholders' General Meetings, as well as the number of shares held by each of them and any restrictions relating to the shares. The Company, having followed the procedure described above and with regard to the list provided by the central depositary, is entitled to request - directly or through the central depositary, under the conditions and subject to the penalties provided in Article L. 228-3-2 of the French Commercial Code - the persons on that list whom the Company believes may be registered on behalf of a third party, to disclose information about the owners of the securities. The information obtained by the Company may not be disclosed to third parties, even free of charge, under pain of criminal sanctions.

- **Purchase by the Company of its own shares**

  See Section 5.2.1.4 of this Universal Registration Document.

8.5.5.4 Procedure for modifying shareholders' rights

Only an Extraordinary General Meeting is authorized to amend any provisions of the Articles of Association. It may not, however, increase shareholders' commitments unless resulting from a duly executed reverse stock split.

8.5.5.5 General meetings of shareholders

General meetings are convened and vote under the conditions laid down in applicable laws and regulations.

Shareholders' collective decisions are taken in ordinary, extraordinary or special General Meetings depending on the nature of the decisions they are asked to take.

Special Meetings convene the holders of a given class of shares or securities to approve a change to the rights attached to that class of shares or securities.

The decisions of General Meetings bind all shareholders, including those absent, dissenting or incapacitated.

- **ARTICLE 25 - CONVENING AND LOCATION OF GENERAL MEETINGS**

  General meetings are convened by the Board of Directors, the statutory auditors, or by an administrator appointed by court order pursuant to applicable laws.
  If not all the shares are in registered form, before starting the procedure to convene a General Meeting the Company must publish a notice in the official gazette (Bulletin des Annonces Légales Obligatoires) containing the text of the resolutions that will be submitted to the meeting thirty-five (35) days before the meeting.
  The notice is published fifteen (15) days before the meeting by being inserted in a newspaper authorized to publish legal announcements in the *département* (region) of the registered office and, as the case may be, in the official gazette.
  Owners of registered shares who have owned them for at least one month on the date that the notice of meeting is published are convened by ordinary mail fifteen (15) days before the meeting. The notice of meeting can also be sent by electronic means, subject to applicable laws and regulations, to the address indicated by the shareholder.
  Meetings are held at the registered office or at any other place specified in the notice of meeting.
  When a meeting cannot validly pass resolutions due to the lack of quorum, a second meeting and if necessary a postponed second meeting shall be convened in the same form as the first and with at least ten (10) days notice. The notice of meeting or invitation letters for the second meeting shall restate the date and the agenda of the first meeting. If the meeting is adjourned by court order, the judge may set a different date.
  Notices of meeting must mention the information required by law, notably the agenda, the Company's email address to which shareholders' written questions can be sent, and, if applicable, a reminder of the requirement to obtain the prior opinion or consent of the owners of securities giving access to capital.

- **ARTICLE 26 - AGENDA - WRITTEN QUESTIONS**

  The agenda of the meeting is set by the author of the notice of meeting.
  One or more shareholders, acting under the conditions and deadlines set by law, are entitled to request, by registered mail with return receipt or by email, that items or draft resolutions be included in the meeting agenda in accordance with applicable laws and regulations.
  The reasons for the inclusion of an item on the agenda must be explained. If the request concerns an amendment to or the inclusion of a draft resolution, the wording of the proposed resolution must be included and may be accompanied by a brief explanation of the reasons why it is being proposed.
  The originators of the request must also include proof that they are listed in the shareholder register or a qualifying securities account. The agenda point or resolution will be raised at the meeting only if a further certificate or affidavit is received proving, on the same terms as above, that the requesting persons are shareholders at zero hour (Paris time) on the third business day preceding the date of the General Meeting.
  The Works Council may also demand resolutions to be included on the agendas of General Meetings in accordance with applicable laws and regulations.
  The meeting may not vote on any matter that is not included on the agenda. However, it may under any circumstances remove one or more members of the Board of Directors from office and replace them.
  Any shareholder may submit written questions to the Board of Directors. Written questions must be sent to the registered office by registered mail with return receipt, addressed to the Chairman of the Board of Directors, or sent electronically to the address indicated in the notice of meeting no later than the fourth business day preceding the date of the General Meeting.
  The Board of Directors must answer the written questions during the General Meeting. An answer may cover several questions if they have the same content. In any case, a written question is deemed to have been answered if the question and answer appear on the Company's website under Q&As.

