Serge Ferrari group

# 2021

## Universal Registration Document

**Including the annual financial report**

# 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 the 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” and “may”. 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 competitive positions, including information on market 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 they 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 this data by sizing and segmenting the markets in which it operates. This work was conducted with methodological support from a strategy consulting firm and with significant involvement from the sales and marketing teams. Every year, the Group reviews these estimates. 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 is solely derived from Group estimates, it does not comprise official data. The Group updates and fine-tunes market data as part of its ongoing strategic process.

# Contents



Items of the annual financial report are cross-referenced in the table of contents using the pictogram AFR


**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

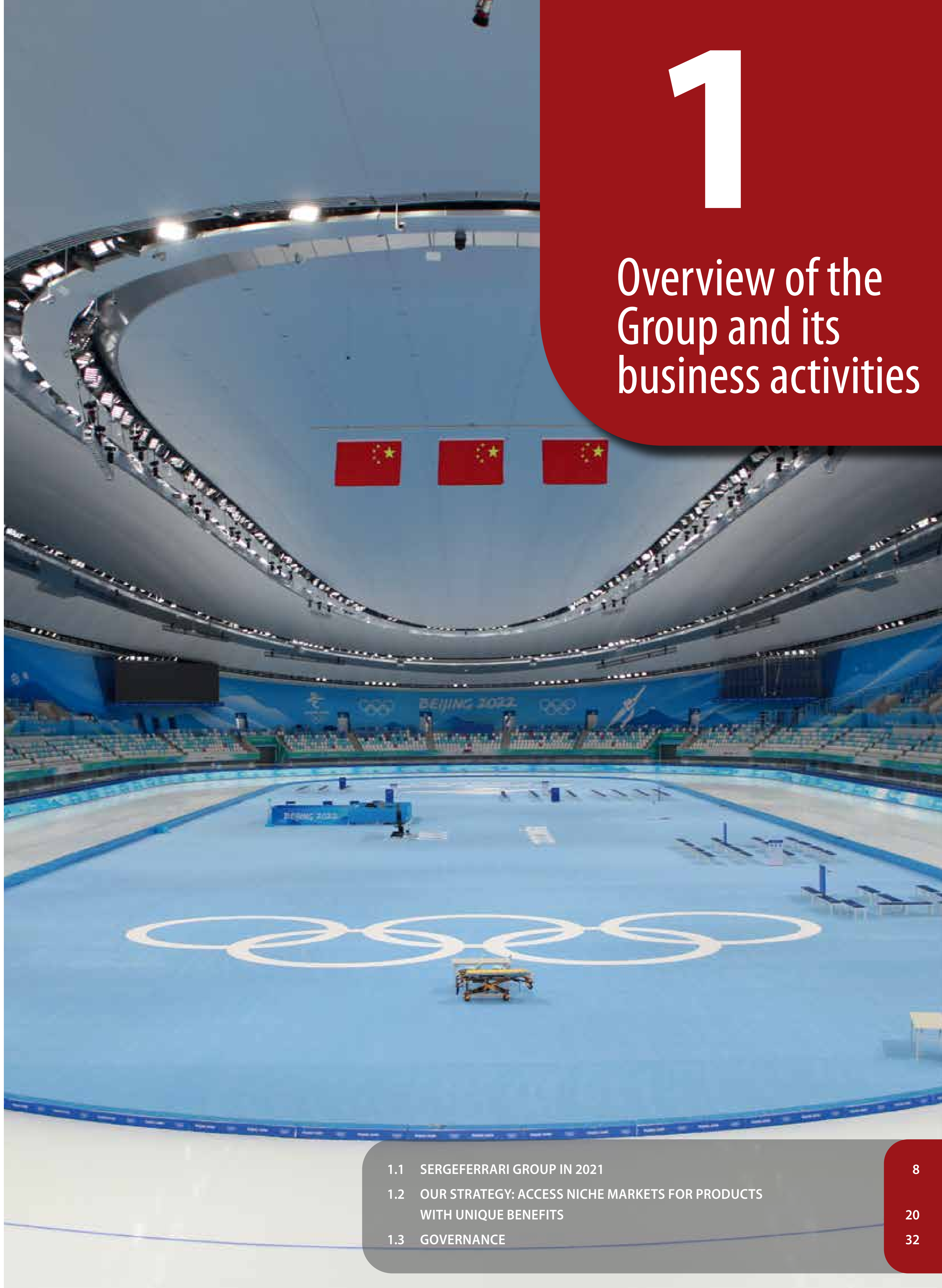

## 2021 UNIVERSAL REGISTRATION DOCUMENT

Including the annual financial report

AUTORITÉ DES MARCHÉS FINANCIERS

This Universal Registration Document was filed on March 15, 2022 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).*




# 1 Overview of the Group and its business activities



BEIJING SKATING RINK | TENSILE ARCHITECTURE

1.1
# SergeFerrari Group in 2021

## Key figures

### Structure

**6 PRODUCTION SITES**
- 1 France
- 2 Switzerland
- 1 Italy
- 1 Germany
- 1 Taiwan

**SUBSIDIARIES AND SALES OFFICES IN**
**12 countries**

### Sales

**80**
**COUNTRIES**

**4,000+**
**CUSTOMERS**

### Performance

**€286 MILLION**
**2021 REVENUES**

### Headcount

**1,000+**
**EMPLOYEES**

**57%** outside France

**41%** < 5 years of service

**46%** > 10 years of service

**60%** working in production

### Innovation

**5**
**RESEARCH CENTERS**

**50**
**R&D TECHNICIANS**

**40**
**PATENTS**

The Group designs, manufactures and distributes high-tech, innovative, eco-responsible composite materials whose unique characteristics enable applications that meet the major technical and societal challenges of today and tomorrow.



# Our business

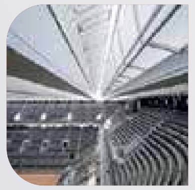
*La Tour du Pin production plant (France)*

## The Serge Ferrari Group designs, develops and manufactures innovative composite materials for lightweight architectural and outdoor applications

Intended primarily for four strategic global markets – **solar protection, tensile architecture, modular structures, marine & furniture** – our high-end solutions combine **durability, safety, design, comfort and eco-responsibility**.

They share significant potential for development and innovation in a variety of construction and landscaping applications, from everyday needs to the most spectacular projects.

# Our 4 strategic markets

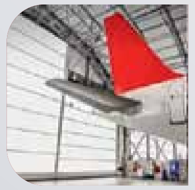


### > Tensile architecture

- Tensile roofing
- Shade structures
- Facades
- Acoustic solutions

### > Solar protection

- Interior blinds
- Exterior blinds
- Terraces



### > Modular structures

- Halls and industrial buildings
- Light structures, tents
- Outdoor accommodation and lodges

### > Marine & Furniture

**Furniture:**

- Sling seats
- Covers

**Marine:**

- Equipment protection
- Crew protection
- Upholstery

AIRBUS GROUP REGISTERED OFFICE, BLAGNAC, FRANCE | SOLAR PROTECTION

# Executive message

**Sébastien Ferrari**

**Chairman of the Supervisory Board**

In 2021, the Group consolidated its commercial positions and adapted its governance structure in an effort to ensure the sustainable development of its business.

2021 will have been a year of significant development for SergeFerrari Group, and I would like to thank all of the Group's teams for the performance achieved during what will be my last year managing the operations of the family business. As Chairman of the Supervisory Board, and together with other members of the family and the Board, I will continue to oversee the Group's development, as managed by the Executive Board, who have an in-depth knowledge of the Group and have made a significant contribution to its growth in recent years. At the end of 2021, SergeFerrari Group has returned to sustained growth, compensated for the consequences of the health crisis on its business volumes, integrated two structuring acquisitions, begun streamlining its industrial structure and strengthened its governance. The Group is building momentum and is ideally positioned to achieve its medium-term goals.

This strong momentum was coupled with a change in governance, the result of considered reflection. We have sought to implement it gradually in order to guarantee the stability and sustainability of the Group's growth. Over these past few years, Sébastien Baril and Philippe Brun have amply demonstrated their commitment to our values, their leadership and their ability to transform our model to deal with the multi-faceted issues confronting our sector. We are sure that, drawing on their solid expertise and experience, they will be able to meet the challenges of the future.

**Sébastien Baril**

**Chairman of the Executive Board**

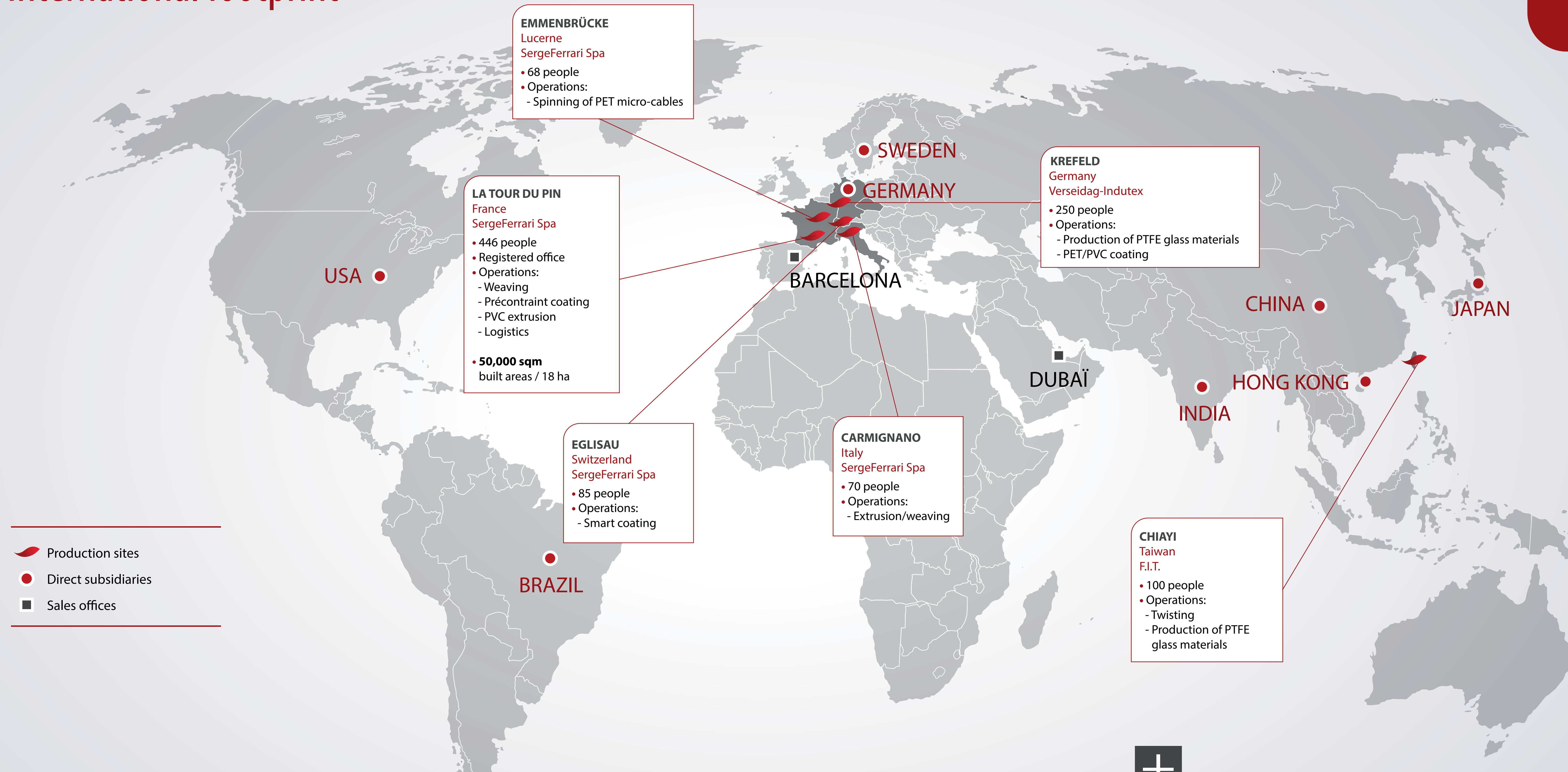
In 2021, SergeFerrari Group capitalized on a market that was once again buoyant following the lockdowns in 2020 and on its renewed focus on its four strategic business lines, to achieve a year of strong growth. The new sales structure also proved its effectiveness, while the procurement and production teams demonstrated the necessary agility to ensure that procurement constraints and industrial plant loads did not hinder sales. As a result, the Group is heading into 2022 with a solid base to pursue growth in a market that is generally well positioned, despite a continuing fragile health context and inflationary environment.

The confidence shown in us by Sébastien Ferrari, Romain Ferrari and the shareholder family is a great honor, but first and foremost a great responsibility. It commits me to continue SergeFerrari Group's mission and to find different and innovative solutions that can deliver specific responses to the challenges of environmental transition. I profoundly believe in the strength of our business model which we strive to deploy every day alongside all the Group's employees.

**What challenges does the Group face in 2022?**

The work undertaken by everyone in 2021, particularly in terms of commercial and industrial agility, as well as the expected developments in our markets, have prompted us to target revenues of €310 million in 2022 plus an increase in our margins. Optimizing the service quality we offer our customers in order to provide them with the best possible solutions at all times will be a core concern amid high demand for our industrial facilities.

# International footprint




| (€'000) | FY 2021 | FY 2020 | Ch. at current scope and exchange rates | Ch. at constant scope and exchange rates |
|---|---|---|---|---|
| Northern Europe | 111,395 | 73,531 | 51.5% | 25.2% |
| Southern Europe – Americas | 127,568 | 88,391 | 44.3% | 34.0% |
| Asia - Africa - ME - Pacific | 46,919 | 33,379 | 40.6% | 16.0% |
| **Total revenues** | **285,883** | **195,301** | **46.4%** | **27.6%** |

+

International sales force:

**195 people**

# History and 2021 highlights

## The Group's major milestones are as follows:

**1973 – 1989:** > **Creation and development of innovative Précontraint® technology,** a differentiated approach grounded in innovation. Sébastien Ferrari, currently Chairman of the Supervisory Board, joined the Group in 1980.

**1990 – 2001:** > **International expansion and acquisitions** (vertical integration and broadening of the product range). Romain Ferrari, currently Vice-Chairman of the Supervisory Board and an engineer by training, joined the Group in 1990 and was given responsibility for the Group's technology and environment policy.

**2002 – 2013:** > **Acceleration of organic growth, international expansion of business activities and Group structuring** Upgrade of recycling service (Texyloop®), implementation of an ERP system (SAP), streamlining of patent and product portfolio, strengthening of management team (Philippe Brun in November 2010).

**2014 – 2018:** > **An ambitious development plan based on organic sales growth and an IPO designed to finance the plan** Presentation of a €100 million development plan for 2014-2018, including €40 million industrial investments, €35 million business development and €25 million innovation expenditure. Initial public offering in June 2014.

**2019 – 2021:** > **Focus on a targeted action plan aimed at delivering more profitable organic growth through improved commercial and operational efficiency** The Group reorganized its management and redefined the objectives of its development plan based on three priorities:

1/ Achieve profitable organic growth and increase the Group's market share in four strategic markets (solar protection, tensile architecture, modular structures and furniture/marine).

2/ Acquire companies capable of generating synergies in terms of sales, products or technologies in order to support the Group's project; as such, in 2020, the Group acquired Verseidag-Indutex GmbH (Germany) and F.I.T. (Taiwan).

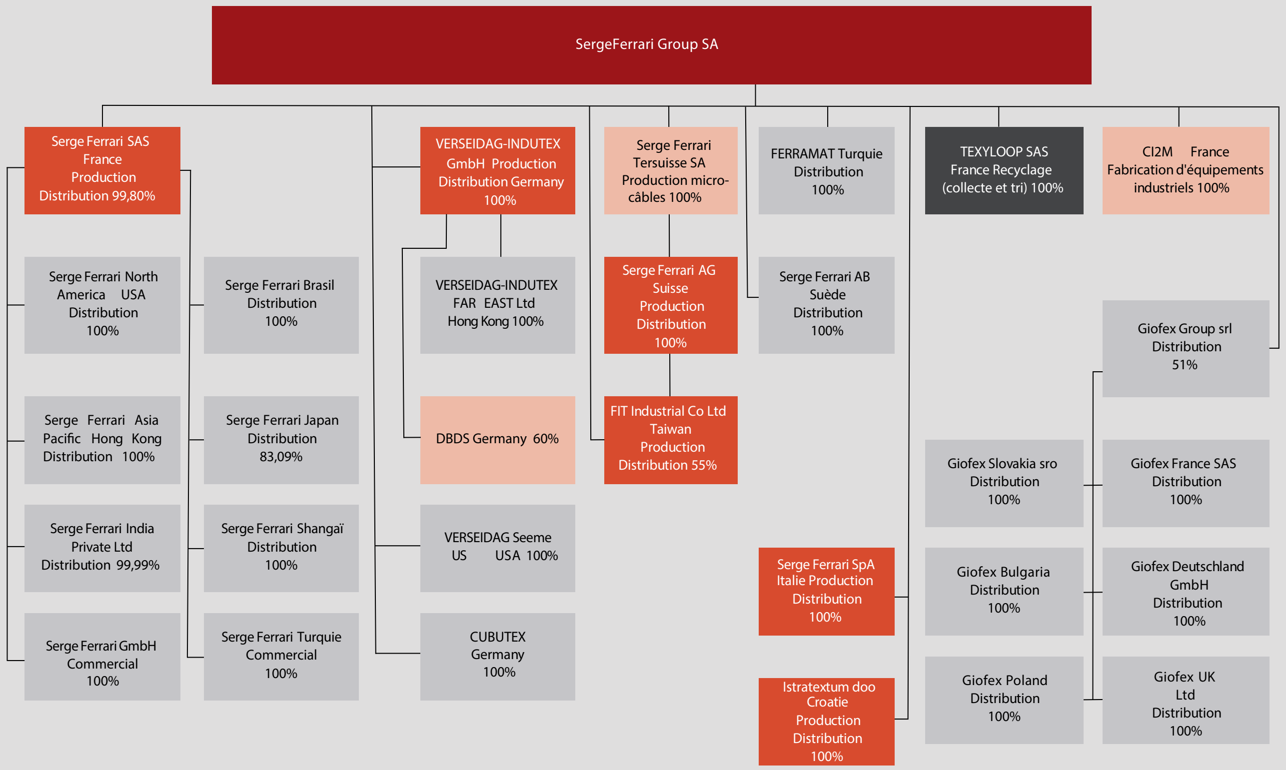
3/ Improve profitability by controlling operating expenses, including sales costs, to ensure they increase at a slower pace than the operating margin.

**2022:** > **Changes in governance and transformation into a company with an Executive Board and Supervisory Board** Sébastien Baril (aged 40, 16 years with Serge Ferrari) chairs the Executive Board which also includes Philippe Brun, Chief Financial Officer responsible for information systems and legal affairs.



BURJ AL ARAB TOWER | TENSILE ARCHITECTURE

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.

## FOCUS ON CSR: a core concern of the Group's strategy

Environmental policy and sustainable development have always been a major concern for the 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. Précontraint technology offers the best weight/performance ratio and dimensional stability over time; it is therefore in tune with the challenge to preserve natural resources - to do better with less to ensure 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 end-of-life materials) 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 Group company Texyloop 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, by lightening 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, account for around 10% of Group sales), the Group reaffirmed its strategic intent to continue developing circular economy solutions 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 a member of the consortium, in the project conducted by Polyloop SAS for the creation and development of "mini" recycling plants in a smart factory environment. These low-capacity plants (no more than 500 tons of annual processing capacity) come with the advantage of multiple locations, 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 MTB Recycling, Cethil laboratory (INSA – Lyon) and Techtera (European innovation cluster), besides Serge Ferrari. Polyloop has obtained assistance from ADEME (French Environment and Energy Management Agency) to the tune of €2.7 million within the framework of circular economy and waste recovery projects. 2020 was the year devoted to testing, while the pilot project was scheduled for 2021 and the units due to be rolled out in 2022 for industrial use in 2023.

The Group considers that, with the alternatives already offered and/or under development, the shutdown of Texyloop should not have a material adverse impact on its future businesses.

In 2020, the Group set up impact finance arrangements that 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).

In 2021, the Group set up a CSR structure and hired a CSR manager.

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# Our strategy: access 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 they are based or that its competitors define the markets in which they operate in the same manner.

The Company defines its accessible market as of the date of this Universal Registration Document as follows:

- 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 as follows:

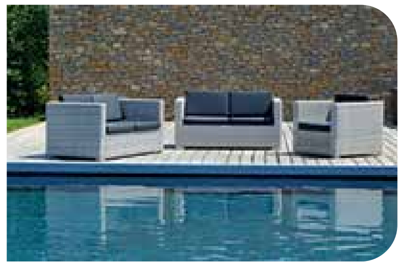
- Estimated total size of €6.3 billion broken down into €5.2 billion existing market and €1.1 billion target market;
- Average selling price per square meter between €3 and €35;
- Expected growth rate per market segment between +2% and +10% per year depending on the segments, excluding periods of pandemic as witnessed in 2020;
- Group overall market share of about 5% 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.

This market data was first assessed in 2013, released in 2014 in connection with the company's IPO, then updated in 2016 with methodological support from a strategy consulting firm. The Group considers that this data is still broadly valid following the 2021 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, acoustic solutions, 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 tensile roof structures which cannot be marketed directly to end-users.

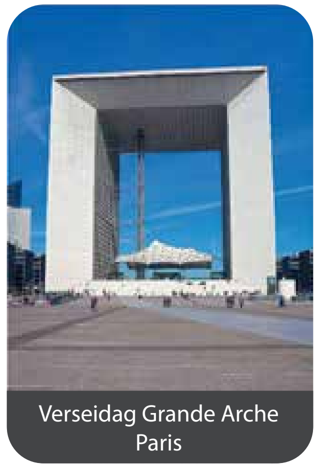
The product ranges and their respective applications are as follows:

- 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 located far 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, the 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 (methanization facilities, wastewater treatment plants, etc.) and safety markets. In this field, the Group has developed barrier materials that confine odors, gas releases and liquid flows. Builder and manufacturer 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 visual communication range, 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.





## 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 awnings, covers, bimini tops and other closing solutions.

## 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, 2021, 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 Group R&D Director helped formalize the project launch process, which is broken down into five stages or milestones for measuring 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 project(s) in question 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 (formerly Plastitex), F.I.T. Industrial Co Ltd and Verseidag-Indutex GmbH and its subsidiaries, R&D and development costs totaled €7.8 million in 2021, up from €6.1 million in 2020 and representing 2.7% of consolidated revenues in 2021.

| | 2019 | 2020 | 2021 |
|---|---|---|---|
| **Total R&D and development costs** | **6,963** | **6,102** | **7,817** |
| Personnel and study costs | 6,056 | 5,308 | 6,433 |
| Production tests | 907 | 794 | 736 |
| Production tests (business transfers) | 0 | 0 | 648 |
| IFRS restatements | (1,367) | (518) | 462 |
| Capitalization +CIR | (2,682) | (2,275) | (1,403) |
| Amort. & depr. | 2,062 | 2,475 | 2,374 |
| IFRS restatement CIR amort | (747) | (718) | (510) |
| *net costs (EBIT)* | 5,596 | 5,584 | 7,631 |
| *net costs (Non-recurring income and expenses)* | 0 | 0 | 648 |

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, the Group, through its proprietary know-how, has developed a type of natural protection that does not rely on patents.

## An extensive technological portfolio

The Group's 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 coated under tension with polymers that give the final material numerous physical properties, especially in terms of strength, anti-deformation 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 F.I.T. 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 (thicknesses of 3 to 4 microns) and F.I.T. Industrial Co (thickness of 6 microns).

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

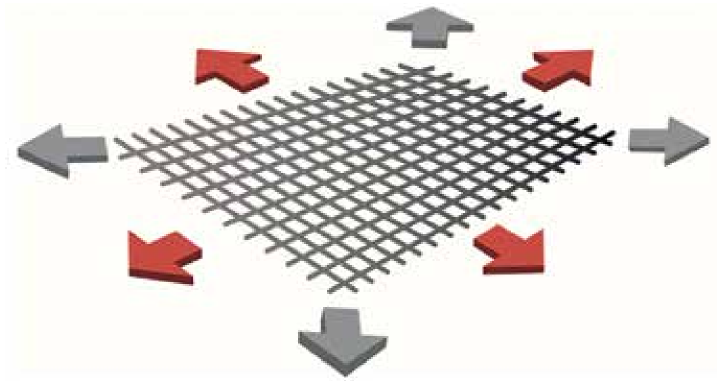


The Group uses a number of technologies, including:

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

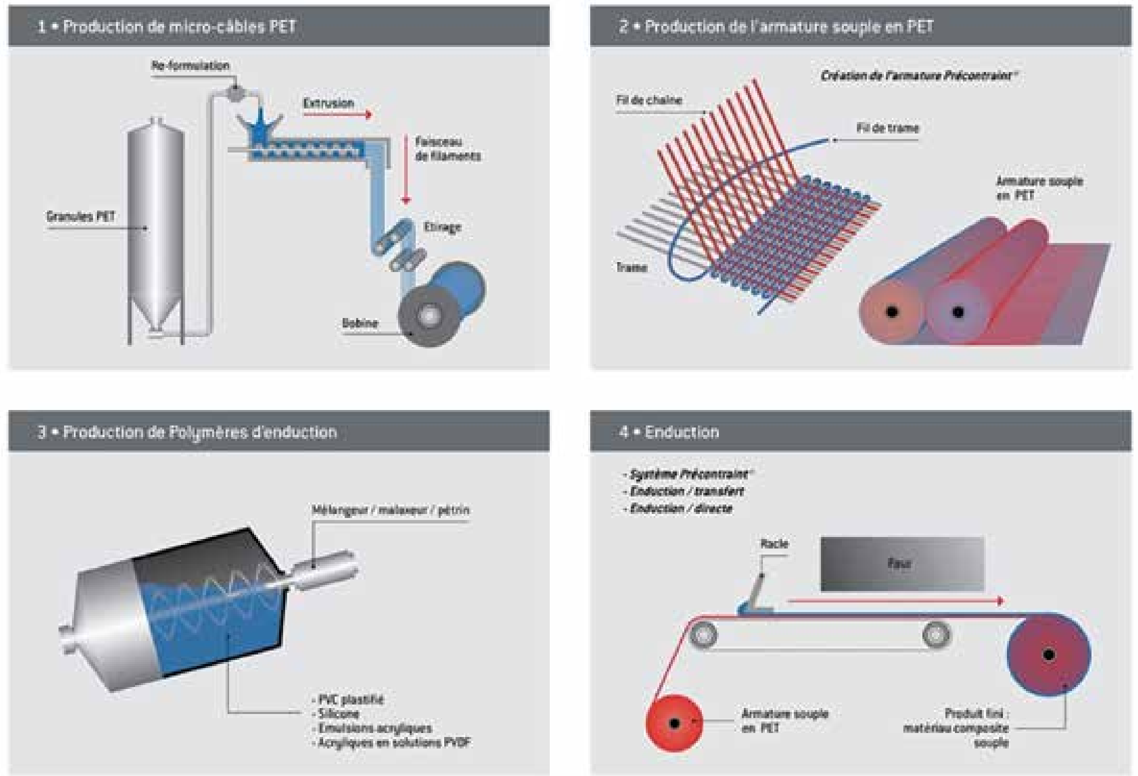
## Précontraint® coating technology

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 sheath made of Précontraint® materials. The Group has about 100 items of equipment for performing every type of weaving operation.

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)

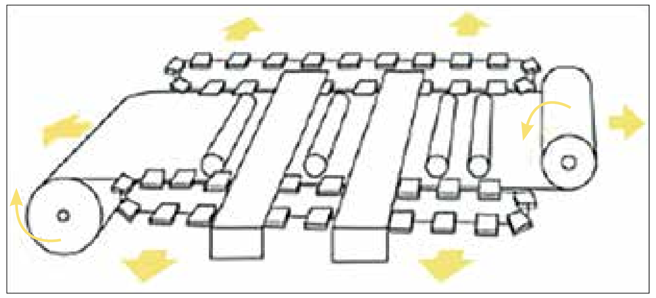
The most important stage in making a Précontraint® or standard material, this consists of covering the PET membrane with a PVC paste (a common thermoplastic polymer) used for its plasticizing properties and additives designed to provide flame retardant and UV resistance properties. Other liquid polymers 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:

### Diagram of coating line (arrows indicate direction of tensioning)

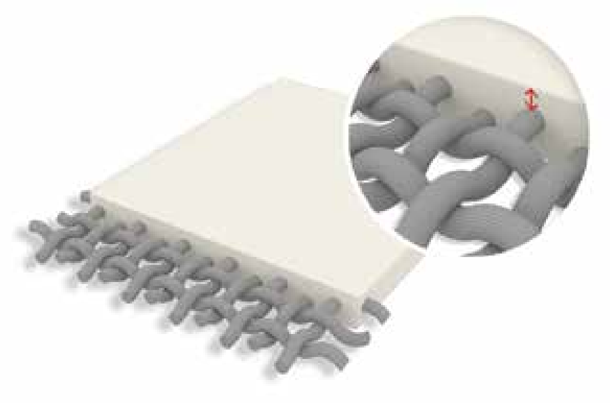


For the manufacturing process using Précontraint® technology, the Group has a patent, but as it was filed in 1974 it has now fallen into the public domain. This process is now "protected" by the Group's know-how, which is classed as proprietary due to the history of the developments required to continuously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



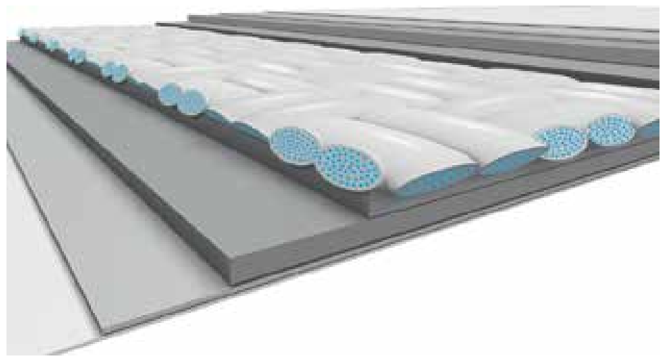
Standard coating

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, at Eglisau in Switzerland and Krefeld in Germany, in order to fill orders for materials with different specifications.

- Stamskin 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 F.I.T. Industrial Co Ltd. The products thus manufactured have non-stick, non-combustible, dimensional stability and very low stretching properties over time.





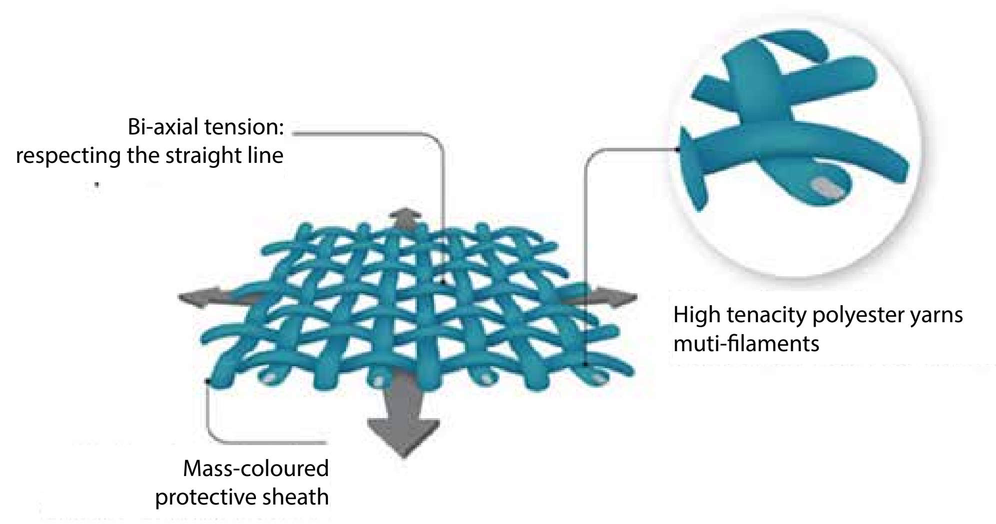
## Extrusion technologies

Extrusion is a standard technology that is particularly appropriate for heat-sealed 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 heat sealing. The setting time depends on the end use of the material.

### Heat-sealed 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, without significant further capacity investment, an increase in maximum product volumes of around 15% on average based on French plant operations in 2021, 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 to the average site rate: the existence of local bottlenecks at one stage of the manufacturing process could prompt the Group to undertake certain targeted capacity investments.

## 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 and 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 square meter and/or its gross margin is the direct result of this advantage.

Since the arrival of Philippe Espiard as Group R&D Director in April 2018, the objectives of the development functions consist in focusing on fewer projects in order to reduce time to market for products under development and increase the new product share of Group revenues.

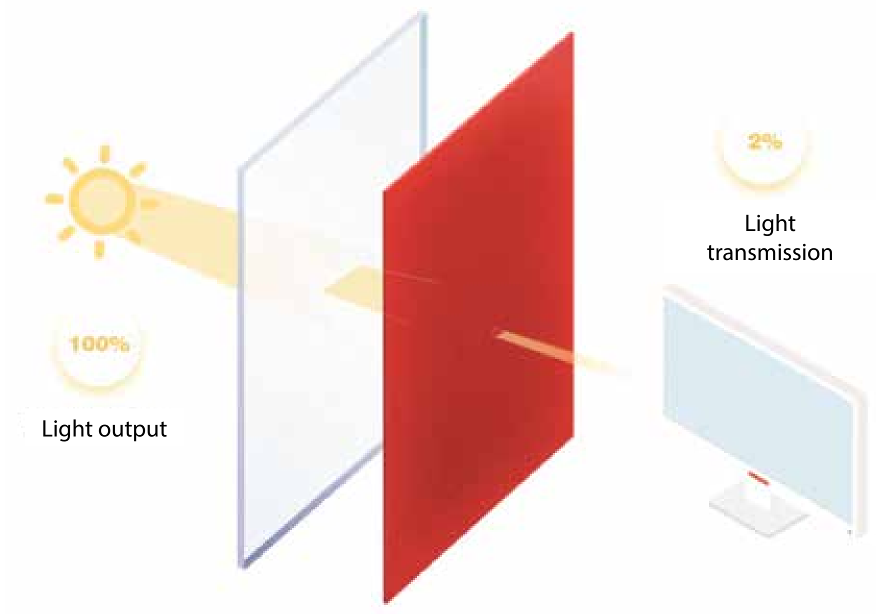
New products (launched within the last five years) accounted for about 10% of Group revenues in 2021.

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.

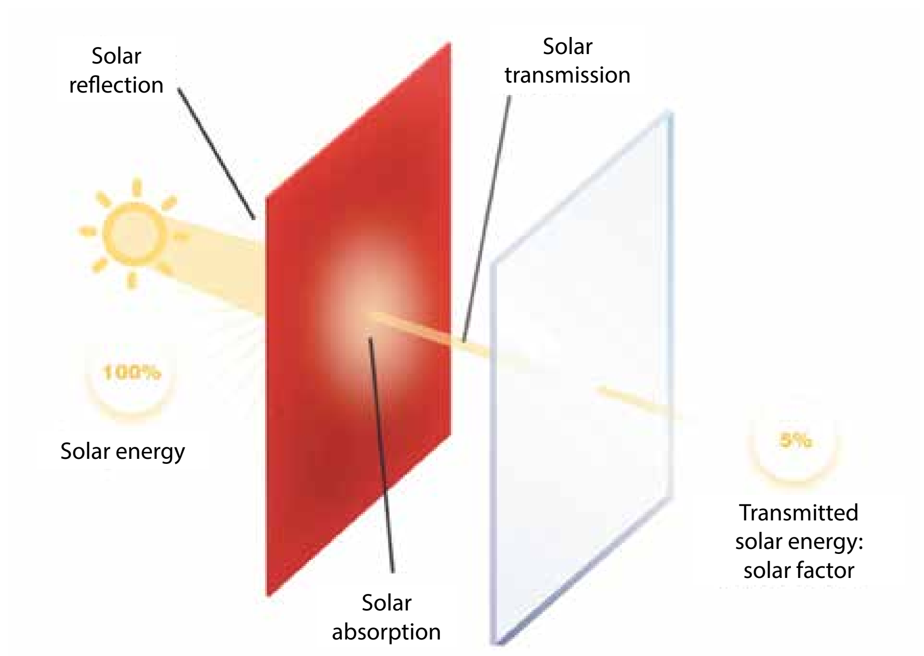
## Properties meeting new environmental and societal challenges

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 outdoor solar protection: thermal comfort



1.3
# Governance

## The Supervisory Board

The Supervisory Board permanently oversees the management of the Company by the Executive Board, under the conditions provided for by law and the Company's Articles of Association and internal rules of procedure. It carries out such checks and verifications as it sees fit and may request any documents it needs in order to perform its duties.

It has **9 members**,
including **66% independent members** and **44% women.**

**Sébastien Ferrari,** Chairman of the Supervisory Board, member

**Romain Ferrari,** Vice-Chairman of the Supervisory Board, member

**Félicie Ferrari,** Member

**Carole Delteil de Chilly,** Independent member

**Christophe Graffin,** Independent member

**Caroline Weber,** Independent member

**Bertrand Neuschwander,** Independent member

**Bertrand Chammas,** Independent member

**Joelle Barreto,** Independent member

**AUDIT COMMITTEE**

- Caroline Weber, Chairwoman
- Christophe Graffin
- Sébastien Ferrari

**STRATEGY COMMITTEE**

- Sébastien Ferrari, Chairman
- Bertrand Neuschwander
- Bertrand Chammas
- Romain Ferrari

**REMUNERATION AND APPOINTMENTS COMMITTEE**

- Bertrand Neuschwander, Chairman
- Carole Delteil de Chilly
- Sébastien Ferrari

**CSR COMMITTEE**

- Romain Ferrari, Chairman
- Félicie Ferrari
- Joelle Barreto
- Joel Tronchon (not a member of the Supervisory Board)

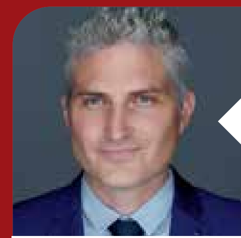
## The Executive Board

**Sébastien Baril,** Chairman of the Executive Board

**Philippe Brun,** Member of the Executive Board

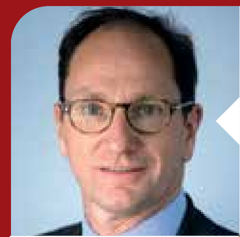

GRAND PALAIS EPHÉMÈRE, CHAMP DE MARS, PARIS | TENSILE ARCHITECTURE

# Strategic Management Committee

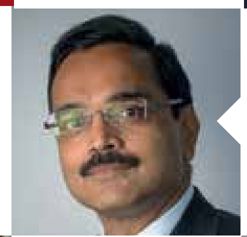


**Sébastien Baril**
Chairman
of the Executive
Board

**Philippe Brun**
Member
of the Executive
Board



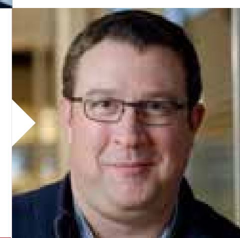
**François Geradin**
Sales SVP
Europe,
America & Giofex



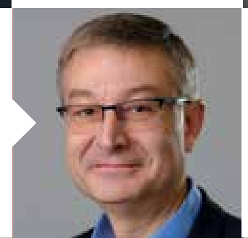
**Nitin Govila**
Sales SVP
APMEA & Oceania

**Henric Leuer**
Sales SVP
North Europe

**Pierre Martinez**
Chief Marketing
Officer



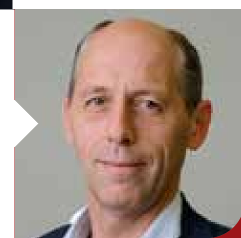
**Philippe Espiard**
R&D SVP



**Jean-Yves Stephan**
Operations SVP

**Markus Simon**
Verseidag-
Indutex CEO

**Hervé Garcia**
HR SVP



Serge Ferrari

# 2

# CSR Report



LIGNE ROSET FURNITURE | CINNA INDOOR | LIGNE ROSET FURNITURE

Tentwork 2021 - Krefeld - Germany

"A CSR report is an act of commitment that serves as a reference point between our past, present and future. To this end, we have fine-tuned our approach through three complementary tools that allow us to see, understand and act in a new way: the microscope (detailed analysis by site), the macroscope (operational dynamics) and the telescope (Group-wide impetus and trajectory).

Our new CSR strategy seeks a balance between performance and ecology, economy and efficiency. We must do more by being ethical, respectful, sustainable and responsible. Our demonstrators today show the feasibility, efficiency and future potential of our approach.

*Fany Allarousse*
*Serge Ferrari Group CSR Manager*

*At the heart of this report, the key factor for success lies in the culture of sharing, exchanging viewpoints and continuous improvement."*

# CSR

## at the highest level of the organization

*Interview with Sébastien Ferrari*
*Chairman of the Supervisory Board.*

***Beyond the acronym CSR, which can sometimes have a very broad meaning, how do you approach the issue of corporate social responsibility?***
We realized early on that this was a major issue. Aligning our interests with the company's various stakeholders has always been an objective, even if we didn't articulate it as such. Our relationships with our Group companies, customers, suppliers, the industry and the environment must be organized and conceived on a balanced and sustainable basis. Once this framework has been established, we must identify the priorities corresponding to our activity and our current stage of development.

***What are the priorities with regard to the company's activity?***
Our first responsibility is to achieve a level of performance that allows us to invest in our people, our production and innovation resources, and the efficiency of our sales and logistics networks. While profitability is a prerequisite, it is clearly not the only one. The priorities are quite simple: pursue our commercial strategy in order to drive the energy transition, manage our industrial environmental impact and, last but not least, preserve and develop our human capital, including in terms of meaningfulness, workplace safety and skills development.

***What is your roadmap for these different aspects?***
While there is room for improvement on all these issues, our real challenge is to improve internal communications so that everyone, whatever their responsibilities, feels they are involved in these issues and, above all, committed to a common project to which each of them can contribute. This brings us back to the question of meaningful work.

***What is the current situation in the company and what are the issues related to this context?***
We are undergoing a generational transformation that is manifested at different levels. We adapt governance within the company on a daily basis. Sébastien Baril became Chairman of the Executive Board on January 1, 2022. At the age of 40, Sébastien has been with the company for 17 years and is therefore an example of our ability to foster internal promotion right up to the highest positions in the company.
Secondly, we have undertaken ambitious work on the shareholder base, as we remain a family business with four children representing the next generation. Romain Ferrari and I take great care to give them the means to be responsible shareholders. We support them in this process and we have started a training program and set up information and control structures.
In doing so, we have established a formal commitment to pursue a family business venture over the long term. During the course of this work, we were pleased to discover that this generation was highly attentive to the company's relations with its stakeholders and strongly committed to the company's values and vision.

***What are these values?***
It is a set of family values that we have revisited: sustainability, humility, integrity, trust, commitment and equity. This set of values is the basis of the family agreement, which guarantees the continuity and stability of the shareholder base, but also the foundation on which dialog with the company's management must be established. The challenge is to align our vision and to instill all these aspects into the company's existence among all those who contribute to its daily operation.



*Interview with Sébastien Baril*
*Chairman of the Executive Board*

***Do you refer to the concept of MRV (measurable, reportable and verifiable) when talking about CSR? For what reasons?***
Our Group, Serge Ferrari, has sustained itself through a solid family operation, strong human values and a spirit of enterprise. More than a state of mind, these characteristics are the DNA that we bring to life through our daily work. In all our activities, we analyze, imagine and think outside the box to create, innovate and improve. But all this ingenuity and expertise would be in vain if they did not lead to tangible results: manufacturing production tools to improve our processes, filing new patents, and so on. We approach CSR in the same way. Rather than making grand speeches, we seek to approach CSR in a pragmatic and measured way. A CSR approach that reflects and unites us. We also want to make sure that everyone can track the development of our approach by making it more accessible and using simplified indicators. We are convinced that by explaining our vision we will succeed in getting everyone in our ecosystem to join us and challenge our ideas in order to help us progress. For all these reasons, our CSR approach uses the principle of MRV: *Measurable, Reportable and Verifiable*. This three-point principle guides our methodology and is consistent with our drive towards operational excellence.

***To what extent is the CSR approach aligned with the Group's development policy?***
Our development strategy is very clear: we want to be world leader in our core business markets. CSR is an essential component of our development policy because we are looking for partners who "look like us", i.e. who share our CSR values: people, the environment and sustainable innovation. We place human capital at the heart of these values, because a company can only succeed with the support of its people! Working for the Serge Ferrari Group requires involvement in and awareness of the challenges facing the company: this commitment is based on a relationship of transparency and trust with management. People need to understand and share the objectives in order to fully develop their skills.

***How does the environmental dimension of CSR support the Group's development?***
First and foremost, environmental performance - which has always been part of our company's DNA - is an attractive element for many of our customers. Take the Lafuma Group for example: with this customer, our concern is twofold: the environmental performance of our products and the promotion of French manufacture. Through this shared vision, we move forward together. Respect for the environment is a social phenomenon that transcends borders: consumers everywhere are seeking better traceability of what they eat or consume. In the case of fish-farming, for example, our products limit the industry's impact on the seabed while reducing the amount of antibiotics used during the breeding period. This provides a competitive advantage for the farmer, a promise of healthier and better food for consumers and less impact on the planet! This activity demonstrates the relevance of the policy we have been pursuing for several years: doing better with less. And we're about to take it to the next level!