- **ARTICLE 27 - ADMISSION TO MEETINGS - POWERS**

  Subject to approval at the General Meeting of May 19, 2021, the new wording of Article 27 will be as follows:

  Every shareholder has the right to attend General Meetings and to take part in the voting in accordance with the conditions set out in the applicable regulations.
  However, this right is contingent on the shares being registered shares or, in the case of bearer shares, on presentation of proof of the accounting entry of the shares in the name of the shareholder or the intermediary acting on his/her behalf under the conditions and within the deadlines set out in the applicable regulations.
  Every shareholder can vote by post, using a form prescribed for this purpose and sent to the Company, or be represented, under the conditions and within the deadlines set out in the applicable regulations.
  The Board of Directors has the option to decide that shareholders may take part and vote at any meeting by video-conference or any other telecommunication means, or vote remotely via an electronic ballot or by an electronically signed proxy, under the conditions set out in the applicable regulations.

- **ARTICLE 28 - SHAREHOLDERS' RIGHT TO INFORMATION**

  Every shareholder has the right to obtain the documents necessary for his/her to understand and make an informed judgment about the management and running of the Company.
  The nature of these documents and the conditions for delivering or making them available are defined by the applicable laws and regulations.

- **ARTICLE 29 - ATTENDANCE SHEET - OFFICERS - MINUTES**

  An attendance sheet duly signed by all shareholders present and proxies, to which all proxy and postal voting forms are attached, is certified as accurate by the officers of the meeting.

  General meetings are chaired by the Chairman of the Board of Directors or, in his absence, by a Vice Chairman or director specially appointed for the purpose by the Board of Directors. Failing this, the General Meeting itself can elect a person to chair the meeting.
  The duties of teller are performed by the two shareholders, present at the start of the meeting and willing to perform such duties, who represent the greatest number of votes both on their own behalf and as proxies.
  The meeting officers shall appoint a secretary, who may or may not be a shareholder.
  The minutes of the meeting shall be drawn up. Copies or excerpts of these minutes shall be issued and certified in accordance with the law.

- **ARTICLE 30 - QUORUM - MAJORITY**

30.1 Quorum is calculated on the basis of all shares comprising the capital stock that carry voting rights, except at Special General Meetings, where quorum is calculated on the basis of the shares or securities of the particular class concerned. In all cases, shares or securities stripped of voting rights for legal reasons are excluded from the quorum calculation.
In the case of postal voting, the quorum calculation considers only duly completed postal voting forms received by the Company no later than three (3) days before the meeting.

30.2 The voting right attached to shares is proportional to the fraction of capital they represent. Each share entitles the holder to one vote.
However, a double voting right (i.e. double that conferred on other shares with regard to the percentage of capital stock that they represent) is attached to all other fully paid-up shares that can be proven to have been held in registered form for at two (2) years in the name of a given shareholder, counting from the date that the Company shares were first listed on a regulated market or on an organized multilateral trading system.
In the event of a capital increase through the capitalization of reserves, profits or issue premiums, the double voting right is conferred, immediately upon issuance, on all registered shares allotted to a shareholder in respect of their existing double voting shares.

8.5.5.6 Provisions for delaying, deferring or preventing a change of control

None.