***What opportunities has the COVID-19 crisis created for you?***
After a complicated initial period of adjustment, business rebounded spectacularly and, since September 2020, we have had a brimming order book that requires considerable organization and the mobilization of all our teams.
This unprecedented situation has opened up development opportunities for us, including a unique process developed and patented in only a few months in 2020: Agivir. Thanks to the unflagging commitment of our teams, from R&D to marketing, this exclusive technology with its virucidal properties has been deployed on our applications: solar protection equipment in the construction industry, day-care centers, etc. It also seems appropriate to deploy it on certain ranges (furniture, solar protection, modular structures) where the user is in contact with the membrane. This innovative process also opens up new markets for us, such as the healthcare sector.

2.1

Part 1

# Who are we?



## THE SERGE FERRARI GROUP

The Serge Ferrari Group designs, develops, manufactures and markets innovative composite materials for light-weight architectural and outdoor applications.
Its products are intended primarily for four strategic global markets:

Solar protection | Tensile architecture | Modular structures | Furniture/Marine

The solutions combine lightness, durability, safety, design, comfort and eco-responsibility.

### KEY FIGURES:

**Human resources**

Over **1,000** EMPLOYEES

**International**

Subsidiaries and sales offices in **12** COUNTRIES

Customers in **80** COUNTRIES

**Production**

**6** PLANTS

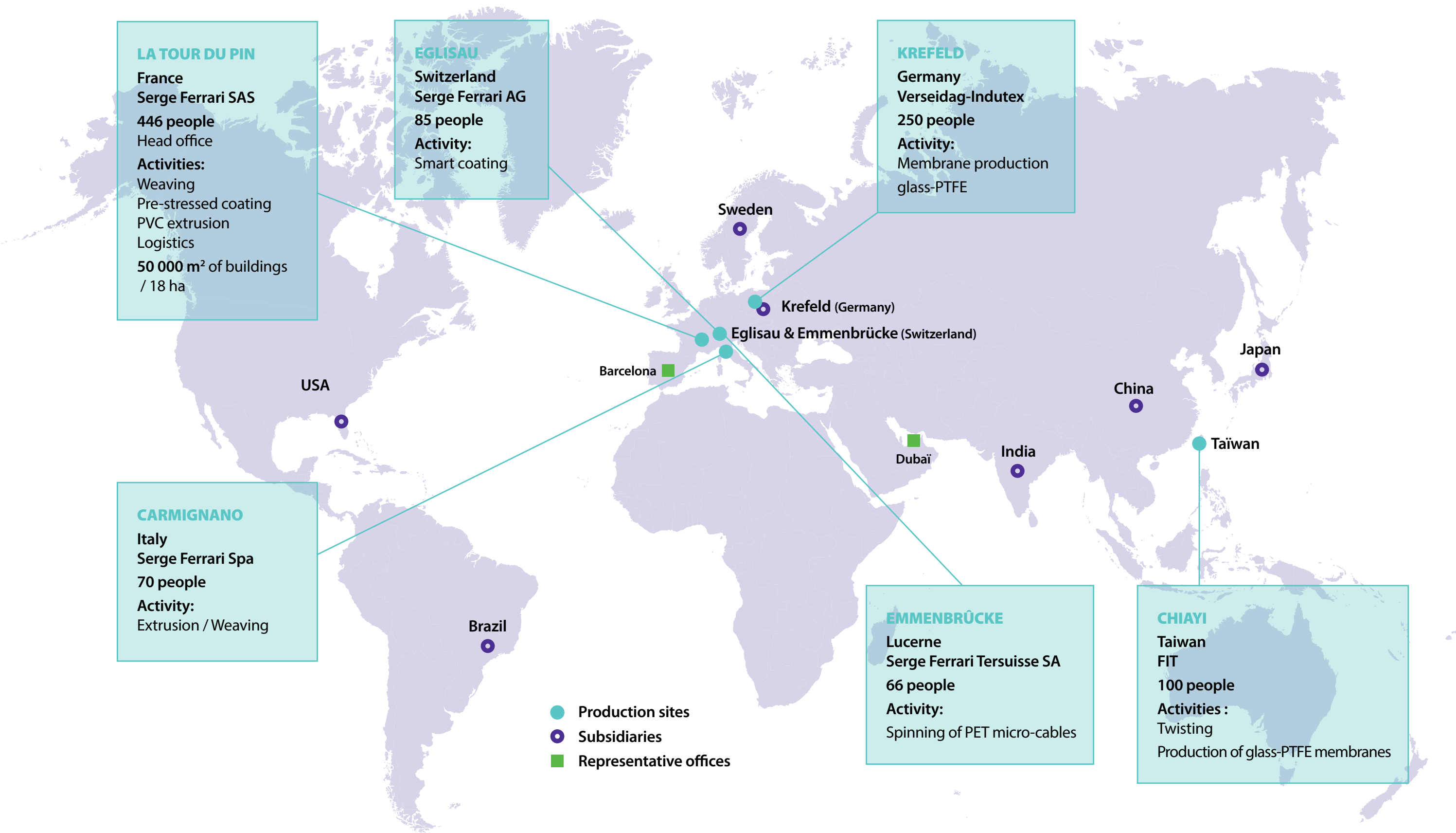
France | Germany | Italy | Switzerland (2) | Taiwan

**Innovation**

**5** CENTERS OF EXCELLENCE

France | Germany | Switzerland (2) | Italy

### GROUP LOCATIONS



## THE MISSION OF THE SERGE FERRARI GROUP

### ACT NOW TO BUILD BETTER TOMORROW

**At the Serge Ferrari Group, we help build better, with less, now.**

> **Build better** means accompanying lifestyle changes by combining utility, via more functional, safer and more sustainable solutions, with well-being, via solutions more geared to comfort, design and quality of life.

> **Build with less** means promoting the use of lighter and more durable materials as a practical response to climatic and environmental challenges, in an economy using fewer natural resources.

> **Do it now** means assuming all our responsibilities today by developing innovative composite membranes for applications that provide a response to the urgent environmental challenges we face.

*Stamoid Heavy Cover equipment protection*

## MEDIUM-TERM OBJECTIVES

Within the framework of the new governance model, the management board has defined three major objectives that will guide the company's activity over the next 3-5 years:

> **increased market share**

> **operational efficiency**

> **innovation**

## THE VALUES OF THE SERGE FERRARI GROUP

The three historical core values of our company guide our employees worldwide:

> **Tenacity.** Risk-taking and a winning mindset are at the heart of the Serge Ferrari Group's entrepreneurial story, with a distinctive fearlessness and an ability to follow our convictions, experiment and persevere. Whether this involves creating disruptive technology, finding pragmatic solutions to everyday problems, designing new applications or taking on unprecedented technical challenges, we have the courage to follow through on our ambitions, projects and commitments.

> **Loyalty.** The ability to speak out and promote transparency in exchanges, both internally and externally with customers and partners, is another imperative. The Group strives to build simple and authentic relationships, to give itself every opportunity to build a sense of belonging, foster loyalty, create trust and earn the commitment of all our stakeholders. This is a key dimension for our company, which has placed cooperation and partnerships at the heart of its model since its inception.

> **Generosity.** Being attentive to all the company's stakeholders, even in delicate situations, is part of our long-standing culture of benevolence. This is illustrated in particular within the company by the desire to empower each employee to the utmost at all levels of the hierarchy. In return, our employees demonstrate a singular individual and collective commitment. This attentiveness is also reflected in our significant contribution to protecting the environment, with all the pride associated with this commitment to society.

## SHARED COLLECTIVE COMMITMENTS

> **Working with others.** Be it in daily exchanges between employees, in the customer-oriented culture shared at all levels of the company, or in the strength of its partnerships with its ecosystem, we display a genuine commitment. We are convinced that in an increasingly collaborative economy, where joint creation and production are the norm, the quality of internal and external relationships is an increasingly valuable asset.

> **Innovation.** Experimentation and the desire to break new ground have been part of the company's day-to-day business since its creation. This pioneering spirit is reflected throughout the value chain, from the formulation of raw materials to the recycling of end-of-life products, including the design of production machines, the development of applicative solutions and interfacing with our customers and partners. It has fostered a unique ability among our people to test, innovate, try out, make mistakes, start over and succeed.

> **Performance.** Our constant focus on the ingenuity, efficiency and sustainability of our solutions always goes hand in hand with our attention to their overall economic performance. It is a prerequisite for imposing alternative applications on our highly demanding markets and for acquiring the means to continue investing relentlessly in innovation and development.

> **Sustainability.** We are a family-owned company committed to a long-term vision of our corporate mission and contribution, operating in markets with long cycles. We demonstrate our commitment to sustainability through the scope of our strategic decisions, our agility in implementing those decisions, the quality of our solutions, the authenticity of human relations within our teams and with our customers, and the importance we place on the transfer of values and knowledge.





2.2

# Part 2

# A CSR approach that reflects and unites us

*Interview with Romain Ferrari*
*Chairman of the CSR Committee and CSR Expert*

**Historically, successive industrial revolutions have based economic development on the increased exploitation of new raw materials and energy sources, resulting in major environmental impacts that threaten the delicate balance of life on our planet (exceeding planetary boundaries). For its part, the Serge Ferrari Group intends to reverse the trend at its own level. How? By indexing its growth potential to its ability to reduce the environmental footprint of its activity. A solid aspiration that the Group encapsulates in the formula "+=0"®.**

*An explanation from*
**ROMAIN FERRARI**

***How do you explain this positioning?***
Our approach has undergone consistent development since 2014 - the year we first established an official CSR strategy. First, we noted that the weight/performance ratio of our products would allow us to do better with less. We then refined this approach by introducing the notions of lightness and circular economy. Then we followed, somewhat reluctantly, the wave of standardization. Today, we are shifting the focus towards our core industrial activity, the area in which we can take direct action first. This change in focus is also a response to the drift caused by the standardization of CSR.

***What do you mean by CSR standardization?***
CSR has entered an era of standards, regulations and rating agency assessment tables. This is a good thing insofar as it forces economic operators to invest in the issue. But, paradoxically, it has also led to a departure from a company's real scope of responsibility. Standardization has been accompanied by a proliferation of different indicators and reference frameworks that can generate an excessive flow of information, creating confusion among stakeholders.

Based on this observation, our CSR strategy is being reoriented to answer two simple but essential questions for the Group: how do we prioritize our actions, and how do we simplify their assimilation and monitoring?

Of course, we will not ignore the legal and regulatory requirements, but we will focus on the indicators that will allow us to bring all our actions together along the same trajectory, which we express as follows: "+=0"®.

***What are these indicators and how do they convey the "+=0"® formula?***
There are three of them and they are derived directly from this formula! The first is social: zero increase in hours of strenuous or low-skilled work! The second indexes our production capacity to our energy consumption: zero increase in carbon-based or non-renewable energy consumption. The third is intended to preserve resources upstream and is expressed as follows: zero increase in the consumption of virgin materials not derived from recycling or renewable sources.

**This can be summarized as follows:**

OUR CSR +=0 APPROACH

**+ prosperity**
**=**
**0 hours increase in strenuous and unskilled work**

**+prosperity**
**=**
**0 kWh increase in non-renewable energy**

**+prosperity**
**=**
**0 kg increase in virgin materials consumed**

These highly tangible indicators aggregate other indicators, also known as "PROXY" indicators, as all the secondary indicators generally trend in the same direction as them. For example, reducing strenuous work and increasing professional qualifications will automatically have a positive impact on the accident frequency rate, staff turnover, team efficiency, workstation ergonomics, the opening of positions accessible to people with disabilities, etc. When it comes to energy, the first step is to save energy and reduce waste before we start seeking alternative renewable sources. Above all, it is a three-point strategy that can easily be shared with our teams and stakeholders so that we all work together towards the same goal.

***Is this ambitious challenge realistic?***
It is indeed very ambitious insofar as it represents a paradigm shift and a complete reversal of the concept of development! We will "buy" our capacity for growth by saving materials, energy and strenuous work. In any case, the ambition we have set ourselves is realistic and not at all a pipe dream. We have significant room for improvement based on straightforward observations. France is not a leading European country in terms of the degree of skilled work. Depending on the position they hold, a production operator may spend between 10% and 40% of their time doing work classified as strenuous. The same percentages therefore represent our growth potential without increasing the workforce! The same goes for raw materials: around 30% of the virgin material we currently buy is not used to its full potential in the finished products we sell (waste, no value or not sold). Imagine what our improvement path would be if we could eliminate this non-value and introduce 10, 20 or 30% of recycled materials directly into our supplies!

***You acquired Verseidag in 2020. How is your approach compatible with the notion of external growth?***
It's quite simple. When a new company joins the Group, we recalculate the zero base that serves as a reference for including it in our objectives. From that point onwards, this entity will have to align itself with the same trajectory and catch up if necessary. The company may be a step ahead in certain aspects and therefore be a source of motivation for the Group to stick to its roadmap!

***Why did you establish your roadmap to 2030?***
We are an economic operator that has decided to carry out its activity within planetary boundaries. The 2°C or 1.5°C objective is at stake now. The pressure is even stronger on non-renewable resources whose consumption is growing faster than GDP. Today, 90 billion tons of materials are consumed per year worldwide, or 20 tons per year per capita in Industrialized and Developed Countries (IDC). However, the sustainability threshold is 5 tons per year per capita, entailing a fourfold reduction! This means decoupling economic growth from the increase in environmental impact. And as an industrial group, this means stabilizing our input consumption and even reducing it over the long term.

***How do you involve your people in this corporate mission?***
Thanks to our three "PROXY" indicators, CSR is becoming visible in all of our daily lives. So from that point on, it's pretty easy! A loom operator who notices a leaking compressed air hose, for example, and corrects the problem, will save a substantial amount of energy, since the production of compressed air is itself very power-intensive. Every small gesture, every elimination, every reduction of waste represents potential growth that employees will provide for the company. The sales forces are equally concerned with growing meaningful sales (doing better with less) in order to guarantee the Group's prosperity. Everyone will play a role in the company's development at their own level. Therein lies the strength of our approach!


*Quzhou Stadium - China - Serge Ferrari Shanghai© Mr Dai Jianxing*

## HISTORICAL COMMITMENT TO SUSTAINABLE DEVELOPMENT

Committed to ecological transition since its inception, in 2021 the Serge Ferrari Group confirmed the integration of the crucial issues of sustainable development into its growth policy by structuring a CSR department whose principal role is to support the process of change management. The Group's CSR policy has been reviewed in order to better respond to the environmental and social risks weighing on its business model and to develop its competitive advantages. The Group pursues a three-point strategy in keeping with its DNA and values - **People, the Environment and Sustainable Innovation** - the Serge Ferrari Group has undertaken new commitments for each of these pillars, while other longstanding commitments have been renewed and expanded.
The Group's CSR reports since 2014, inclusion in the Gaia Index and membership of the **Global Compact** attest to the progress made.

The Serge Ferrari Group sets itself apart through the authenticity of its evidence-based approach, but also through its participation-based governance model, whereby each employee and stakeholder is encouraged to adopt a proactive commitment to reducing greenhouse gas emissions. This approach also encourages the company to embrace a social transformation, to place ever greater emphasis on prevention and occupational health and safety in order to anticipate hazardous situations within the scope of its activities. Meanwhile, the Group is confirming and strengthening its business ethics and regulatory compliance, particularly in terms of anti-corruption, across all Group functions. The societal approach is a major component of its CSR policy, through a constant search for integration into the immediate environment in order to develop a new route towards responsible prosperity that respects planetary boundaries.

## OUR APPROACH TO OUR ENVIRONMENT

**Since the creation of the Group, doing better with less has been a duty, not an option!**

In the face of the current climate, environmental and health challenges, buildings and housing have a fundamental role to play. When almost half of energy consumption and one third of greenhouse gas emissions are linked to the construction and occupation of buildings, the way in which they are built is the primary concern, particularly through the choice of materials. In future, we will have to offer the same level of performance using half the quantity of natural resources with lighter and more durable building materials - easier said than done, especially as consumption of natural resources continues to grow faster than the economy.
Better building and development is not just a matter of taking environmental issues into account. It is also a question of providing effective responses to safety issues, in particular by making it possible to comply with and anticipate increasingly stringent standards. Finally, it is also a question of optimizing the development of people's living environment, by responding to changes in working and living habits and increasing demand for comfort.
Improving thermal, acoustic and visual comfort, taking care in the design of buildings and spaces, are today an integral part of the design and construction of buildings. These changes provide a unique opportunity to shuffle the deck and promote alternative, high-performance, healthy and eco-friendly construction and development solutions. How? By addressing the needs of people and companies who want to give meaning to their production, consumption and lifestyle choices, and by reconciling ever more closely the present-day requirements of environmental performance, safety and comfort. In this regard, the development of lightweight architecture and furnishing solutions, thanks to new functional, aesthetic and sustainable materials, opens up tremendous potential for technical applications and bold design both inside and outside buildings. The Serge Ferrari Group's expertise and materials technology are fully capable of meeting these challenges.



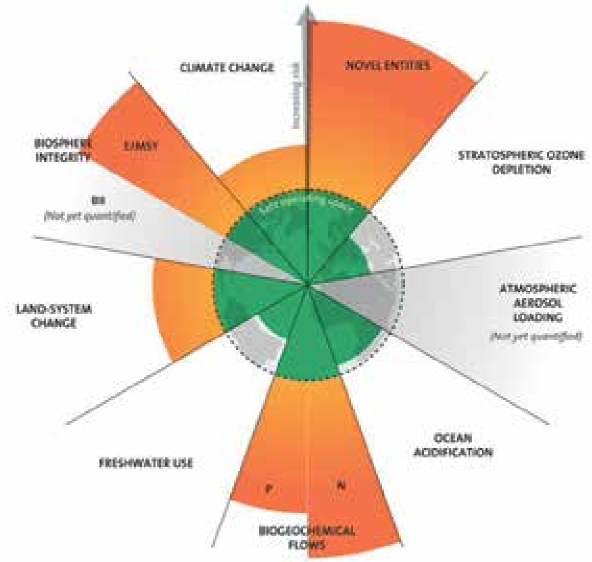


## STRATEGY DEVELOPMENT BASED ON THE PRINCIPLE OF PLANETARY BOUNDARIES

(see planetary boundaries diagram)

At the dawn of a new era in sustainable development in which stakeholder expectations are increasingly high and "meaningful work" now ranks among employees' primary aspirations, the Group felt it necessary to review its CSR strategy in order to provide a specific response to each segment and market while deploying a global approach based on social, societal and environmental issues. This change of direction is based on the Group's values, DNA and history, while integrating the challenges of external growth by enhancing its approach in light of specific local and cultural considerations.

The process is simple: to popularize the CSR approach in order to better share it, to allow each employee to take ownership of it and promote it by acting as ambassadors in order to involve stakeholders in the Group's ecosystem. This approach must facilitate ownership of the issues at stake in order to carry out the agenda, but also enable its implementation by proposing areas for improvement.




## The three pillars of the CSR strategy

**HUMAN FOCUSED STRATEGY**

> **People:** each individual is unique within the Serge Ferrari Group.

**ENVIRONMENT FRIENDLY CHOICES**

> **Environment:** working on a daily basis to AVOID/REDUCE/OFFSET our footprint (carbon assessment, etc.).

**SUSTAINABLE INNOVATION AT WORK**

> **Sustainable Innovation:** making innovation a key priority.

The objective is that, in the long term, each employee will be able to systematically link their daily work and the Group's projects to these three pillars, by making proposals and developing areas for improvement, in order to create a virtuous approach and a permanent process of innovation, hybridization and improvement.
These pillars are complementary, cumulative and interconnected around a single objective: "+ = 0®".

## > “+=0”® COMMITMENT MONITORED VIA THREE INDICATORS

**The Group is committed to monitoring three core indicators that have a direct and indirect impact on all CSR indicators.**

Committed to developing the business from 2022 onwards:

**> without adding 1 hour of strenuous or low-skilled work**

**> without adding 1 kWh of non-renewable energy**

**> without adding 1 kg of virgin raw material**


Monitoring these three areas does not mean the Group is downplaying its initiatives in all other aspects of CSR (as shown in this report and in the regular monitoring of many different indicators). However, for the sake of transparency and sincerity, as well as clarity and simplicity, the Group has chosen these three variables, analysis and monitoring of which will in turn enable it to analyze the other indicators.

This strategy cannot be implemented without changing mindsets, adapting processes, pooling resources, expertise and skills, and achieving hybridization. This approach should be considered from the perspective of mobilizing the whole of the company’s ecosystem. It entails new roles and approaches and forges new links of interdependence within and outside France.

This strategy will be implemented gradually on the basis of milestones clearly identified at the start. Each milestone will serve as a springboard for the next phase.

### MILESTONE 1
*2022*

Definition of the base: year and scope of reference and precise and progressive work on the key concepts of qualification and strenuous work in the Group’s jobs.

### MILESTONE 2
*2022-2025*

Implementation of the action plan to achieve the objectives.

### MILESTONE 3
*2025*

Interim review: update, adjustment, expanded objectives.

### MILESTONE 4
*2025-2030*

Continuation of the plan to achieve the initial objectives and new perspectives.

With this new strategy, the Group’s primary objective is to simplify the CSR approach in order to make it accessible to everyone through simple PROXY indicators. Each actor in the ecosystem will be able to follow and clearly understand the progress made on Group commitments.

The “+ = 0”® strategy is in line with the Group’s stakeholder materiality analysis, which highlighted issues regarded as priorities and the Group’s level of maturity in this regard, in order to better understand the sustainability of its business model, its compliance with regulatory requirements and its prospects for the years ahead.

In light of the COVID-19 crisis and in order to adapt to new challenges, it was deemed appropriate to consolidate and update the Group’s risk map.





## A PRAGMATIC APPROACH BASED ON THE METABOLIC PRINCIPLE: “+ = 0”®

At a time when the Group is experiencing a significant increase in productivity and its growth curve continues to steepen, the company is intensifying its efforts to optimize the transformation process by minimizing its consumption of materials and resources. However, it would be unrealistic to expect a drastic reduction in all of its consumption immediately.
Many companies focus their communications on carbon neutrality. However, while this certainly leads to a reduction in all kinds of emissions, a detailed analysis can sometimes be contested, particularly with regard to Scope 3 measuring, and may even be perceived as reductive, since it involves an essentially environmental approach. For this reason, the Serge Ferrari Group has chosen another path, which is rooted in the history of the industry and in a systemic mechanism: the metabolism.
The principle is simple, mathematical, easily verifiable and progressive.
> The first step is to ensure that resources are not consumed at the same rate as the development of our business.
> The second is to work on the way we consume resources now in order to stabilize and then reduce the impact of the business.
> The third targets a policy of improving our methods by substituting, seeking alternatives and innovating through sustainable processes and resources.
This policy forms the new CSR guideline for the Serge Ferrari Group for 2022-2030, summarized as “+ = 0”®.