8.5.5.7 Crossing of thresholds established by the Articles of Association (Article 12.4)

In accordance with Article L. 233-7 of the French Commercial Code and the Company's Articles of Association, if the number of shares held by any natural person or legal entity acting alone or in concert exceeds the threshold of one fortieth (2.5%) of the capital stock or voting rights, such person or entity must inform the Company within the deadlines applicable to the crossing of statutory thresholds referred to in the previous section, counting from the date on which the total number of shares or voting rights held by the person exceeded the shareholding threshold. This information shall also be disclosed within the same time limits when the number of shares or voting rights falls below the aforementioned thresholds.

In accordance with Article L. 233-7 VI of the French Commercial Code, if a shareholder fails to disclose the fact that they have crossed the threshold of 2.5% of the capital stock or voting rights stipulated by the Articles of Association, they may be stripped of the voting rights attached to the undisclosed excess shares for a period of two years counting from the date on which the required disclosure is made. The decision to strip voting rights falls under the jurisdiction of the Chairman of the shareholders' General Meeting, provided that his/her shareholding represents at least two-and-a-half per cent (2.5%) of capital stock or that he/she is requested to do so by one or more shareholders satisfying the same condition.

8.5.5.8 Special stipulations governing changes to capital

None.

8.5.6 SERGEFERRARI GROUP SHARE PRICE AND TRADING VOLUMES

The SergeFerrari Group share is listed on Euronext Paris (Compartment C).

	High (€)	Low (€)	Closing (€)	Volume (no. of shares traded)	Volume (€'000)	Average price (€)
January 2019	6.30	5.54	5.72	35,092	208	5.92
February 2019	5.72	4.93	5.16	92,417	468	5.06
March 2019	5.50	4.90	4.98	117,771	604	5.13
April 2019	6.75	4.82	6.00	271,657	1,460	5.38
May 2019	6.35	5.50	5.55	49,242	286	5.81
June 2019	5.95	5.30	5.50	41,890	239	5.70
July 2019	5.90	5.45	5.80	150,712	859	5.70
August 2019	5.80	5.65	5.70	49,513	284	5.73
September 2019	6.55	5.65	6.35	149,540	906	6.06
October 2019	6.45	5.70	5.90	62,971	391	6.20
November 2019	6.20	5.65	5.95	67,086	405	6.03
December 2019	6.10	5.50	6.10	89,435	520	5.82
January 2020	6.50	5.85	6.05	62,548	384	6.15
February 2020	6.35	5.45	5.50	48,168	289	5.99
March 2020	5.90	3.30	3.94	77,152	341	4.42
April 2020	4.86	3.92	4.52	62,081	256	4.13
May 2020	11.30	3.99	6.16	1,802,547	13,857	7.69
June 2020	7.84	5.46	6.26	748,133	4,763	6.37
July 2020	7.10	5.30	5.64	415,604	2,584	6.22
August 2020	5.76	5.30	5.48	70,244	387	5.51
September 2020	6.46	5.40	5.84	168,317	1,004	5.97
October 2020	6.88	5.10	5.82	479,075	2,949	6.16
November 2020	6.38	5.30	6.14	274,962	1,588	5.78
December 2020	6.70	5.58	5.94	186,808	1,131	6.05

8.5.7 PROFIT-SHARING AND STOCK OPTIONS FOR EXECUTIVES AND DIRECTORS

The following table shows the Company shares directly held by Board members as of the filing date of this Universal Registration Document. Note that as of December 31, 2020, no other securities exist giving access to Company capital:

Directors	Number of shares	% interest	% voting rights
Sébastien Ferrari	39,791	0.3%	0.4%
Romain Ferrari	313,434	2.5%	3.3%
Philippe Brun	134,650	1.1%	0.9%
Victoire Ferrari	8,650	0.1%	0.1%
Karine Gaudin	240	0.0%	0.0%
Bertrand Neuschwander	0	0.0%	0.0%
Christophe Graffin	0	0.0%	0.0%
Carole de Chilly	0	0.0%	0.0%
Caroline Weber	600	0.0%	0.0%
Bertrand Chammas	0	0.0%	0.0%

Sébastien Ferrari's and Romain Ferrari's shareholdings in the Company, in addition to their direct holdings as shown in the table above, include indirect holdings through Ferrari Participations, of which they own 66.7% (including 8% under beneficial ownership) and 33.3% (including 4% under beneficial ownership) respectively and which itself holds a 67.5% controlling interest, directly or indirectly, in the Company (see Section 8.5.1 of this Universal Registration Document).