In short: it is a question of securing the company’s prosperity by setting the target of not increasing its impact.

*Sakarya Stadium - Turkey - Yerçekim Architectural*

# CSR risk matrix

## Collection and identification

The Group uses the materiality matrix and presents below the risks identified as high or major.

**Framework:**
- Decree no. 2017/1265
- Certification obtained: ISO 9001, 14001, 50001
- Corporate strategy: CSR 20-24

**Evaluation:**
The Group has adapted risk matrix prioritization to the current situation. The Group plans to update the matrix in a future forecasting exercise.

**Monitoring tools:**
- Objectives
- KPIs
- Measurement scopes

| | High | | Major | Strategy |
|---|---|---|---|---|
| HUMAN FOCUSED STRATEGY | Social climate | Inequality Discrimination | Occupational health and safety | . Health and Safety<br>. Diversity<br>. Recognition |
| | Company reputation | Loss of expertise Diversity | Absenteeism Long-term absence Burnout Disengagement | |
| ENVIRONMENT FRIENDLY CHOICES | Financial Regulatory Taxonomy | Damage to the environment | Shortage of non-renewable raw materials | . Climate<br>. Resources<br>. Biodiversity |
| SUSTAINABLE INNOVATION AT WORK | Financial TGAP tax on polluting activities | Product safety for customers | Customer requirements regarding product end-of-life | . Eco-design<br>. Waste recovery<br>. Product solutions |
| | | Competition | | |
| **Ethics and governance** | Practical application of CSR commitments | Cybersecurity | Ethics and regulatory compliance | |





## TOOLS FOR IMPLEMENTATION

The new "+=0"® strategy is accompanied by a change in governance.

**> Strategic governance**
The challenge of a sustainable world is multifaceted. It requires the implementation of a strategic approach that will eventually change the way in which all aspects are interpreted and addressed: People, Environment and Sustainable Innovation.
The CSR Committee operates alongside the Strategy Committee, the Audit Committee and the Remuneration and Appointments Committee. The CSR Committee was created in 2018 at the initiative of the Board of Directors in order to address CSR issues at the highest level of the organization. The committee membership was reshuffled at the beginning of 2022.
The CSR Committee builds on the work done by the CSR steering committee (SC), which in turn is supported and supplemented by the Strategy Committee and the Group-level thematic steering committees.

IMPLEMENTATION AT GROUP LEVEL IN **2022**

# INTERNAL STRATEGIC GOVERNANCE GROUP VISION

**CSR COMMITTEE: informing the Supervisory Board**

4 times/year

**STRATEGY COMMITTEE** ⟷ **CSR SC** ⟷ **THEMATIC SCS & SITE COMMITTEES**

"VigiAlert", Environment, Security, Human Capital

**Vision and Direction**
- once/year
- + when necessary

**Strategy and structure**
- 4 times/year
- + when necessary

**Operations**
- once/month
- Group body
- once/month: sites

**> Operational governance**

While CSR management continues to report directly to Executive Management, the new governance structure has taken into account:
> the challenge of a broader scope, in order to incorporate cross-functional innovation between all operating entities;
> the challenge of a functional and pragmatic bottom-up approach in all entities.

Extending governance enables the company to encourage sustainable innovation and ensure greater scalability. It also facilitates management of CSR strategy and its adoption by the operating entities.

The new operational governance has therefore been structured around a three-dimensional approach:

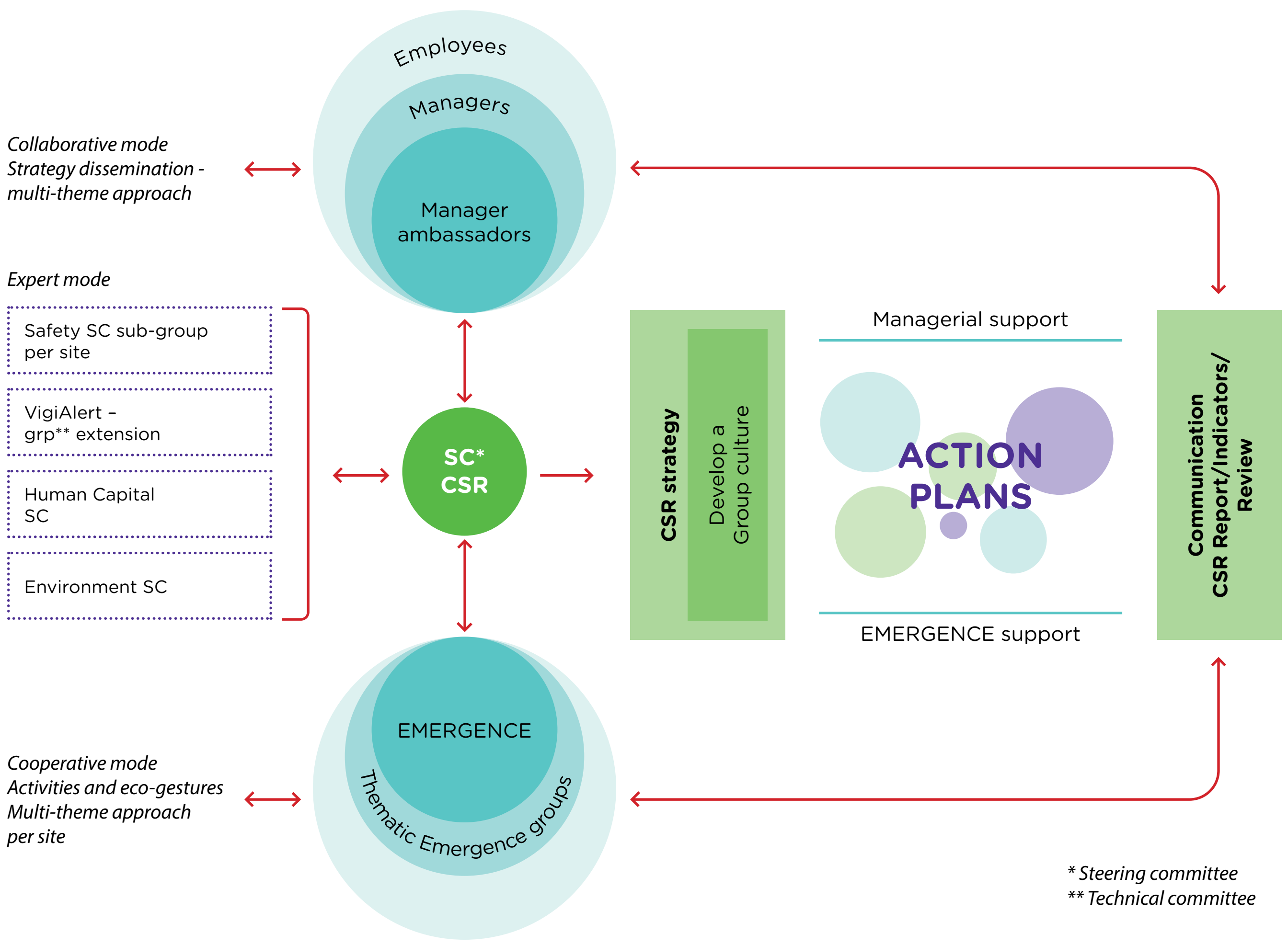
> **Collaboration:** through traditional managerial channels

> **Cooperation:** via a bottom-up system of employee groups (progressively implemented within each entity in France and internationally by 2025) known as **"EMERGENCE",** which brings together employees who wish to address cross-functional CSR issues within the company. The projects are submitted to the CSR SC, which questions, challenges and approves the allocation of any resources required for implementing the proposals.

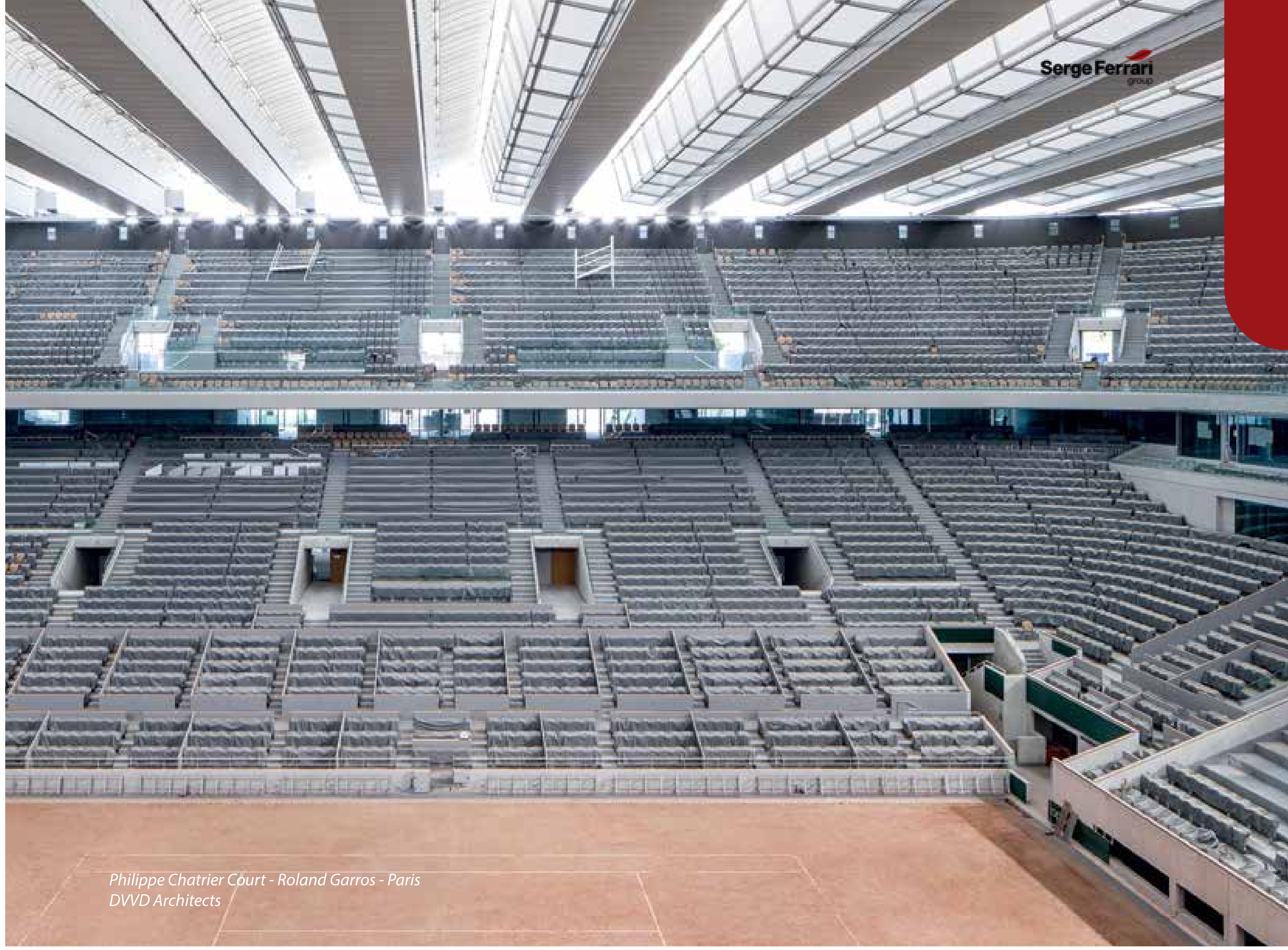
> **Expertise:** via a group steering system on the three CSR pillars (People/Environment/Sustainable Innovation) then implemented independently at the level of each operating entity.

This three-pronged approach is designed to inform, question and advance CSR strategy in the field in order to develop a common culture and achieve set targets while factoring in the specific characteristics of each site (identity, business lines, expertise, territory, etc.).

## GOVERNANCE PRINCIPLE




** Steering committee*
*** Technical committee*



*Philippe Chatrier Court - Roland Garros - Paris*
*DVVD Architects*

**> Cybersecurity**:
Digitization is becoming an increasingly critical issue in the context of the Serge Ferrari Group's growth dynamic.
Digitization takes place on several levels:
- Harmonization, safeguarding and upgrading of the Group's core infrastructures
- Integration of the various Group entity processes and systems
- Implementation of new digital tools for employees and customers
The Group has been strengthened by the arrival of Pierre Boissonnet in September 2021 as Group CIO to carry out these projects.
In this environment of extensive digitization, the first issue to be addressed is cybersecurity. The industry is currently facing an unprecedented proliferation of cyber threats. Following an audit conducted with a specialist partner in 2021, several priority actions have already been launched to enhance security (including a major project scheduled for completion in late 2021). This initiative will continue in 2022 with the implementation of a strengthened governance mechanism dedicated to cybersecurity and the continuation of actions initiated in 2021.

**> Business ethics:**
An anti-corruption code of conduct which makes reference to the United Nations Convention Against Corruption has been applied within the Serge Ferrari Group since January 2018. It is governed by French Law No. 2016-1691 of December 9, 2016 on transparency, the fight against corruption and modernization of economic life. The policy is implemented through:
- awareness-raising and training initiatives: managerial and non-managerial employees most exposed to the risks of corruption and influence peddling must participate in training. Other Group employees must familiarize themselves with the code and are informed through dedicated charters on safety, ethics, internal rules of procedure, harassment and violence in the workplace, IT, responsible purchasing and home-office/coworking.
- a global whistleblowing system, which aims to collect reports from employees concerning behavior that contravenes the established anti-corruption code of conduct. To ensure deployment of the general system and the confidentiality of any information collected, the Group has designated whistleblowing officers, who can be contacted directly or via the email address: referent.alerte@sergeferrari.com. Employees can also contact the members of the Ethics Committee.

*STFE Greenhouse*

## STAKEHOLDER ECOSYSTEM

The objective of responding quickly and efficiently to the requirements of our three indicators (Energy, Materials, Strenuous Work) and, more generally, of our three pillars (People, Environment, Sustainable Innovation) highlights the importance of the relationship with the various stakeholders. These issues are fostering and expanding new kinds of partnerships to better share goals and roadmaps with our:

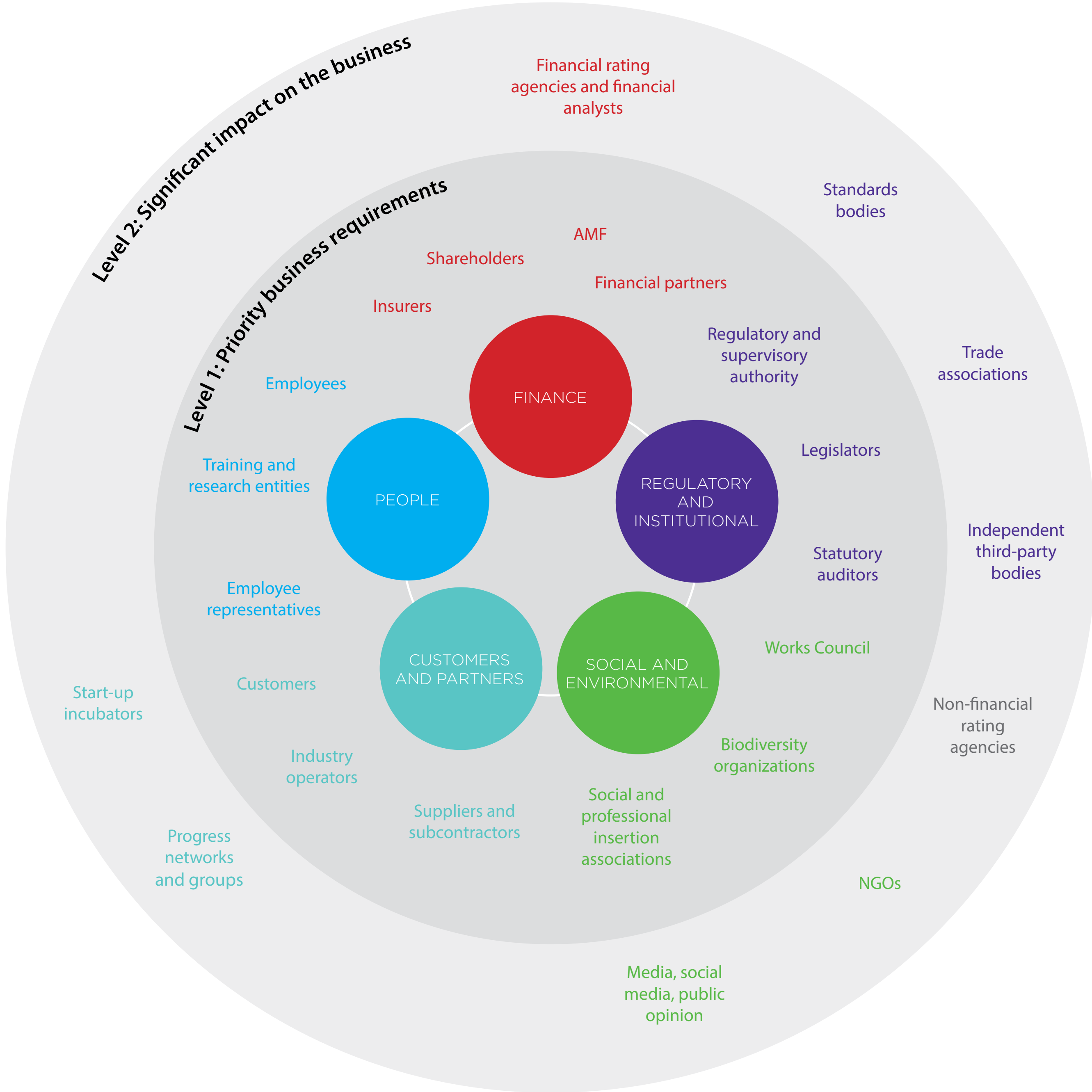
> **Customers:** the company has a responsibility to propose alternative solutions that take into account the entire life cycle of the products supplied to customers in order to remain aligned with the shared challenges;

> **Suppliers:** essential partners in the successful achievement of the objectives set, the Group's suppliers, through ongoing collaboration, drive technical performance;

> **Society:** aware of the societal role that the company can play in the sustainable development process, the Group is committed to supporting partnerships that promote sustainable projects for local development and populations. Additionally, the decision to support national or international causes that protect the planet is part of our sponsorship activities;

> **Shareholders and financial partners:** with the entry into force of the Taxonomy Regulation, the company has constructed a CSR strategy to maximize its long-term financial performance. It aims to share a roadmap for working towards sustainable development goals with investors and shareholders.

# STAKEHOLDER ECOSYSTEM



## BUSINESS MODEL

The Serge Ferrari Group's sustainable development policy dates back to its foundation and influences all aspects of its business model. The business model encompasses all stakeholders: employees, shareholders, suppliers and subcontractors, as well as public and private sector customers, as shown in the graphics below.

### Ecosystem

**People**
> 1,073 employees
> SF Academy

**Industrial and Intellectual**
> 6 production sites
> 11 sales and distribution entities
> Raw materials from petrochemicals and inorganic chemistry
> 2.8% of revenues allocated to R&D
> 5 laboratories
> 40 R&D technicians
> 34 patents in force

**Finance**
> 71.8% family shareholding
> 2021 net income, Group share: €10,178,000

**Planet**
> LCA and FDES
> Responsible purchasing charter
> ISO 14001 in France
> Energy consumption: 107 GWh
> Water consumption: 700,000 $m^3$

### BUSINESS MODEL*

**Our mission: to implement efficient eco-friendly alternative construction and development solutions**

#### KEY MARKET EXPECTATIONS

Energy efficiency
Comfortable living

Sustainable construction
Energy efficiency
Comfortable living

Circular economy
Protection of health

Protection of health
Comfortable living

#### GROUP BUSINESS LINES

Solar protection

Tensile architecture

Modular structures

Marine and Furniture

#### OUR EXPERTISE

**Value chain**
Raw material formulation
Process and machine engineering
Spinning and weaving
Coating and extrusion
Logistics
Support services
End-of-life

**Operational excellence**
Continuous improvement
Project mode organization
Organization in IMS mode

** excluding F.I.T. - see note on methodology in part 4*

### Sustainable value created

SDG | Ambition

HUMAN FOCUSED STRATEGY

**Employment/Engagement**
> 65 permanent contract hires
> 93.2% of employees on permanent contracts
> 37% of employees trained in health and safety
> 9,202 training hours
> Length of service: 11.38

**Eco-friendly production**
> RPET: recycled yarn
> Loop: 100% recycled material
> AGIVIR

**Financial contribution**
> €286 million in revenues
> Taxes 2021: €1,884,000
> 2021 income tax: €3,987,000

**Industry and R&D**
> 30 R&D partnerships (private and public)
> 9 patents filed in 2021

ENVIRONMENT FRIENDLY CHOICES

**Planet**
> Sponsorship: €37,000
> Gaia, Global Compact

SUSTAINABLE INNOVATION AT WORK

*Lodge - Chiang Rai*
*©Anantara Golden Triangle Elephant Camp&resort*

On a broader level, the Serge Ferrari Group is responding to several of the Sustainable Development Goals (SDGs) defined by the United Nations and presented below. In order to identify the SDGs that correspond to its CSR approach, the Serge Ferrari Group carefully considered the 17 SDGs and selected those most relevant to its field of activity.
8 SDGs have been selected, either because they are closely linked to the Group's strategy or because they correspond to emblematic projects in which the Group is involved.

These SDGs should be analyzed in two stages:
**Stage 1: high-stake SDGs on which the Group is taking direct and specific action:**

**Stage 2: "implicit" SDGs to which the Group, as an economic operator, systematically contributes through its daily activities.**

2.3
Part 3

# What do the three pillars mean in practice?

HUMAN FOCUSED STRATEGY

PILLAR 1

## PEOPLE - HUMAN CAPITAL ESSENTIAL TO GROUP DYNAMICS

The Serge Ferrari Group's DNA is based on the interdependence of our business lines at all levels of the Group. Each employee, whatever their role, function or position in the company, brings unique expertise and makes a complementary and essential contribution to our value chain.

The principle is simple: without expertise there is no differentiation, without interpersonal skills there is no cohesion, without commitment there is no improvement.

In order to preserve and promote this DNA, the "human capital" pillar is based on three priorities:

> Health and safety
> Diversity
> Recognition.

Through the active and cross-functional involvement of the Group's Human Resources Department, the human capital roadmap has been established at all levels of the company, starting with managers.