8.5.8 EMPLOYEE EQUITY INTERESTS IN THE COMPANY'S CAPITAL STOCK

Since December 6, 2011, the employees of Serge Ferrari SAS and of the Economic and Social Unit consisting of Serge Ferrari SAS and Texyloop SAS, of which Serge Ferrari SAS is the main constituent, are covered by a Company Savings Plan (Plan d'Epargne Entreprise – PEE) and a Collective Retirement Savings Plan (Plan d'Epargne de Retraite Collectif – PERCO) both invested in a number of employee mutual funds (Fonds Communs de Placement Entreprise – FCPE). At its stock-market listing in June 2014, the Company wished to allow access to its capital stock for employees of the Economic and Social Unit. A capital increase was reserved for employees, with the statutory 20% discount on the issue price. A special-purpose FCPE employee mutual fund was instituted (the FCPE Serge Ferrari Actionnariat), invested exclusively in shares of the Company. Its principles and methods of operation are identical to those of the other FCPEs in which the PEE company saving scheme is invested: the operating costs are paid by Serge Ferrari SAS, while virtually all the flows into the FCPEs are supplied by voluntary payments or payments from the special profit-share reserve. Serge Ferrari SAS tops up voluntary payments with a bonus payment and each year a contract rider is signed by Serge Ferrari SAS and the social partners. Under a rider signed in April 2016, employees are allowed to allocate a fraction of their residual paid leave to this Company Savings Plan.

32,700 SergeFerrari Group shares were held by the Company employee mutual fund (FCPE) as of the filing date of this Universal Registration Document.

8.5.9 INCENTIVE AND PROFIT-SHARING AGREEMENTS

Since December 16, 2004, the employees of Serge Ferrari SAS have benefited from a profit-sharing agreement. On April 9, 2010, a rider to this agreement was signed in order to bring its provisions into compliance with legislative amendments enacted since its execution.

At time of writing, Serge Ferrari SAS does not have an incentive agreement within the meaning of Articles L. 3311-1 et seq. of the French Labor Code.

8.6 DOCUMENTS AVAILABLE

Copies of this Universal Registration Document may be obtained free of charge from the Company's registered office at Zone industrielle la Tour-du-Pin - 38110 Saint-Jean-de-Soudain, France. This Universal Registration Document can also be consulted on the Company's website **(www.sergeferrari.com)** and on the AMF website **(www.amf-france.org).**

The Articles of Association, minutes of General Meetings and other Company documents, as well as historical financial information and all assessments and reports issued by an expert at the Company's request that are required to be available to the shareholders, in accordance with applicable laws, can be consulted free of charge at the Company's registered office.
The information required pursuant to the AMF General Regulation is also available on the Company's website **(www.sergeferrari.com).**

This Universal Registration Document incorporates the following information by reference, which readers are advised to consult:

- reports by Mazars and Grant Thornton dated March 12, 2020 on the consolidated financial statements and the parent company financial statements for the fiscal year ended December 31, 2020 provided, along with the corresponding historical financial statements, respectively from pages 201 onward and from pages 225 onward of the registration document filed with the AMF on March 19, 2019;
- reports by Mazars and Grant Thornton dated March 16, 2020 on the consolidated financial statements and the parent company financial statements for the fiscal year ended December 31, 2019 provided, along with the corresponding historical financial statements, respectively from pages 201 onward and from pages 225 onward of the registration document filed with the AMF on March 31, 2020.

8.7 CROSS-REFERENCE TABLES

8.7.1 TABLE OF CROSS REFERENCES WITH THE UNIVERSAL REGISTRATION DOCUMENT

This cross-reference table reproduces the headings of Annexes I and II of Commission Delegated Regulation (EU) No. 2019/980 of March 14, 2019 and refers to the pages of this Universal Registration Document where information relating to each of these headings is mentioned.

		Registration Document	Page
1.	**Persons responsible for the information provided in the Universal Registration Document**	8.1	248
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10.4.	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, the issuer's operations	5.4.7	155
10.5.	Information regarding anticipated sources of funds	5.4.8.	155
11.	**Research and development, patents and licenses** **Description of the issuer's research and development policies**	1.3 & 1.5	13 & 19

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12.2.	Information on any known trends or trends likely to have a material effect on the issuer's prospects	5.5	155
13.	**Profit forecasts or estimates**	N/A	N/A
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17.3.	Arrangements for involving the employees in the issuer's capital	N/A	N/A
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22.	**Material contracts**	**5.6**	**156**
23.	**Third-party information, statements by experts and declarations of interest**		
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23.2.	Confirmation regarding the accurate reproduction of information in the registration document	N/A	N/A
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8.7.2 TABLE OF CROSS REFERENCES WITH THE ANNUAL FINANCIAL REPORT

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		Section	Page
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7.	Statement of natural persons responsible for the annual financial report	8.1	248

8.7.3 TABLE OF CROSS REFERENCES WITH THE MANAGEMENT REPORT PREPARED BY THE BOARD DIRECTORS FOR THE ANNUAL GENERAL MEETING.

This cross-reference table refers to the sections of the Universal Registration Document containing the information required for the Board's management report to the General Meeting as provided for by Articles L. 225-100 et seq., Article L. 232-1 and Articles R. 225-102 et seq. of the French Commercial Code.

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■ Main risks and contingencies to which the Company and Group are exposed	4	119
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Information required for the SergeFerrari Group SA management report	Section	Page
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■ In the event of a grant of stock options, mention of whether the Board of Directors decided to (i) prohibit the directors from exercising their options until the termination of their duties or (ii) require them to retain all or some of the shares resulting from the exercise of their options in registered form until the termination of their duties	3.2.2	100
■ Summary of transactions in the Company's shares carried out by directors and related persons	8.5.7.	260
■ In the event of a bonus share allotment, mention of whether the Board of Directors decided to (i) prohibit the directors from selling or transferring their bonus shares until the termination of their duties or (ii) require them to retain all or some of the shares in registered form until the termination of their duties	3.2.2	100
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8.8 GLOSSARY

LCA (Life Cycle Analysis):

Life Cycle Analysis adds to the understanding of the sustainability of the system studied. It does not include economic and social factors. The systems studied are considered to be running normally, so accidents are excluded. Impact studies apply to the biosphere and not to the technosphere. What happens in the product environment is therefore not examined.

PET (polyethylene terephthalate):

A saturated polyester plastic, as opposed to a thermoset polyester. This polymer is obtained by polycondensation of terephthalic acid with ethylene glycol. Despite its name, it shares no similarities with polyethylene and does not contain phthalate. This plastic is mainly used to make bottles, jars, pots, films and sheets, fibers, etc. As part of the thermoplastic family, it is recyclable.
When extruded or drawn under tension, the amorphous polyester produces a film with biaxial semicrystalline properties. This film is very strong under tension, highly stable and transparent and an excellent electrical insulator.

PVC (polyvinyl chloride):

A popular thermoplastic polymer, amorphous or slightly crystalline, generally known as PVC. It is produced from two raw materials, 57% salt and 43% petroleum. PVC is the only widely used plastic comprising over 50% mineral-based raw materials found in abundance in natural sources.

Serge Ferrari
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