**"In CSR, (...) at Serge Ferrari, we are sometimes tempted to replace the S for Social with an H for Human."**

*Hervé Garcia, Human Resources Director, Serge Ferrari Group*

***What are the links between CSR and HR?***

The human dimension in CSR policy is so essential that we are sometimes tempted to replace the S for Social with an H for Human and talk about a CHR policy! In practical terms, we believe that each employee is unique and an asset to the company. We therefore have three very clear commitments towards each of them: to enable them to perform well, to feel good and to do better. Performing well means, among other things, attracting talent. We want demanding employees who consider excellence as the norm. Feeling good means feeling safe, trusting the company and understanding your role in order to share with colleagues. Doing better means giving meaning to each person's role in order to encourage initiative and innovation, values at the core of our company's DNA.

**When we combine these three guiding principles, we end up with "work better", achieved through a positive professional environment that favors a different way of working and allows us to perform better. This forms the basis of our entire human resources policy, which in turn feeds into our entire organization.**

***Occupational health and safety is a major focus in 2022. Can you tell us how?***

We want to instill a "safety culture" but we know that this cannot simply be decreed: it must be achieved through practice. Achieving appropriate behavior throughout the company, in the office and in the workshop, regardless of the position held, is a daily challenge. Whenever we have an accident or "near miss" at a site, we provide feedback to all units so that the best practices of some can help others prevent accidents in future.

***How can the diversity inherent to the global nature of the Group's activities be integrated?***

We have employees in 33 countries and we want to make our diversity an asset. We intend to capitalize on the synergies arising out of our diversity by integrating our different cultures and profiles. We want to create mutually enriching exchanges in order to foster the emergence of a collective intelligence.
Diversity also means doing everything possible to improve gender diversity, particularly in management positions, and improve conditions for persons with disabilities. Our approach goes beyond the framework of the company to include stakeholders: for example, we welcome young people or people who have experienced personal hardship to help them get back on track.

***What will be the focus of HR policy in 2022?***

We have noted that one in two Group employees has been with us for less than 5 years, while the other half has been with us for more than 10 years! It's wonderful to be able to get these two groups working together. But how? We have produced a set of managerial guidelines in consultation with managers from different backgrounds. A survey was conducted among all Group managers, over 80% of whom provided information on daily practices and methods. Based on all these contributions, we have identified four major themes that structure the commitment of each manager within the Group. We have put them together in the "All 4 one" formula:

> Working with others
> Innovation
> Sustainability
> Performance

More than just words, these are management methods that are applied in practical terms in everyone's daily life. Working with others, for example, requires maintaining proximity and being attentive, knowing how to encourage, acknowledge and praise! Performance means making decisions and taking responsibility for them, managing priorities to focus on key issues, promoting customer satisfaction, knowing how to guide a team over the long term and, above all, ensuring and maintaining working conditions that promote collective and individual performance.
The next step is to roll out this managerial tool, on which 170 Group managers will receive training.

# FOCUS 1
# HEALTH AND SAFETY

**Health and safety are at the heart of our values and working methods. They are a priority and full-time commitment for all employees. This critical issue is managed by all the members of the Strategy Committee, in order to ensure that all employees in France and the international subsidiaries are mobilized in a cross-functional manner.**

| MAIN RISKS IDENTIFIED | KEY INDICATORS | 2021 HIGHLIGHTS | ACTION IN 2022 |
|---|---|---|---|
| Strenuous work<br><br>Loss of work/life balance<br><br>Absenteeism and long-term absence | Accident frequency rate (AF1)<br><br>Accident frequency rate (AF2)<br><br>Accident severity rate (AS)<br><br>Absenteeism rate (sickness and industrial accidents) | COVID-19: strict application of instructions issued by professional organizations, distribution of PPE, screening and vaccination campaign<br><br>Remuneration of Executive Committee members indexed to AF1, AF2 and AS<br><br>In the event of an accident, immediate issuance of report circulated Group-wide | Establish a new Group-wide "security" governance structure (extend France steering committee)<br><br>Define and map strenuous work and the risks inherent to the Group's "priority" occupations<br><br>Extend Safety Day Group-wide<br><br>Perform safety inspections at all sites<br><br>Systematic analysis of causes and corrective actions in the event of an accident, including Business Review |

## FOCUS 1
## HEALTH AND SAFETY:
## REDUCE THE AF1 RATE BY 50% IN 2024 COMPARED TO 2018-2019

**Occupational safety is an ongoing consideration in all operations.**
Over several years now, the Group has structured its working methods to avoid and reduce accidents.
At the French and Swiss sites, a management process is in place to analyze each accident, its chain of causality and the corrective action to be taken.
It enables an in-depth examination of situations that lead to accidents or near-misses in order to eliminate them.
A detailed analysis is reported to the production manager on a recurring basis during industrial reviews. In view of the results obtained, it has been decided that this process will gradually be extended to all operational sites from 2022.

## FOCUS 2
## HEALTH AND SAFETY:
## 100% OF PRODUCTION EMPLOYEES TRAINED BY 2025 (COMPARED TO 37% IN 2021)

**The target originally set in the 2024 strategy to train 50% of employees in health and safety was achieved in 2019.**

In order to continue making progress, the Group has now set a more ambitious target by updating its strategy for 2025: to train 100% of employees in health and safety.
To meet this new target, the Group will draw on the role of instructors, experience and individual site initiatives.

*David Jacques,*
*QSE manager and safety supervisor*

**Ergonomics, the first lever for action to reduce strenuous work at workstations**

### A more systemic approach to production

Ergonomics should be considered from multiple perspectives. In addition to the job itself, work organization and, where possible, workshop and machinery design must be considered. This global approach was implemented by the Group at La Tour du Pin in 2021. It is led by David Jacques, who is now QSE manager and safety supervisor. His production line experience is an asset that will help the Group successfully implement its roadmap.

### Observe, propose, test, evaluate

In practical terms, this new approach is structured in different phases: a workstation observation conducted by the QSE team in consultation with an ergonomics specialist, a discussion with the people concerned within dedicated working groups, and finally the implementation of corrective actions leading to feedback. "Observation is not evaluation: it is not a matter of assessing or rating behavior, but of understanding how the operator functions on a daily basis, the work organization in place and the difficulties encountered," David Jacques emphasizes. The process this year focused on two positions, loom operator and materials handler. On a voluntary basis, a morning shift, an afternoon shift and a night shift (the workshops operate on a three-shift basis) were observed and photographed. "The purpose of this approach is to work directly with employees. Operators with different profiles are asked to take part in the working group to cover as many situations as possible. They work on their own issues: we direct them, we guide them, but at the end of the day they are the ones who determine the best action to take to reduce or eliminate the risk identified upstream." The selected actions are then tested under real conditions.

Taking the example of materials handler, there are several changes that make daily tasks easier for the teams. The substitution of a gluing technique performed using a spray glue with another method that uses double-sided duct tape is being tested. "We have transferred this process which is already used in the extrusion workshops. The results of the first tests were very positive. The operator no longer has to bend over to apply the glue at the workstation, the cleaning phase involved in this task is reduced, and the employee's exposure to chemical risk is eliminated as the glue used contained a hazardous chemical agent." The action has even wider implications in that it removes one of the constraints affecting the chemical supply and storage areas. "As a result, several aspects of work organization are covered. Previously, an observation was limited to one position. Now, the approach is systemic: we look at everything that can happen around this position as well as the possible repercussions on the other positions in the production chain. The gluing method tested here must in no way disrupt the coating process, which is the final stage in the manufacture of our products."

### A global approach to be implemented over the long term

The approach will be rolled out to all the units at the La Tour du Pin site in line with the same requirements. "The ultimate goal is to be able to analyze all positions in light of realistic and achievable objectives. With looms, for example, it is estimated that the number of near-miss same-level falls will be reduced from 4 to 0. More generally, it is a valuable lever for improving risk assessment and reducing potential risks and near misses," David Jacques concludes.

## FOCUS 3
## HEALTH AND SAFETY:
## BETTER COMMUNICATION TO ENHANCE OWNERSHIP OF ISSUES AT STAKE

**The ongoing involvement of managers is essential to ensure that all employees take ownership of prevention and safety procedures.**
To this end, the HR, QHSE and prevention teams, the occupational health nurse and physician and the Communication Department launched a number of new initiatives and communication campaigns at the French sites in 2021. On the strength of these experiences, the Group has decided to roll out these schemes among the international subsidiaries.

**Health & Safety Month**

One of the highlights of 2021 was undoubtedly Health & Safety Month, which took place in "October/November" at all French sites.
The aim of this initiative is to raise team awareness about communication on best practices and risks through activities and tools made available to them. With a varied program covering all levels and functions, the proposed format targeted communication and prevention actions on various themes.

Three main events took place:

> AWARENESS WORKSHOPS on "working with screens" organized by the EMERGENCE group and the occupational health nurse: over 50 participants

> A CONFERENCE open to everyone coordinated by the CSR department with an external keynote speaker: live and available on catch-up on "moving for a healthy mind and body": 50 participants

> A SAFETY DAY for production employees organized by the QHSE department: 250 participants including several awareness workshops, including training on first aid at work
(see photo below).

*Joëlle Barussaud, an occupational health nurse at Serge Ferrari since 2019,* first began working with office staff in September 2019, arranging sessions with a number of employees in La Tour du Pin "on an individual basis" and offering "massage therapy" to relieve stress. But the COVID-19 pandemic brought everything to a halt.

The process started again, somewhat differently, in October 2021, during "health month", with the organization of workshops to raise awareness about working with screens. With the help of Constance Kocher, Joëlle Barussaud organized "demonstration" sessions for small groups of 4 to 8 people to show them how to set up their workstations and why this is so important. "For example, if the chair is too low in relation to the desk, the neck will be raised to look at the screen, which can lead to stiff necks and shoulder tension," the nurse explained.

### The ergonomics of workstations with screens

When you sit in front of a screen for 7 to 8 hours a day, the consequences of poor posture are tangible. MSDs (musculoskeletal disorders) can set in and ultimately cause debilitating conditions - stiff neck, tendinitis, conjunctivitis, headaches, etc.

Office ergonomics includes everything: "It's not just about the chair and the height of the desk! There is the screen, the mouse and the keyboard, but also everything in what we call the indirect environment, i.e. lighting, noise, room temperature."

More than thirty people have been trained so far. In the long term, the plan is to provide the company with an "adapted furniture charter" to ensure that everyone has ergonomic furniture in their office. The project has been approved in principle and will be rolled out gradually.

# FOCUS 2 DIVERSITY

**There is no legal definition of diversity and the issue is often addressed through statistics (equal treatment, gender balance, etc.) that draw on cultural approaches. In an international group such as Serge Ferrari, the notion of diversity must be understood with regard to the origins of "diversity management" in the English-speaking world rather than specific French connotations.**

**The Serge Ferrari Group seeks to promote diversity by preventing discrimination and to draw on the complementary nature of its expertise through a talent management system.**

The human capital development strategy pursued for several years was stepped up in 2021, a year marked once again by the COVID-19 crisis and by acquisitions that profoundly changed the profile of Serge Ferrari Group employees.

Through close, daily cooperation between the HR and CSR departments, recurring issues (attractiveness, retention, equal opportunities, etc.) are taken into account in the day-to-day support provided to employees and in hiring processes. The Group places particular importance on the diversity of career paths in order to maintain diversity within its workforce.

| MAIN RISKS IDENTIFIED | KEY INDICATORS | 2021 HIGHLIGHTS | ACTION IN 2022 |
|---|---|---|---|
| 1/ Discrimination<br><br>2/ Failure to share viewpoints or complementary experiences<br><br>3/ Damage to the company's reputation | Proportion of women in the total workforce<br><br>Proportion of employees with disabilities<br><br>Average age of workforce | Preparation of a new governance model to enable everyone to express their views (collaborative and cooperative themes)<br><br>Services outsourced through insertion organizations, e.g. Safety Day catering, green spaces, etc. | 1/ Creation of a Group-wide Human Capital steering committee<br><br>2/ New governance model within the company: AGORA*<br><br>3/ Diversity initiatives<br><br>4/ Identification of barriers to attracting women to work in the production sector<br><br>5/ Integration of diversity criteria during mandatory annual negotiation (NAO) sessions (France)<br><br>6/ New recruitment communication campaign: employer brand |

** Operational body made up of 16 members and the Strategy Committee to share views on strategic issues*



## FOCUS 1 DIVERSITY: TARGET FOR 2030: 30% WOMEN IN TOTAL WORKFORCE (COMPARED TO 25.7% IN 2021)

**In accordance with its value charter, the Serge Ferrari Group has made equal treatment of all employees a major focus of its diversity policy. The objective is to fight prejudice and discriminatory attitudes related to gender, age, disability or origin.**

This objective is applied as early as the recruitment process, where managers are made aware of the need to avoid all forms of discrimination. The choice of candidate is based solely on criteria of competence and conduct in relation to the positions to be filled.

On the specific issue of gender balance: this is a major challenge in industrial production. Although preconceived ideas about the industrial production sector point to a male-dominated environment, the role of women is becoming increasingly important within the Serge Ferrari Group. The company is fully aware of its room for improvement in this area. It therefore wishes to support the process of increasing the number of women, in partnership with schools, which is necessarily a long-term process linked to a change in mentality, thus enabling a larger pool of women to occupy a maximum number of positions. At the same time, the Group is implementing a number of initiatives to improve its performance, such as equal pay, promotion discrepancies and the percentage of employees receiving a pay rise after returning from maternity leave (monitored via the PENICAUD index),

In light of these factors, the Group has decided to further refine its 2024 objective by setting a target in its 2030 policy to achieve a 30% share of women in the total workforce by that date. The Group is keen to take a pragmatic approach to diversity and, in this particular case, gender diversity. It is not a question of undertaking catch-all initiatives to achieve a quantified objective, but rather of considering the barriers and levers on which the company can act to increase the diversity of its teams. This approach should be analyzed in conjunction with the approach to quality of life at work and well-being within the company.

## FOCUS 2
## DIVERSITY: OBJECTIVE: PROMOTE INCLUSION

**Equality is also about inclusion.**
Whenever possible, the Serge Ferrari Group outsources certain work and assignments to people with limited employment opportunities. Examples include services related to green space upkeep and catering. Inclusion also involves the integration of young people on work-study programs or internships. In France, our company has responded to the government's request by continuing to take on young students in 2021 through various schemes, including professional training periods, internships and work-study programs. In addition to technical profiles, the Group is also committed to training young talent in sales and marketing.
Finally, equality also involves a stronger commitment to integration on the part of the Group to welcome more persons with disabilities. This positioning can be seen in educational activities and internal events. Aware that greater involvement is required to reach its target of 6% (in France) by 2024, the Group intends to organize a month-long event on the theme of diversity in 2022, in particular by raising employee awareness. The aim will also be to draw on the expertise and experience of the Group's various sites to share best practices, as is the case at the Swiss production site.


### Successful collaboration between Serge Ferrari Tersuisse and the Brändi Foundation

**Since 2006, Serge Ferrari Tersuisse AG has been working alongside the Brändi Foundation, a non-profit organization that promotes the social, cultural and professional inclusion of persons with mental and physical disabilities (located in Kries, Switzerland). At present, five members of the center for persons with disabilities are working at the Emmenbrücke manufacturing plant. Niklaus Zemp, director of the Swiss sites in Emmenbrücke and Eglisau, and Beat Meyer, head of yarn production at Emmenbrücke, look back on a successful collaboration.**

Fifteen years ago, Serge Ferrari Tersuisse decided to outsource certain tasks in collaboration with the Brändi Foundation. This was an innovative partnership at the time given that "in Switzerland, employing people with disabilities is a matter of choice for companies and not a legal obligation," Niklaus Zemp, director of the Swiss entities of the Serge Ferrari Group, explains.
This was a symbolic partnership for the Brändi Foundation because, for the first time, people benefiting from the center's services were working directly in their clients' factories on an industrial site. The contractual arrangements and any work-related accidents are handled by the Brändi Center, which has legal responsibility for these workers. "Brändi employees work 8.5 hours a day like any other employee. The first step is to establish what these people like to do. The second step is to show them the type of work they can do," production manager Beat Meyer explained.

"This partnership is meaningful for the various parties involved, be it the Brändi Foundation, the people with disabilities or Serge Ferrari Tersuisse AG," Niklaus Zemp emphasized.
A sense of belonging plays an important role: "The members of the Brändi Center were very happy to wear work clothing featuring the Serge Ferrari Tersuisse logo. They exhibited a real sense of pride. They are part of the Serge Ferrari family and never miss an opportunity to attend informal events organized by the company," Niklaus Zemp concluded.

*Niklaus Zemp,*
*Director of the Swiss entities of the Serge Ferrari Group.*

**Feedback from Brändi workers**

*"I enjoy working with the staff at workstations. The only thing I can't do right now is feed the yarn through the reel. That's too complicated for me, but I'm quite capable of doing the other tasks."*

***Kevin Bachmann,*** working at Serge Ferrari Tersuisse since 2016

*" I really value my experience at Tersuisse. I don't have a favorite task. I enjoy doing all types of work. The people here are very friendly to me and they're always there to help me if I have any questions."*

***Mentor Gyjokori,*** *working at Serge Ferrari Tersuisse since 2018*

*"The work I can do here is very interesting. I try to avoid any kind of stress because I don't want to have an accident or make a mistake. We have to work very carefully and precisely. Next year I'll celebrate my tenth anniversary with Serge Ferrari Tersuisse!"*

***Frasko Stoijkovic,*** *working at Serge Ferrari Tersuisse since 2012*



# FOCUS 3
# RECOGNITION

Recognition at work is one of the CSR performance levers. In a family-owned group whose workforce has grown rapidly, the challenge is to foster recognition - a need felt by many employees.
In this approach, the company's employees are considered as stakeholders with their own expectations and needs.

| MAIN RISKS IDENTIFIED | KEY INDICATORS | 2021 HIGHLIGHTS | ACTION IN 2022 |
|---|---|---|---|
| 1/ Loss of expertise<br>2/ Difficulty in recruiting<br>3/ Loss of motivation and employee disengagement<br>4/ Deterioration of the social climate | Turnover<br>Absenteeism rate<br>Breakdown by age group | 1/ One month, one theme: mobilization of the employee community: EMERGENCE<br>2/ Launch of the managerial guidelines<br>3/ Sharing of profiles highlighting the Group's business lines. | 1/ Promote and implement EMERGENCE initiatives: France and other sites<br>2/ Individual online interviews to enable employees to directly access information and administrative documents concerning them.<br>3/ INKUBATOR* project<br>4/ Engagement survey covering a significant proportion of the workforce<br>5/ Expanding EMERGENCES to Germany |

## FOCUS 1
## RECOGNITION: OBJECTIVE: DEVELOP THE EMPLOYER BRAND

Since its creation, the Group has always relied on the men and women who have helped shape Serge Ferrari's distinctive culture. It is a culture to which all stakeholders (employees, partners, customers) are strongly attached. The Group continues to cultivate its DNA, which encourages teamwork, entrepreneurial spirit and innovation, and to uphold its values in line with the company's vision, while adopting an integrated and structured approach to CSR.
**In order to put these values into practice on a daily basis, new managerial guidelines were launched in 2021.**

** A forum for reflection to build the company of tomorrow: 10 employees between 25 and 40 years old, representative of the company*

## All 4 one: towards a unifying Group management culture


The year 2021 was marked by the launch of new managerial guidelines: **"All 4 one",** which addresses the Group's strategic challenges. This model is based on four pillars: **working with others, innovation, performance and sustainability.** It is intended to guide managers by enabling them to take ownership of and develop tangible managerial behaviors. The development and deployment of the guidelines are being coordinated by Malika Bonleux, Group Human Resources Manager for the support, marketing and sales departments (France and International).

*Malika Bonleux,*
*Group Human Resources Manager*
*for the support, marketing and sales departments (France and International)*

### The need for a common foundation

**Since 2017, the successive integration of new companies (Serge Ferrari SpA and Verseidag) has intensified the need for meaning at all levels of the company, for all functions and more generally in all countries where the Group operates.**
To address this need, the Serge Ferrari Group began work on its brand identity, culminating in the mission statement: "Act now to build a better tomorrow".
This work has highlighted the strength of "the Serge Ferrari Group's culture. It is a genuine source of differentiation and competitive advantage that contributes to the Group's attractiveness as an employer," Malika Bonleux said.
The managerial guidelines are the expression of this shared commitment. They address the need "to have a common foundation", the project leader explains.

### A tool developed through collaboration

**The guidelines are the result of a process of collaboration involving HR and managers and targeting a culture of feedback.**
"We could have offered a turnkey tool, but it was crucial to establish a set of guidelines that was not abstract and that reflected the Group's values and image so that each manager could identify with it," Malika Bonleux emphasizes.
Managers were given the opportunity to assess the relevance of the four pillars defined in the guidelines by answering a survey conducted in French, English, German and Italian. "The objective was to capture managers' most pressing needs in order to create the right tools, as we aim to create a customized program. We spent a lot of time thinking about semantics and language to ensure that ownership of the project would be as broad and consensual as possible," Malika Bonleux explains.
The guidelines are now available in four languages to facilitate understanding by all.

### Long-term deployment

***A community of practice***
The project brings together a community of 250 managers (Executive Committee 2nd-tier reporting level) who have access to a dedicated digital platform. This platform contains a training module explaining the four pillars of the guidelines and how they can be implemented. Malika Bonleux also wants to enhance the platform by sharing information with managers. "It's about giving them a space to step back and recharge." This community is also intended to encourage feedback and sharing of best practices. It is also an opportunity for managers to create their own internal network.

***The concept of support over time: the common thread of the project***
The roll-out of the support program via training courses in France and abroad will begin in February 2022 and last for 6 months. Broader roll-out is then planned (expansion to new professions/departments, integration in the recruitment process) on the basis of this first "pilot".





## FOCUS 2
## RECOGNITION: OBJECTIVE: ATTRACTIVENESS AND EMPLOYEE RETENTION

**Since its creation, the Serge Ferrari Group has enjoyed an excellent reputation based on its technical expertise.**

Remaining an attractive company means capitalizing on its brand and capacity for innovation. The Group needs a wide range of profiles, some of which are in short supply, such as for the R&D department. **Attractiveness depends not only on the Group's values but also on working conditions, which must evolve in line with new tools, constraints and skills.**
The Group has thus expanded remote working in France through a new Group-wide agreement (revising the 2019 agreement), giving employees whose duties do not require them to be present in person the possibility of working remotely for two days a week (as opposed to one day as initially planned). This agreement also contributes to the reduction of greenhouse gas emissions caused by commuting and long-distance travel (neighboring cities located more than 45 minutes away by car).
Employee retention is achieved through greater internal promotion and the introduction of project-based assignments. The aim is to promote inclusion and teamwork, which have an impact on working conditions and offer the potential for career development within the Group. Employee retention is thus inseparable from dynamic skills management aimed at aligning employee aspirations with the company's needs.

In order to achieve this, the Group is stepping up internal project management training. A cross-functional working group is tasked with creating dynamic, shared tools.

The sense of belonging to the Serge Ferrari Group is an asset. Loyalty is nurtured and must be accompanied by significant acts of recognition (such as service awards) and empowering actions, either individually (new issues/projects) or collectively (EMERGENCE).
To foster employee loyalty, the Serge Ferrari Group organizes inter-site challenges to encourage the integration of new staff arriving through acquisitions.


*Serge Ferrari Group employees took part in the 2021 Run in Lyon footrace*

France and Germany: promoting exchanges, creating links, maintaining communities

## FOCUS 3 RECOGNITION: OBJECTIVE: MORE TRAINING AND INSERTION TO GUIDE EACH EMPLOYEE ALONG A PERSONALIZED CAREER PATH

**The Serge Ferrari Group's training policy is linked to the strategy of retaining staff, whatever their status, and the dynamic management of internal skills.**

Relevant training plans allow the company to better address the changing nature of its businesses and markets by mastering the requisite expertise internally.
Employees can use training to enhance their employment prospects and fulfill their career aspirations. The Serge Ferrari Academy plays an essential role in this task, from integrating new employees to building knowledge.
The Group also ensures that production operator skills are maintained through regular renewal of the requisite authorizations (CACES for material handling equipment and forklifts, electrical accreditation, occupational health and safety training, etc.).
Training should also be seen in the context of the internal mobility policy, which is widely promoted by HR among managers involved in this process. Mobility concerns all types of positions within the Group, including marketing, sales, support and production. The Group also encourages relocation, giving employees with the right skills the opportunity to develop their careers internationally. The international dimension and the diversity of the Serge Ferrari Group's employees is a strength that allows employees to move to other sites.

## Serge Ferrari Academy: bridging the gap between diversity and recognition

**Given the variety of nationalities now represented within the Group, there is a clear need to formalize exchanges to improve understanding between entities.**
With this in mind, the Serge Ferrari Academy has designed a module entitled "Cultural differences - between Germans and French". Its objective is to enable each representative of these two countries to understand their counterparts' way of thinking and operating methods to encourage a more efficient and harmonious working relationship.
As members of a Group that has been exporting its products all over the world for several decades, Serge Ferrari employees are open-minded and at ease in their intercultural interactions. When the Group began to establish itself abroad more strongly in the 2000s through the creation of subsidiaries, the number of long-distance exchanges increased and the risk of misunderstandings suddenly became more acute. The need to formalize mutual understanding has gradually emerged. Indeed, just like a foreign language, cultural subtleties are part of the knowledge base that needs to be acquired.
In 2020, the Serge Ferrari Group incorporated the German company Verseidag. "The Germans and the French have a different way of working," Philippe Burnat notes. In order to avoid mutual misunderstanding, it is therefore necessary to draw up an "operating manual" designed to interpret and explain the reasoning, reactions and attitudes that prevail on both sides of the Rhine. This reflection led to the creation of a module specifically designed to facilitate communication between French and German managers, which has been incorporated into the Serge Ferrari Academy's courses.
The Group has hired a consultant to run 50-minute webinars, one in German and the other in French, which can then be consulted in module form on the e-learning platform, to which 450 Group employees have subscribed. Improving communication between Germans and French requires the deconstruction of prejudices such as "the French are rude and late, the Germans uptight" and the fostering of mutual understanding of the two countries' history.
The Serge Ferrari Academy is now considering replicating the idea and designing sessions for teams based in Asia and the United States.

*Interview with* *Philippe Burnat,* *Director of the Serge Ferrari Academy*

*Fortlandia playground – Austin, Texas – USA*
*©Minguell-McQuary Architecture+Design*

ENVIRONMENT FRIENDLY CHOICES

PILLAR 2

# THE ENVIRONMENT AT THE HEART OF THE GROUP'S COMMITMENT

The Serge Ferrari Group CSR policy has always been proactive with regard to the environment. The Group has started to implement a targeted, quantified and measurable CSR policy in this area. Structured around three main pillars, the Group's environmental strategy responds to a two-fold objective of reducing our direct impact and offering products tailored to identified needs, such as sustainable cities.
At the same time, although not directly impacted for the time being, the Group is closely monitoring developments in the proposed European taxonomy on sustainable activities (see note on methodology in part 4).

## ENVIRONMENTAL STRATEGY: SUMMARY

| Primary objectives and issues | Climate | Resources | Biodiversity |
|---|---|---|---|
| Group ambition | Act to reduce the Group's carbon emissions (Scopes 1, 2 and 3) | Reduce pressure on natural resources throughout the value chain | Controlling the impact of activities on living ecosystems and ensuring their preservation |
| Response to the market | Participation in the challenge of sustainable cities and adaptation to climate change | Transition to a circular economy | Protection and enhancement of natural environments |


*Celebration Zone - Toronto - Ontario - Canada*
*Hariri Pontarini Architects - ©Ben Rahn/A-Frame*



Serge Ferrari group

"Supporting our growth while respecting planetary boundaries"

*An explanation from*

**JEAN-YVES STÉPHAN,**
*Chief Industrial Operations Officer*

"Obtain 14001 and 50001 certification for each industrial site"

**To grow while maintaining a stable environmental footprint: that is the ambition of the Serge Ferrari Group for 2025.**

***To what extent is the Serge Ferrari Group conscious of the environment?***
Environmental concerns have always been very important, including among production operators. The degree of awareness actually surprised me when I joined the Group in 2018. For example, we wanted to introduce plastic bags to avoid cleaning the drums with white spirit, but the teams concerned refused as it would generate additional waste. This is a core component of the Group's DNA, as reflected daily in our guiding principle: do better with less.

***How do you intend to reduce the environmental impact of the industrial production sites?***
We have identified three main areas for action and progress:
> implementing solutions that directly eliminate any additional carbon footprint,
> reducing environmental impact that cannot be completely eliminated,
> offsetting our impact wherever possible.

This three-point strategy of "eliminate, reduce and offset" structures our global approach, which we will apply to all of our industrial operations in three significant areas: consumption of natural resources such as water, energy consumption and the recovery of waste generated by our activity.

***How will this be achieved in practice?***
Regarding water consumption, we have already invested in the equipment. Our short-term objective at La Tour du Pin is to stop pumping the water table. From 2022 onwards, the aim is to reduce our extraction by 75% compared to the level recorded in 2018. In terms of energy, several initiatives are underway: we are working on recovering the heat produced by our flue gas treatment units to supply the water cooling system or replace other sources of consumption; we have also initiated sourcing in partnership with the Voltalia consortium to orient our procurement towards renewable energy. We plan to invest in a solar park to use this type of green energy. In terms of waste, the La Tour du Pin site initiated a recovery process some years ago, but there is still room for improvement. Although energy recovery is currently considered an alternative to landfill, it is not an ideal solution as it generates $CO_2$ emissions. Our ambition in the long term is to recover or recycle 100% of our waste in a more eco-friendly way.

***You mentioned the La Tour du Pin site. What about the Group's other industrial units?***
In 2018, we created an environmental steering committee at La Tour du Pin that brings together employees from production, industrial operations, maintenance, upkeep and QHSE every quarter. The committee provides regulatory oversight and, above all, monitors environmental indicators and progress with action plans implemented to improve these indicators over time. In addition to its coordinating role, the committee assesses the effectiveness of the initiatives undertaken and aims to unite the teams around shared objectives. From 2022 onwards, the environmental steering committee will be extended to the Group's other industrial units. We now have consolidated indicators that allow us to analyze comparable activity scopes between our sites. We will therefore be able to analyze data objectively, identify any overconsumption not correlated with the type of production and identify best practices that can be transposed from one site to another. Support must be provided to every site, because everyone without exception must work to reduce their environmental footprint. It is also about promoting synergies around common objectives by sharing ideas, feedback and best practices.

***Can you give us an example?***
In the weaving division, we have implemented at La Tour du Pin the loom adjustments that were applied at Krefeld. These machines consume a lot of compressed air, production of which is also highly energy-intensive. By applying these adjustments, we have been able to reduce compressed air consumption by 20%. The benefits were immediate and significant. By developing this approach further, we will be able to define Group-wide standards based on our benchmark indicators.

***How does the Group reconcile its environmental aspirations with its economic needs?***
The equation is not always easy to solve depending on the economic environment, but it is based on a solid investment policy underpinned by strong convictions. When we talk about reducing water consumption or optimizing energy use, we are talking about projects that require major long-term commitments. Return on investment is 8-10 years for the installation of solar panels on a factory rooftop and 7-8 years for switching to LED lighting. The scope of these two examples is limited to industrial activity. For initiatives where the impact is evident on a larger scale, investment capacity increases accordingly. In the longer term, we plan to reduce the environmental footprint associated with the transportation of goods to our worldwide markets. The inclusion of Scope 3 in our environmental impacts will necessarily involve all Group entities, as it encompasses procurement, supply chain and the sales force.

[1] Intergovernmental Panel on Climate Change.

# FOCUS 1
# CLIMATE: MITIGATION AND ADAPTATION TO CLIMATE CHANGE: CARBON ACCOUNTING

**In addition to local ties, the Serge Ferrari Group's commitment is also rooted in its international presence, allowing us to reduce our own carbon emissions from natural resources and enabling our partners to reduce their footprint as well. Although the Serge Ferrari Group has prepared a Greenhouse Gas Emissions Assessment since 2014, it has now resolved to start calculating all aspects of the carbon audit as of 2022. By mid-year, this analysis will be used to review the Group's strategy with regard to the impact of its activities in order to define a "low-carbon" operational action plan, with performance indicators monitored by each member of the Group Executive Committee in accordance with their remit. This new action plan will address both internal and stakeholder emissions.**

| MAIN RISKS IDENTIFIED | KEY INDICATORS | 2021 HIGHLIGHTS | ACTION IN 2022 |
|---|---|---|---|
| Regulatory<br><br>Financial: taxonomy | Greenhouse gas emissions: Scopes 1 and 2: Group<br><br>Greenhouse gas emissions per m² produced. | In-house training of a person certified by the French Carbon Footprint Association (ABC)<br><br>Publication of the Greenhouse Gas Emissions Assessment on the ADEME platform<br><br>Scope 3 launch | 1/ Group:<br>- Performance, monitoring and coordination of the carbon audit<br>- Sharing of best practices<br><br>2/ Continuation of the Climate Fresco training and awareness-raising activities on the carbon footprint<br><br>3/ Low-carbon roadmap<br><br>4/ Creation of environmental/carbon governance at Group level with monitoring of indicators and action plans for reduction |

## FOCUS 1
## CLIMATE: OBJECTIVE: DEFINING THE CARBON PATHWAY

**Develop a quantified action plan shared by all stakeholders**

In 2022, once Scope 3 has been calculated, the Group will draw up a specific action plan to specify the objectives of the 20-30 strategy and to define clear guidelines for involving stakeholders (particularly suppliers), in order to strengthen collaboration to reduce the Group's environmental footprint (and more generally to reduce carbon emissions).

## FOCUS 2
## CLIMATE: OBJECTIVE: BRINGING TEAMS ON BOARD

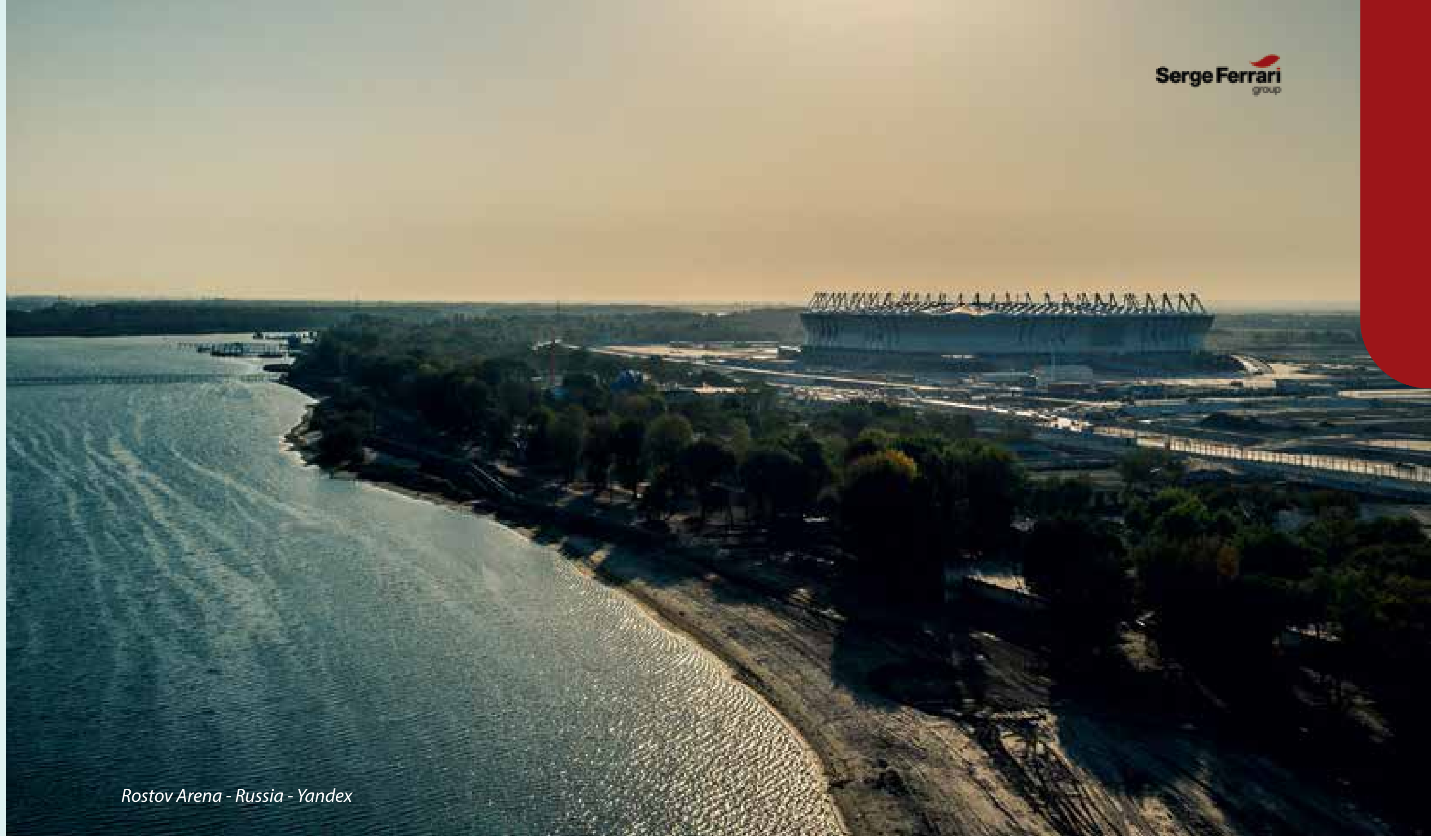
**80% of employees trained via the Climate Fresco educational resource by 2030**

Even though the global temperature has increased by just 1.2°C (compared to the pre-industrial era), natural disasters are multiplying around the world.
By virtue of its societal and environmental focus, the company has a dual interest in fostering employee awareness of this phenomenon at all levels:
> As a citizen: as part of a virtuous individual approach and to become a force for change (bottom-up logic).
> As an employee: understanding the company's carbon footprint and the impact of its strategic choices.

Through the Climate Fresco educational resource, the company was able to trial familiarization with the approach during a 3-hour workshop in September 2021 involving a diverse panel of employees. The Group has decided to gradually train its own ambassadors to introduce the workshops across Group sites and is planning a "Carbon Footprint" month in January 2022 to explain the Group's carbon impact. The objective of this dual undertaking is to find concrete avenues for actions with a positive impact.

*Climate Fresco workshop*





*Rostov Arena - Russia - Yandex*

# FOCUS 2
# NATURAL RESOURCES: REDUCE CONSUMPTION

**Various strategies are being implemented to reduce the environmental impact of the Group's activities on natural resources (water, energy, waste). The aim is to gradually reduce the pressure on natural resources upstream and downstream of the Group's activities while safeguarding its production capacities and prosperity. The Group has therefore set objectives for reducing its impact while making allowance for its expanding scope of operation.**

## PREVENTION OF RISKS RELATED TO THE CONSUMPTION OF RESOURCES WITHIN THE SERGE FERRARI GROUP

| MAIN RISKS IDENTIFIED | KEY INDICATORS | 2021 HIGHLIGHTS | ACTION IN 2022 |
|---|---|---|---|
| 1/ Pressure on resources<br><br>2/ Shortage of non-renewable raw materials<br><br>3/ Increase in the environmental impact of the Group's activities<br><br>4/ Market demands | Energy consumption per m² produced<br><br>Water consumption per m² produced | 1/ Signing of a Corporate Power Purchase Agreement (CPPA) covering 10% of consumption at French sites<br><br>2/ Solar power production in Germany<br><br>3/ Creation of a dashboard per site and per activity tracking consumption per m² | 1/ Creation of environmental/carbon governance at Group level with monitoring of indicators and action plans for reduction<br><br>2/ Continued investment to achieve<br><br>zero water stress at La Tour du Pin<br><br>3/ Monitoring actions, leadership and training on carbon footprint |

## FOCUS 1
## NATURAL RESOURCES:
## OBJECTIVE: PRESERVE WATER RESOURCES

**Reduce impact on water resources by 20% (compared to 30 l/m² in 2018)**

The Group's impact on water resources is measured using a ratio of water consumption per m² produced.
Aware of the challenge presented by water resources, the Group has accelerated its 20-24 strategy to focus on locations where the impact is greatest, i.e. the French sites at La Tour du Pin.
In 2020, the Group began work to switch to a closed circuit system and thus reduce its dependence on water resources.
> March 2020: PRE3 production line in France switched to closed circuit.
> Start of work on other lines in 2021 to meet the water reduction objective.
It should be noted that this commitment to preserving water resources is shared throughout the Group, with the Italian and German sites already using closed circuits.

In addition, reducing our impact on water resources also allows us to manage the risk of production interruptions in the event of extreme drought. This is a good example of how the Group factors resource-related risks into its investment approach.

## FOCUS 2

## NATURAL RESOURCES:
## OBJECTIVE: OPTIMIZE ENERGY PERFORMANCE AT OUR INDUSTRIAL SITES

**Energy efficiency ratio below 20% at industrial sites by 2024 (compared to 2.09 KWh/m² in 2018)**

Energy is one of the pillars of the new 22-30 CSR strategy. By setting the objective of "+=0"®, the Group aims to drive and actively monitor a reduction in its energy consumption while using a more eco-friendly form of energy based on new consumption methods.

> Reduction of energy consumption:
progress at the Serge Ferrari Group sites is based on certification (of the French and German sites), renewal of which is managed by the QHSE departments under the Integrated Management System (IMS).

> Towards the energy transition:
in addition to optimizing energy consumption, the Serge Ferrari Group is gradually investing in renewable energies in order to contribute to the future post-carbon society. In order to achieve this, the Group takes into account regional specificities, i.e. local potential, but also the different approaches embodied in national strategies.

**The Serge Ferrari Group invests in green energy**
The green electricity agreement is in keeping with the Serge Ferrari Group CSR policy, which consists of combining economic performance and growth by ensuring the rational use of natural resources.
This innovative project was initiated in 2020 by LCL bank and Voltalia, a French company founded in 2005 that produces renewable energy on a global scale.

The objective was to allow those companies most sensitive to energy transition issues to benefit from long-term contracts for the supply of electricity from renewable sources produced in France at a guaranteed price.

**A year later, the Serge Ferrari Group signed its first Green CPPA (Corporate Power Purchase Agreement) with energy producer Voltalia and nine other companies including Air France, Gerflor and Bonduelle.**

This group buying arrangement provides an economy of scale by pooling companies' needs, leading to the construction of a 56-megawatt solar power plant in 2022.

To limit the environmental impact of this project, it has been designed not to tie up land, but rather to allow for dual use.
The project will be integrated with an existing agricultural activity and will provide shade for cattle.


*CPPA signature December 2021*

*Interview with*
## Markus Simon,
*CEO of Verseidag*

## Shared energy for a sustainable society

**Verseidag-Indutex GmbH pursues numerous sustainable development initiatives to reduce its energy consumption. The company's eco-friendly practices could be applied at other Group sites that share common sustainable development policies.**

**Solar power system: towards greater autonomy**
In March 2020, the company invested over half a million euros in a solar power system for its plants in Krefeld, Germany. Production was close to 600,000 kWh in 2020. 570,000 kWh (9% of total consumption at Krefeld) was used by Verseidag for operating its own plants, meaning that nearly 96% of the electricity produced by the company was used to meet its own needs. The solar power system can achieve production of 715 MWh. Compared to the current German energy mix average, the savings amount to 310 grams of $CO_2$ per kWh (204 tons of $CO_2$ saved). This solar power system is the second largest system installed in the city of Krefeld. "We don't wait for others, we act. We put our values into action", Markus Simon insists.

**LED lighting: lower energy consumption, greater efficiency**
Verseidag replaced its conventional lighting system with LED lighting over the course a three-year program from 2016 to 2018 involving three major plants in the Krefeld area. Energy consumption for lighting was particularly high (735,000 kWh) due to continuous 24h operation of the plants. "That's more than we generate with our solar panels," Markus Simon explained. By switching to LED lighting, the company has saved 514,000 kWh (the carbon dioxide savings are close to 70% or the equivalent of 170 tons of $CO_2$ per year).

**New generation air compressors: a key component of clean renewable energy systems**
The use of compressed air is needed to operate the machines. Verseidag needs compressed air in particular to operate its air-jet looms (the first step in the manufacturing process) and in the coating plant. Compressed air is the fuel for the loom. By switching from older compressed air systems to a newer generation of compressors, the company has reduced electricity consumption in the coating plant by 32% (115 tons of $CO_2$). The previous compressors consumed 1.17 million kWh. With this change, consumption is now 800,000 kWh. This experience prompted the Serge Ferrari Group to reduce compressed air consumption at La Tour du Pin.

**Moving in the same direction**
Verseidag intends to continue the path taken by Serge Ferrari in terms of energy policy. Alongside the Serge Ferrari Group, Verseidag plans to continue to build joint understanding of energy saving and the substitution principle. "Verseidag and Serge Ferrari are aligned on this policy and we are working in tandem to achieve our sustainable development goals."
The company is focusing on what it can REDUCE, then AVOID, and finally, OFFSET. The Group intends to gradually invest in upgrading its plants while working on potential savings. Both companies are convinced they must demonstrate their commitment to reducing their carbon footprint.

## FOCUS 3 RESOURCES: OBJECTIVE: DECARBONIZE CERTAIN TYPES OF CONSUMPTION

**While the Serge Ferrari Group has until now paid particular attention to the deployment of IT projects and professional mobility, the Group is entering a new phase in its CSR project by choosing to define monitoring indicators for digital pollution and eco-mobility.**

> Digital: with 3.8% of greenhouse gas emissions (ADEME report, La face cachée du numérique, November 2019 edition), i.e. more than civil aviation, digital pollution represents a significant environmental burden in 2021 which reports suggest could double by 2025. True to its philosophy of acting now to build better tomorrow, the Serge Ferrari Group has decided to take digital pollution out of its blind spot and make it an integral part of its CSR policy. The development of remote working across the Group and the acquisition strategy have both contributed to a significant increase in the company's $CO_2$ impact. For this reason, in 2022 the Group will aim to identify its responsibility and define a policy of digital sobriety. From purchasing policies that favor more eco-friendly equipment and reconditioning to awareness-raising initiatives and group events, the Group will invite all employees worldwide to contribute towards a global objective.

> Eco-mobility: the Group plans to make future mobility solutions more carbon-efficient. While the Group has committed over a number of years to a plan to renew hybrid and electric vehicles, it now wishes to take greater account of these issues in order to contribute to new uses and services. This project has two major components:
- Business travel: encouraging soft mobility and eco-driving. Various projects are currently under development in this area (discussions on a mobility charter, purchase of adapted vehicles, soft mobility projects in France between and around sites, provision of electric bicycles for urban areas, etc.).
- Commuting: offering employees alternatives to individual car travel.

**Mobility month: France and Germany.**
In September, the French sites organized a month-long event on the subject of mobility led by members of the Works Council and the EMERGENCE employee group. Throughout the month, employees were invited to come to work in a different way, favoring eco-friendly modes of transport.
In the wake of this challenge, employees who wished to do so were invited to a "coffee-time debate" in order to discuss ways of improving "mobility" at the French sites. Sixteen proposals were formulated and submitted to the CSR steering committee, eleven of which were selected for implementation in 2022. These include the implementation of Blablacar Daily (a carpooling system), expansion of the electric bicycle fleet, installation of additional charging stations for electric cars and the creation of site traffic plans with road markings for soft mobility.
In parallel with this French initiative, the Krefeld site in Germany took part in the "Saddle Up" challenge with the objective of encouraging employees to cycle to work.

*Lingang bicycle park - Shanghai - Serge Ferrari Shanghai© - QuanMu Architect*



## FOCUS 3 BIODIVERSITY: PROTECTING BIODIVERSITY AT SITE LOCATIONS

As an economic operator in the region, the Serge Ferrari Group is aware of the impact of its facilities and activities on biodiversity. For this reason, as a responsible company, the Group works closely with local bodies to preserve biodiversity at its sites.

| MAIN RISKS IDENTIFIED | KEY INDICATORS | 2021 HIGHLIGHTS | ACTION IN 2022 |
|---|---|---|---|
| Damage to the environment: resource pollution, noise and light pollution, etc. | ISO 14001 (monitoring of Significant Environmental Aspects (SEA)) | Continuation of the partnership with BeE | 1/ Group: data collection for the design of a future Group-wide biodiversity plan, definition and monitoring of indicators integrated into reporting campaigns<br>2/ Continued deployment of ISO 14001 at industrial sites. |

## FOCUS 1 BIODIVERSITY: OBJECTIVE: CONTRIBUTE TO THE COMMON OBJECTIVE OF PRESERVING BIODIVERSITY

**For several years now the Serge Ferrari Group has been a member of the BeE association, which rallies economic operators together around a common goal of preserving biodiversity in the Bourbre river basin.**
The financing of riverbank operations and maintenance, awareness-raising activities or the financing of studies allow for targeted and measured actions.
Among its 2022 objectives, the Group intends to launch a survey of the measures taken at each site to promote biodiversity.
In the long term, the Group plans to launch a biodiversity plan to build on the initiatives already underway and establish a global objective encompassing all of its sites.

## FOCUS 2 BIODIVERSITY: OBJECTIVE: FOSTERING A GROUP-WIDE ENVIRONMENTAL RISK MANAGEMENT CULTURE AND SHARING A COMMON APPROACH TO ENVIRONMENTAL MANAGEMENT

**Managing environmental risks requires sharing the approach with all stakeholders.** This culture of assessing environmental issues and risks must enable operational and management teams to remain mindful of all natural and physical environments (water, air, soil, etc.) by reducing their impact and constantly seeking to innovate in order to improve processes and study eco-friendly materials.
To this end, the Group implements a project-based organization system across all its departments. However, in view of the Group's growth, a new "environmental steering committee" governance structure will be rolled out Group-wide in 2022 in order to share environmental risk management procedures across the various sites in France and abroad. These procedures will be designed to share best practices, taking into account the specific characteristics and autonomy of sites and local expertise, as well as the applicable national and international standards. The management culture is therefore based on various levers that the Group is progressively implementing:
> Environmental risk training for managers and operational teams
> Raising awareness of the concept of risk among new recruits
> Group objectives shared by the environmental steering committee
> Autonomy of each site to propose measures that integrate the Group's approach in accordance with local specificities and the business model
> Internal communication: posters, charters, training, etc.

In addition, the Group aims to have each operational site certified ISO 14001: Environmental management (96% coverage by 2021).

PILLAR 3

# SUSTAINABLE INNOVATION: DEVELOP ECO-DESIGN TO SUSTAIN THE ECONOMIC MODEL

*Loop project*

Technical and technological expertise is at the heart of the Serge Ferrari Group's DNA, through a dynamic motor of attractiveness and competitiveness derived from continuous innovation. Sustainable innovation, the third pillar of the strategic plan, is helping to accelerate the emergence and market launch of new high value-added products. Through their design and/or use, the Group's products help to drive the ecological transition and energy efficiency.

In this regard, the R&D department is stepping up its objective of finding sustainable solutions to limit its dependence on raw materials and reduce its environmental impact (consumption of primary materials) by drawing on circular economy resources (recycled materials). At the same time, the department is pursuing its comparative studies and research in order to present the environmental benefits of our new products in comparison with more traditional techniques by means of an evidence-based approach.

Sustainable innovation, a key element of a CSR strategy, will be developed around two main issues in the 2022-2030 strategy:

> Eco-design

> Waste recovery

Through his commitment to building a sustainable business model, Philippe Espiard, Group R&D Director, embodies the Group's strong belief in a strategy that aims to reconcile performance and environmental protection through innovation.



## "Further improve the sustainability and performance of our products, always with a view to doing better with less"

**Sustainable innovation is the historical basis of the Serge Ferrari Group's CSR approach. Philippe Espiard, Group R&D Director, discusses the Group's foundations and future ambitions in this area.**

***What does sustainable innovation mean for the Serge Ferrari Group?***

Sustainable innovation is a major component of the Group's DNA. Eco-design and respect for the environment have always been present and are reflected primarily in our product offering and portfolio. The common thread running through all our ranges is material efficiency. We manufacture flexible composite membranes exhibiting an optimum weight/performance ratio. Our products guarantee high performance in terms of mechanical resistance coupled with lightness. Compared to a more traditional process, our solutions offer an equivalent or superior level of performance in terms of durability while using less material.

***How do you assess the environmental performance of your solutions?***

We have conducted studies of the environmental impact of our products by performing life cycle assessments (LCA) from raw material to end-of-life. This environmental reporting is recognized at international level through the EPD (Environmental Product Declaration) and in France through the environmental declaration sheet (Fiche de Déclaration Environnementale et Sanitaire - FDES). Both declarations comply with European and international standards EN 15804. These environmental declarations include a large number of criteria such as the impact on "global warming", "energy consumption" and the "ozone layer". They allow us to be transparent about the environmental impact of our membranes. They allow designers to calculate the impact of a finished product or structure incorporating our composite membranes. This also allows upstream eco-design of a finished product or project to limit its impact on the environment. Our membranes, which offer the dual advantages of lightness and durability, contribute to significantly reducing the carbon footprint of the finished product (blind, frame) or structural element (roof, facade, ceiling). There are also operational environmental benefits due to the savings on air conditioning provided by solar protection systems such as interior or exterior blinds. Finally, comfort aspects are factored into our environmental and health data sheets. Solar protection offers greater visual comfort due to the regulation of light input. Tensile roof structures allow natural light to enter, thereby enhancing occupants' well-being.

***How much importance do you attach to eco-design?***

Eco-design is at the heart of our approach, whether in the choice of the raw materials we use or the formulations we develop. We are also extremely vigilant about safety with respect to both manufacturing units and end customers. This is one of the tasks of our "VigiAlert" Committee, which monitors regulatory developments in light of our efforts to eliminate sensitive products, identify potentially sensitive substances over the long term and initiate substitution studies in anticipation of potential regulatory changes. A great deal of work has been done over many years on our surface finishing varnishes, which are partly composed of organic solvents: we have withdrawn certain solvents from our formulations and we only use the most eco-friendly existing classifications. Eco-design also includes end-of-life management. With a process patented in 1998, the Group was one of the first market operators to guarantee the recycling of its composite membranes. We have now gone one step further by integrating recycled raw materials into our products. For example, we are in the process of launching a solar protection product made with 100% recycled materials.

***What are your ambitions for 2025?***

In general, it is a question of staying the course and then challenging it. In other words, to improve the sustainability and performance of our products further (mechanical strength, fire resistance, weathering and aging), always with a view to doing better with less. Our R&D project portfolio includes a number of exploratory topics related to eco-design.

*Philippe Espiard,*
*Group R&D Director*

We will also continue to work on niche applications with high added value for the environment. Our "EcoCages" designed for the aquaculture and fish farming industries provide farmers with many advantages compared to conventional nets: for example, the waterproofing that avoids the discharge of fish waste into the sea as well as the mixing of wild and farmed species, limiting the proliferation of diseases and the use of antibiotics in farms, and reducing the fouling of the EcoCage by slowing down the development of algae in the environment. However, the integration of recycled materials into our products remains the priority. We intend to transfer the success of the Vertex product to our other product lines. This bold ambition requires a considerable amount of research in itself. We are able to draw on a strong team, strengthened by the addition of Verseidag in 2020.

# FOCUS 1 ECO-DESIGN

**The Serge Ferrari Group's environmental performance is reflected first and foremost in its material efficiency.**

This means embracing the necessary strategy of decoupling economic growth from resource extraction and adopting the guiding principles of the circular economy, which apply to the three main stages of the value chain:

> Production phase: sustainable procurement, eco-design, manufacturing
> Consumption and use phase: responsible application, extending product lifespan, economical functionality
> End-of-life phase: recycling and material recovery.

**Circular economy challenge for the Serge Ferrari Group**

**Challenge 1: reduce our footprint in the value chain**
Conserve resources, improve the performance of our products, optimize waste recovery

**Challenge 2: reconcile economic prosperity and environmental protection**
Develop our business model by further enhancing the concept of circularity in all aspects of the Group: Purchasing, supplies, processes, quality, usage, etc.

**Challenge 3: adapt our products to market expectations and offer innovative solutions to current and future needs**
Address new requirements by remaining in close contact with our stakeholders and developing synergies and shared resources to enrich and promote the Group's expertise.

| MAIN RISKS IDENTIFIED | KEY INDICATORS | 2021 HIGHLIGHTS | ACTION IN 2022 |
|---|---|---|---|
| Market expectations<br><br>Shortages and dependence on raw materials | Emergence of new products made from 100% recycled material - qualitative indicator.<br><br>Number of active patents<br><br>Number of patents filed | Loop project*: see below<br><br>Recycled PET Switzerland: see below | Pursue the Group's objectives regarding product design using recycled materials. |

## FOCUS 1 ECO-DESIGN: FRUGAL DESIGN: ECO-DESIGN AND THE ECONOMICAL FUNCTIONALITY

**Security and autonomy of supply cannot be sustained if material consumption increases.**
**As a responsible economic operator, the Serge Ferrari Group is working to significantly reduce its consumption of raw materials.**
In the use of materials, the weight/performance ratio (lower material density with comparable performance) is important. Thanks to Précontraint technology, which offers a superior weight/performance ratio and dimensional stability over time, the process helps meet the challenge associated with depleting natural resources and thus achieve the desired efficiency: doing more with less.
At the same time, the Serge Ferrari Group is involved in the development of products which in themselves respond to the new sustainability characteristics demanded by consumers.
To this end, the Group has made substantial R&D investments over many years in order to carry out comparative studies aimed at comparing technologies and products in terms of design and use. The objective is to provide customers with a clearer picture of their "consumption" choices by measuring all impacts.
These broad considerations, which include materials policy, product use and end-of-life management, represent genuine opportunities to develop the company's business model.

## FOCUS 2 ECO-DESIGN: USE RECYCLED OR BIO-SOURCED MATERIALS

**For several years now the Group has been investing in subsidiarity, whereby recycled material replaces all or part of the primary material.** The Group is making progress in this area through two complementary strategies:
**> A material-based approach:** we are working towards 100% recycled high-strength PET yarn. This 100% recycled high-strength yarn will be integrated into the weaving process for the manufacture of our products from 2022.
**> A product-based approach:** develop products that incorporate 100% recycled or bio-sourced materials.

**Loop, an innovative product made from 100% recycled materials**
With the aim of incorporating recycled materials into its innovative technology, the Serge Ferrari Group has developed an ingenious material made from 100% recycled materials. The first product made using this technology, known as Loop, will be marketed in 2022 as the first ever composite membrane combining both polyester yarn and 100% recycled polymer. With regard to application, the very first product will be used in the solar protection market for all forms of solution. Meanwhile, Vertex products will contribute to a significant reduction in the environmental impact of a building and therefore to the achievement of various certifications such as LCA, LEED, HQE or BREAM. The Serge Ferrari teams have worked hard to ensure that the entire value chain is certified and to guarantee the quality of the polymer and recycled polyester, both produced in Germany. With this outstanding C2C and Greenguard certified technology, the Serge Ferrari Group hopes to raise market standards in order to push the market towards more sustainable development. In the long term, the teams hope to increase their capacity to manufacture recycled materials, such as yarn, while further integrating their own waste streams into this process.

## FOCUS 3 ECO-DESIGN: PROVIDE A RECYCLING SOLUTION FOR END-OF-LIFE PRODUCTS

**Recyclability:** a pioneer in recycling with our Texyloop industrial unit, the Serge Ferrari Group is investing in the new generation of industrial products adapted to users' requirements by actively supporting Polyloop. This start-up is developing a solution for regenerating PVC composites on a scale that meets the constraints of flexibility and proximity to manufacturers. Container-sized recycling units will be gradually and permanently installed at production sites. A prototype is due to be installed at La Tour du Pin in 2023. We are thereby promoting a radical shift in recycling following a Smart Factory logic, moving from centralized heavy industry to light integrated modular equipment.

*Gardens by the Bay – Singapore - Wilkinson Eyre Architects - ©Rory Daniel*

# FOCUS 2 RE-USE AND RECOVERY OF MATERIALS

**As a committed economic operator, the Serge Ferrari Group is looking for sustainable and innovative alternatives through a systematic approach and continuous monitoring of the re-use and recovery of materials.**

| MAIN RISKS IDENTIFIED | KEY INDICATORS | 2021 HIGHLIGHTS | ACTION IN 2022 |
|---|---|---|---|
| Market: new expectations and requirements on product end-of-life | Recovery rate of non-hazardous waste in % | Sharing of best practices between sites | Group: continuation of collective action and sharing of best practices |
| Financial: Increase in TGAP tax on polluting activities | Tonnage of hazardous waste per m² produced (gHW/m²) | Search for new partners | Work on recovery of offcuts |
| Competition | Tonnage of non-hazardous waste per m² produced (gNHW/m²) | Partnership with several schools | |
| | Number of active patents | | |
| | Number of patents filed | | |
| | Sponsorship | | |

## FOCUS 1 MATERIAL: IN 2024: 0 TONS OF LANDFILL WASTE

**Prior to any action, the Serge Ferrari Group pays particular attention to material efficiency.** The goal is to determine the scrap rate of the different workshops, compare results and define a global Group strategy.
At the same time, as part of its waste treatment policy, the Serge Ferrari Group continues to explore possible recovery channels through a pro-active solution-finding strategy. The aim is to keep final waste disposal to an absolute minimum.





## FOCUS 2 MATERIAL: ENCOURAGE ALTERNATIVES: THE EXAMPLE OF UPCYCLING

**The Serge Ferrari Group is committed to upcycling, with the goal of finding solutions that give a second life to its scrap.**
In 2021, the Group embarked on a new adventure, alongside Lafuma Mobilier, by entering a competition organized by Intramuros, a French interior architecture and design magazine, and the Camondo interior architect and designer school in Paris.
This competition gives students the opportunity to work with companies on the practical application of the ideas and concepts they have developed in their final thesis.

Léna Micheli, a young designer and interior architect, was chosen by the Group to work on the theme of upcycling and to devise a new product from the waste and scrap generated by the various industrial processes.

Following initial investigations, we have identified four avenues for the re-use of our waste:

> Leftovers, i.e. leftover material lost between two Batyline production runs,
> Scrap removed from reel ends and offcuts before the heat sealing process,
> Sample scrap, R&D scrap and old collections assembled by sewing or welding to make decorative plates,
> Heat-set Batyline offcuts: welded or woven together to create dividers, for example.

Léna is still experimenting with shapes and techniques to create a stable and reproducible finished product on a larger scale. In the long term, this approach could be systematically integrated into the entire manufacturing chain, creating new value for our initially wasted production materials.

## FOCUS 3 MATERIAL: PROMOTE INITIATIVES RELEVANT TO THE LOCAL COMMUNITY

**In response to its social responsibility to limit the impact of its activities, the company is seeking to establish active relationships with stakeholders, particularly schools, to challenge its products and processes.** This dual perspective gives new insights in terms of potential applications and upcycling.

"As material manufacturers, design is at the heart of our concerns. Material and color form the foundation of the designer's creative intent - and our job is to help it become reality. Developing a close relationship with the design community not only contributes to business growth, but also to the spreading of important messages such as more responsible use of materials, a holistic approach to the product life cycle and participation in the creation of a more responsible furniture industry."

**The Serge Ferrari Group has entered into a partnership with the Ecole Supérieure de Design et Métier d'Art d'Auvergne (ESDMAA), which trains future product design experts.**

Our Group invites Master 1 students to consider the concept of upcycling in order to create new textile concepts for furniture seating from second materials. These seats will then be mounted on Lafuma's metal structures, also seconds, and exhibited at the Saint-Étienne International Design Biennial next spring.

2.4
# Part 4

# Appendices





# REPORTING METHODOLOGY

## BUSINESS MODEL DEVELOPMENT

The business model illustrates how the Serge Ferrari Group creates value and preserves it over the long term through its activities and services. It reflects the Group's strategic vision.

Its development is the result of a joint effort at Group level, in particular by the following departments: Executive Management, Finance, QHSE and CSR.

## REPORTING METHOD AND STRUCTURE

The information required for the 2021 non-financial performance statement was collected from various departments (Human Resources, QHSE, Purchasing, Finance, etc.) and from subsidiaries. The data provided by the various contributors was then consolidated at Group level.

Qualitative data was collected through interviews with internal and external stakeholders and verified internally by the various departments involved in reporting.

The Chairman of the Executive Board, Sébastien Baril, is responsible for non-financial reporting at Group level.
In addition, the preparation of the report was validated by the CSR steering committees and worked on at each stage by the members of the Strategy Committee, who are directly responsible for CSR in their daily activities.

## REPORTING PERIOD AND SCOPE

The Serge Ferrari Group's non-financial reporting for the year ended December 31, 2021 covers two distinct areas:

> **The industrial scope**, covering the following entities: Serge Ferrari SAS, Serge Ferrari AG, CI2M SAS, Serge Ferrari Tersuisse, Plastitex (including Istratextum), Verseidag-Indutex GmbH. Regarding the merger with F.I.T. (Taiwan), this entity will not be included in the reporting for this year. Despite the acquisition of a majority stake, COVID-related constraints prevented any trips to the site (border closures). The company was only able to appoint a member of staff to start working on synergies and more extensive information-gathering in December. However, the integration of this data is important for the Group.

> **The sales and distribution scope**, covering the following entities: Serge Ferrari Norh 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 Sarl.

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

## RELEVANCE OF THE INDICATORS SELECTED

The choice of relevant indicators was made by the members of the CSR steering committee as part a cross-functional approach to ensure a global perspective: Executive Management, Human Resources, Production, QHSE and CSR.

The relevance of the indicators used is assessed in light of the social, environmental and societal impacts of the activities of Group companies and the risks associated with the challenges of the sectors in which they operate. The risk analysis carried out enables identification of global risks for which commitments have been or will be made, and the definition of key performance indicators used to monitor the effectiveness of the actions undertaken.

## METHODOLOGY

Energy consumption includes the energy used for heating buildings and production processes within the Group's industrial scope.

Water consumption includes normal use and cooling systems. Energy and water consumption is calculated according to the criteria recommended in the ISO 140 40.44 life cycle assessment.

All energy and water consumption in the industrial scope is calculated using the same method, with the consumption period defined by physical meter readings or the recording of invoices. Energy and fluid consumption by companies with very low consumption levels have not been taken into account in the sales and distribution scope (marketing subsidiaries). The majority of the sites are covered by the ISO 50001 management standard and their measurements are audited annually.

$CO_2$ emissions correspond to the energy consumption related to processes and to thermal oxidation of the solvents used to treat fumes emanating from flexible composite materials. Indeed, technical constraints prevent us from obtaining all the carbon footprint data at this time. The Greenhouse Gas Emissions Assessment therefore covers the industrial scope and presents the results of Scope 1 and 2 (excluding company vehicles). Hazardous and non-hazardous waste corresponds to volumes collected at production sites (industrial scope).

As regards the workforce, French employees come under French labor law and conversely for foreign employees. Headcount is reported as of December 31, 2020. It includes staff on fixed-term contracts, permanent contracts, professional qualification and apprenticeship contracts and staff working under umbrella company arrangements.

The absenteeism rate is calculated by dividing the number of days lost for all employees in the industrial scope by the average headcount over the year, divided by the number of working days in the year. Industrial accidents are those that occurred in 2020, excluding relapses.

**The different rates are calculated as follows*:**

AF1 = No. of lost-time accidents x 1,000,000/hours worked. AF2 = No. of accidents with and without lost time x 1,000,000/hours worked.
AS = No. of working days lost due to industrial accidents x 1,000/hours worked.

* Long-term absences and relapses are excluded from the rate calculations.

Full-time equivalent (FTE) is a unit of measurement corresponding to the workload for a given activity during the defined period. In our case, this involves calculating the presence of the workforce in hours, in proportion to the duration of activity for the calendar year. One person present for 8 hours for an 8-hour activity amounts to 1 FTE. One person present for 4 hours for an 8-hour activity amounts to 0.5 FTE. For the Serge Ferrari Group non-financial performance statement, we apply the rule of FTEW, i.e. full-time equivalent worked over the year taking into account presence during the calendar year.

**Calculation formula:** Natural Person x Workload[1] x Period of Activity during the year[2].

[1] Workload = working time, full time or statutory full time in the country. Prorata if part time.

[2] Period of Activity during the year = Value 1 if presence of 100%. Prorata if period entry/exit with a minimum of 15 calendar days per month, if not = 0. After 90 days, employees who are continuously absent from work are no longer taken into account in the calculation of FTEW.



## EXCLUSIONS

Given its activity, the Group is not directly concerned by the issues related to the prevention of food waste and food insecurity, respect for animal welfare and responsible, fair and sustainable food. These issues have therefore not been included in the non-financial performance statement.

At the same time, and although the Group is paying particular attention to the European Taxonomy of Sustainable Activities, the Group's economic activities are not at present directly concerned by the categories regulated.
The Taxonomy section is included in chapter 5 "Management report" of the Universal Registration Document.

## EXTERNAL AUDIT PROCESS

The social, environmental and societal information published in this non-financial performance statement has been verified by an independent third-party body for the purpose of issuing an opinion on:

> the compliance of the Statement with the provisions of Article R. 225-105 of the French Commercial Code;
> the accuracy of the information provided pursuant to Article R. 225-105, I, 3° and II of the French Commercial Code, namely the results of policies including key performance indicators and actions relating to the main risks.

The nature of the work carried out and the conclusions are presented in the paragraph entitled "Independent third-party body report" on the non-financial performance statement.

# REPORTING SCOPE

Serge Ferrari group

## Industrial scope (>95% of the Group's activities)

| Company name | Address |
|---|---|
| Serge Ferrari SAS | La Tour du Pin (France) |
| Verseidag-Indutex GmbH | Krefeld (Germany) |
| CI2M SAS | La Tour du Pin (France) |
| Serge Ferrari AG | Eglisau (Switzerland) |
| Serge Ferrari Tersuisse (formerly Ferfil Multifils) | Emmenbrücke (Switzerland) |
| Plastitex/Istratextum | Carmignano di Brenta (Italy) |

## Sales and Distribution scope (>95% of the Group's activities)

| Company name | Address |
|---|---|
| Serge Ferrari North America | Pompano Beach (USA) |
| Serge Ferrari Asia Pacific | Hong Kong (HK) |
| Serge Ferrari Japan | Kamakura (Japan) |
| Serge Ferrari America | Santiago (Chile) |
| Serge Ferrari Brasil | São Paulo (Brazil) |
| 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) |



# MONITORING OF QUANTITATIVE INDICATORS

| Indicators | Excluding Verseidag-Indutex GmbH 2020 | Excluding Verseidag-Indutex GmbH 2021 | Including Verseidag-Indutex GmbH 2020 | Including Verseidag-Indutex GmbH 2021 | ISO 26000 reference framework | Comments | 2024 objectives | SDG shared repository |
|---|---|---|---|---|---|---|---|---|
| **SOCIAL ISSUES** | | | | | | | | |
| Attractiveness | | | | | | | | |
| Total number of employees as of December 31 | 839 | 846 | 1,074 | 1,073 | Employment and employer-employee relations | | | 8.1 GDP growth 8.5 Full employment and recent work |
| Payroll in €'000 | 56,183 | 59,952 | 61,060 | 73,356 | | Verseidag was consolidated from August 2020 | | |
| Total number of employees as of December 31 in the industrial scope | 678 | 663 | 835 | 890 | | Industrial scope | | |
| Total workforce at year-end (FTE) | 836.50 | 823.74 | 1,066.25 | 1,042.50 | | (including fixed-term contracts, temporary workers, etc.) | | |
| Permanent workforce at year-end (FTE) | 758.70 | 759.96 | 972.06 | 961.70 | | Excluding the impact of changes in consolidation scope | | |
| Non-permanent workforce at year-end (FTE) | 77.84 | 63.78 | 94.21 | 80.87 | | Fixed-term contracts, temporary workers, apprentices, etc. | | |
| Average workforce | 852.28 | 887.16 | 1,090.11 | 1,124.50 | | | | |
| Average workforce in the industrial scope (FTE) | 671.04 | 698.72 | 900.78 | 940.66 | | Including fixed-term contracts, temporary workers, etc. | | |
| Number of permanent employees hired (FTE) | 21 | 32.86 | 22.65 | 34.00 | | Excluding acquisitions | | |
| Number of permanent contract hires | 30 | 61 | 32 | 65 | | | | |
| Global training budget (€ excl. VAT) | €450,018 | €581,286 | €461,244 | €592,881 | Resource development | | | 4.3 Professional training |
| Training contribution rate | 0.8 | 0.97 | 0.76 | 0.81 | | Training budget/payroll | | |
| Total number of training hours (including SF Academy) | 7,108 | 8,810 | 7,309 | 9,202 | | Excluding integration of new employees and external customers | | |
| Proportion of employees trained (all training courses combined) (%) | 54 | 59 | 45 | 46 | | | | |
| Average number of training hours per employee | 8 | 9.93 | 6.70 | 8.18 | | Number of training hours/total average workforce | | |
| Average training hours per employee trained | 19.58 | 22.65 | 19.60 | 22.44 | | | | |

| Indicators | Excluding Verseidag-Indutex GmbH | | Including Verseidag-Indutex GmbH | | ISO 26000 reference framework | Comments | 2024 objectives | SDG shared repository |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2020 | 2021 | | | | |
| **SOCIAL ISSUES** | | | | | | | | |
| **Attractiveness** | | | | | | | | |
| Number of hours of training provided by SF Academy on product knowledge and business techniques | 475 | 242 | 475 | 281 | Resource development | These training courses are intended for the company's production and sales staff | | 4.3 Professional training |
| **Commitment** | | | | | | | | |
| Average length of service | 10.99 | 10.67 | NA | 11.38 | Employment and employer-employee relations | | | |
| Staff turnover (excluding fixed-term contracts) (%) | 7.87 | 10.70 | 7.18 | 9.48 | | The calculation takes permanent employees into account | Reduce staff turnover to 5% | |
| Number of permanent employees leaving (FTE) | 34.23 | 55.53 | 45.23 | 61.82 | | Excluding the impact of changes in consolidation scope | | |
| Proportion of employees on permanent contracts (%) | 92.25 | 93.14 | 92.27 | 93.20 | | | Sustain employment | |
| Proportion of employees on fixed-term contracts, including work-study contracts (%) | 7.75 | 6.86 | 7.73 | 6.80 | | | Prioritize pre-recruitment opportunities (including work-study programs) | 4.4 Skills and access to employment |
| Number of training hours provided by the SF Academy for new employee onboarding | 355.5 | 250 | 355.5 | 284.5 | | | Ensure that 100% of new employees attend onboarding sessions | 4.3 Professional training<br>10.2 Autonomy and integration |
| **Diversity** | | | | | | | | |
| Proportion of men in the total workforce (%) | 73.42 | 72.93 | 74.58 | 74.28 | Employment and employer-employee relations | | | 4.5 Equal opportunities |
| Proportion of women in the total workforce (%) | 26.58 | 27.07 | 25.42 | 25.72 | | | Increase the number of women hired: 30% women by 2030 | |
| **Breakdown by age group** | | | | | | | | |
| < 30 years | 10.85 | 12.29 | 11.27 | 11.46 | Employment and employer-employee relations | | | 4.4 Skills and access to employment |
| 30-39 years | 24.91 | 23.64 | 22.35 | 21.34 | | | | |
| 40-49 years | 31.23 | 31.56 | 29.14 | 29.73 | | | | |
| > 49 years | 33.02 | 32.51 | 37.24 | 37.47 | | | | |
| Average age of workforce | 44 | 44.06 | NA | 45.05 | | | | |
| Proportion of total workforce based in head office country | 53.75 | 54.96 | 41.99 | 41.94 | | | | 4.5 Equal opportunities |
| Proportion of permanent workforce based in head office country | 54.52 | 51.77 | 42.58 | 53.68 | | | | |

| Indicators | Excluding Verseidag-Indutex GmbH | | Including Verseidag-Indutex GmbH | | ISO 26000 reference framework | Comments | 2024 objectives | SDG shared repository |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2020 | 2021 | | | | |
| **SOCIAL ISSUES** | | | | | | | | |
| **Diversity** | | | | | | | | |
| Number of men hired on permanent contracts | 23 | 44 | 25 | 48 | Employment and employer-employee relations | | | 4.5 Equal opportunities<br>5.1 Combating discrimination |
| Number of women hired on permanent contracts | 7 | 17 | 7 | 17 | | | | |
| Proportion of employees with disabilities (%) | 2.23 | 3.04 | 2.23 | 3.04 | | France scope | Aim for 6% | |
| **Health and well-being** | | | | | | | | |
| Absenteeism rate (sickness and industrial accidents) | 3.76 | NA | 4.31 | 2.87 | Occupational health and safety | Industrial scope | Reduce absenteeism to 2.5% | 3.4 Promoting mental health and well-being |
| Proportion of employees working part-time (%) | 5.36 | 3.31 | 5.68 | 3.08 | Employment and employer-employee relations | | Promote access to part-time work | |
| **Safety** | | | | | | | | |
| Accident frequency rate (AF1) | 16.82 | 17.83 | NA | 12.93 | Occupational health and safety | Industrial scope<br>Calculation made in accordance with the standards recognized by CARSAT.<br><br>(Number of lost-time accidents X 1,000,000/ Number of hours worked) AF1<br>(Number of accidents with and without lost time X 1,000,000/ Number of hours worked) AF2 | Reduce AF1 by 50% by 2024 compared to 2018 (AF1 = 19.07%) | 8.8 Rights and safety at work |
| Accident frequency rate (AF2) | 22.08 | 27.22 | NA | 19.73 | | | | |
| Accident severity rate (AS) | 0.22 | 0.33 | NA | 0.24 | | | | |
| Accident frequency rate among temporary workers (AF1) | 0 | 55.79 | NA | 38.77 | | | | |
| Accident frequency rate among temporary workers (AF2) | 0 | 55.79 | NA | 38.77 | | | | |
| Accident severity rate (AS) among temporary workers | 0 | 0.25 | NA | 0.17 | | | | |
| Number of occupational illnesses | 0 | 0 | 0 | 0 | | To date, the company has not recorded any occupational illnesses | | |
| Proportion of employees trained in health and safety (%) | 31 | 47 | 26 | 37 | Occupational health and safety | Industrial scope | 50% of employees trained in health and safety | 4.3 Professional training<br>8.8 Rights and safety at work |
| Total expenses incurred on health and safety training | 183573 | 191037 | 189903 | 191789 | | | | |

| Indicators | Excluding Verseidag-Indutex GmbH | | Including Verseidag-Indutex GmbH | | ISO 26000 reference framework | Comments | 2024 objectives | SDG shared repository |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2020 | 2021 | | | | |
| **ENVIRONMENTAL ISSUES** | | | | | | | | |
| Reduce environmental impact | | | | | | | | |
| Water consumption per m² produced (l/m²) | 25.23 | 22.23 | 18.77 | 16.53 | Sustainable use of resources | Data includes industrial scope water consumption. | Reduce by 20% the l/m² finished product ratio compared to 2018 (28 l/m²) | 12.2 Sustainable management of natural resources<br>6.4 Sustainable management of water resources<br>9.4 Industrial sector sustainability and modernization |
| Energy consumption per m² produced (kWh/m²) | 2.37 | 2.34 | 2.54 | 2.54 | | Data includes industrial scope energy consumption (electricity, gas, fuel oil, diesel). | Improve the energy efficiency ratio by 20% compared to 2018 (2.30 kWh/m²) | 7.3 Energy efficiency<br>9.4 Industrial sector sustainability and modernization |
| Consumption of renewable energy produced (Krefeld) or purchased (France and Italy) (KWh) | 1342439 | 3029581 | 1910430 | 3701186 | Climate change mitigation and adaptation | The Group has benefited from the increase in the share of renewable energy purchased from suppliers, particularly in France | | 7.2 Renewable energy |
| Material assessment (raw materials consumed in Gr/m² produced) | 643 | 921 | NA | 1021 | Sustainable use of resources | The 2020 material assessment was based on the quantity purchased and not consumed | | 12. 2 Sustainable management of natural resources |
| Greenhouse gas emissions - Scope 1 (tCO2eq.) | 11314 | 12886 | 17555 | 20197 | Climate change mitigation and adaptation | We have prepared a Group-wide Greenhouse Gas Emissions Assessment since 2015. Scope 1: combustion, non-energy procedures (solvents) and fugitive emissions | | 7.3 Energy efficiency<br>13.1 Climate change measures - Resilience and adaptation |
| Greenhouse gas emissions - Scope 2 (tCO2eq.) | 1522 | 1931 | 5490 | 5827 | | Scope 2: electricity | | |
| Greenhouse gas emissions (Scope 1 + 2) per m² produced (gCO2eq./m²) | 494 | 455 | 653 | 616 | | | | |
| Recyclability | | | | | | | | |
| Recovery rate of hazardous waste (%) | 83 | 87 | 87 | 90 | Sustainable use of resources | Industrial scope | 0 tons of landfill waste by 2024 | 12.5 Waste reduction |
| Recovery rate of non-hazardous waste (%) | 66 | 66 | 69 | 74 | | | | |
| Tonnage of hazardous waste per m² produced (gHW/m²) | 24 | 26 | 25 | 27 | | | | |
| Tonnage of non-hazardous waste per m² produced (gNHW/m²) | 123 | 114 | 117 | 108 | | | | |

| Indicators | Excluding Verseidag-Indutex GmbH | | Including Verseidag-Indutex GmbH | | ISO 26000 reference framework | Comments | 2024 objectives | SDG shared repository |
|---|---|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2020 | 2021 | | | | |
| **SOCIETAL ISSUES** | | | | | | | | |
| Investing in socially orientated markets | | | | | | | | |
| Share of total revenues allocated to innovation (%) | 3.37 | 3.01 | 4.11 | 2.83 | Deployment of social responsibility | The percentage is calculated over the entire industrial scope | | 9.5 R&D innovation |
| Number of active patents | 33 | 34 | 33 | 34 | Technology development | | | |
| Number of patents filed | 4 | 2 | 4 | 2 | | | | |
| Number of external training hours provided by SF Academy for customers and providers | 51 | 237 | 51 | 237 | Technology development and access to technology | This training is designed for our external stakeholders | | 12.8 Environmental awareness and training |
| Percentage by volume of CMR substances used in production | 12 | 11.6 | NA | 11.6 | Protecting consumer health and safety | Excluding Krefeld and Plastitex to be integrated in 2022. These substances are classified CMR1B and CMR2. Our products do not contain CMR1A. | Limit the use of CMR products while taking new regulations into account | 9.4 Industrial sector sustainability and modernization<br>12.8 Environmental awareness and training |
| Emergency sponsorship | | | | | | | | |
| Sponsorship (€'000) | 66 | 37 | 66 | 37 | Deployment of social responsibility | The health crisis prevented us from maintaining our usual sponsorship activities. The Group focused its commitments on the design and development of applicative solutions that directly contribute to curbing the spread of COVID-19. | | 17.17 Multi-stakeholder partnerships |

# MONITORING OF QUALITATIVE INDICATORS

| Indicators | Comment | Field ISO 26000 | SDG |
|---|---|---|---|
| **GOVERNANCE AND STRATEGY** | | | |
| Signing of the United Nations Global Compact | The Group joined the Global Compact on December 19, 2019. A COP (Communication on Progress) was submitted in December 2021. | 6.2 Governance of the organization | 17 Partnership for achieving global targets |
| Formal adoption of a structured CSR strategy, including an action plan or objectives relating to social, environmental and stakeholder issues | The Group's social, environmental and societal objectives have been reviewed for the 2030 Strategy. | | 12.6 Corporate Social Responsibility |
| Existence of a manager or department in charge of the Group's CSR/sustainable development issues | A Group CSR Manager position was created in 2021 and an SVP CSR was appointed in 2022 | | |
| Presence on the Executive Committee (or Management Committee) of a person in charge of CSR/sustainable development issues | The SVP CSR sits on the Strategy Committee. | | |
| Presentation of the CSR strategy to the Board during the year | The Group's CSR Committee meets four times a year to assess strategy and progress | | |
| Analysis of the Group's non-financial issues | The Group has established a materiality matrix that presents and prioritizes non-financial issues. It has been published since 2019 and will be updated in 2022. | | |
| Prioritization of non-financial issues | Non-financial issues are ranked by risk family (page 16) | | |
| The non-financial issues identified as the most significant are reflected in the risk factors | Each risk is subject to control measures for 2022 (Chapter 3 Action in 2022) | | |
| Formal adoption of a Business Continuity Plan | Formalization of procedures to secure business continuity | | |
| IT risks are presented to the governance bodies at least once a year | An annual audit by an external service provider highlights the IT risks, which are presented to the Executive Committee | | |
| Existence of penetration tests for IT systems | IT systems penetration tests are carried out every 3 years | | |
| Existence of an internal IT charter | The IT charter was established in 2016. | | |
| **SOCIAL DIALOG** | | | |
| Existence of a human resources manager | Hervé Garcia, Director of Human Resources, is a member of the Strategy Committee and is responsible for the proper execution of the Group's strategy and policies in this area. | 6.4.5 Labor relations and working conditions - Social dialog | 4.3 Professional training 4.4 Skills and access to employment 4.5 Equal opportunities |
| Commitment to promoting social dialog | Serge Ferrari has trade union representation and a social and economic committee | | |
| Number of agreements signed in France | 4 agreements signed in 2021 | | |
| **OCCUPATIONAL HEALTH AND SAFETY** | | | |
| Existence of an OHS management system (occupational health and safety) | An OHS management system has been in place within the Group for many years | 6.4.6 Labor relations and working conditions - Occupational health and safety | 8.8 Rights and safety at work |
| Proportion of activities with external OHS (occupational health and safety) certification (e.g. OHSAS 18001) | This activity is not certified | | |

| Indicators | Comment | Field ISO 26000 | SDG |
|---|---|---|---|
| **GENERAL ENVIRONMENTAL POLICY** | | | |
| Proportion of activities that directly address a key sustainable development issue (SDG) | 100% of the Group's activities | 6.5 Environment | 17 Partnership for achieving global targets |
| Existence of Installations Classified for the Protection of the Environment (ICPE) | The Serge Ferrari Group has ICPE authorization orders for the French sites | | 7.3 Energy efficiency 9.4 Industrial sector sustainability and modernization 13.1 Climate change measures - Resilience and adaptation |
| Performance of an energy audit within the last 4 years | ISO 50001 certified companies are exempt from an energy audit under French regulations. 84% of production activities are ISO 50001 certified | | |
| Proportion of the consolidated environmental reporting scope | 100% (industrial scope) | | |
| Formal adoption of an environmental policy (issues and objectives) | The environmental policy is established pursuant to ISO 14001 requirements | | |
| Existence of an environmental management system | The Group IMS is ISO 9001, ISO 14004 and ISO 50001 certified | | |
| Proportion of activities with environmental certification (e.g. ISO 14001, EMAS) | 96% of production activities are ISO 14001 certified | | |
| Existence of audits, measurement or reporting on air pollution issues (excluding greenhouse gas emissions) | Audits and regulatory measures | | |
| Amount of provisions and guarantees for environmental risks (€) | €373,211 | | |
| Existence of a quality management system | The Group IMS is ISO 9001, ISO 14004 and ISO 50001 certified | | |
| Proportion of activities with quality certification (e.g. ISO 9001) | 100% of activities are ISO 9001 certified (industrial scope) | | |
| **WASTE MANAGEMENT** | | | |
| Implementation of a waste sorting system | The company sorts its waste and has also implemented a selective sorting process within the administrative departments | 6.5.3 Environment Pollution prevention | 12.4 Environmental management of chemicals 12.5 Waste management |
| Existence of an action plan for the management of waste and hazardous substances (WEEE, REACH, ROHS, etc.) | The action plan aims to reduce the volume of waste in relation to the volume produced, as measured via a quarterly ratio | | |
| **SUSTAINABLE USE OF RESOURCES** | | | |
| Initiatives to reduce the quantity of inputs/consumables - excluding energy - (paper, water, raw materials, etc.) and/or waste | The purpose of the Environment, Energy and Waste Committee is to initiate, collect 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 |
| Assessment of critical natural resources | The Group is measuring its impact on water resources (extraction from the Bourbre water table) and aims to reduce it by 20% by 2024. | | |
| **CLIMATE CHANGE** | | | |
| Existence of an action plan to save energy and reduce greenhouse gas emissions | All of these requirements are managed through the ISO 50001 standard in the case of certified sites (Serge Ferrari SAS and Verseidag). For the other sites, the Group has set a goal of certifying each site by 2030 | 6.5.5 Environment Climate change mitigation and adaptation | 13.1 Climate change measures - Resilience and adaptation 7.2 Renewable energy |
| Initiatives to reduce the environmental impact of business travel and commuting | Internal carpooling and bicycle-sharing program (tested in France), with plans for gradual roll-out Group-wide | | |
| Initiatives to reduce the environmental impact of internal and outsourced logistics | The Group's logistics department seeks to reduce the environmental impact of internal transport | | |
| Completion/review of a greenhouse gas emissions report for the last three years | The Group has prepared a Greenhouse Gas Emissions Assessment covering its entire scope since 2015 and posted the 2020 assessment on the ADEME website. The Group's Bilan Carbone® carbon footprint assessment will be published in 2022 | | |
| Detailed publication of the breakdown of energy sources and types of energy consumed | Serge Ferrari undertakes to achieve a high performance in terms of energy consumed per unit produced. | | |

| Indicators | Comment | Field ISO 26000 | SDG |
|---|---|---|---|
| **PROTECTION OF BIODIVERSITY** | | | |
| Initiatives for the protection and preservation of biodiversity in the company's infrastructure | The La Tour du Pin site has maintained its commitment to BeE (Bourbre Entreprises Environnement) | 6.5.6 Environment Protection of biodiversity | 15.5 Biodiversity and endangered species |
| Biodiversity analysis (assessment of the impacts nd dependence of the company's activities) | A Group-wide assessment is scheduled for 2025 | | |
| **ANTI-CORRUPTION** | | | |
| Unjustified presence of subsidiaries registered in countries at risk of financial opacity | All foreign subsidiaries of the Group are justified by our activities | 6.6.3 Fair practices Anti-corruption | 16.4 Organized crime 16.5 Corruption |
| Commitment to tax responsibility | All the behaviors to be avoided are set out in our anti-corruption code for managers and employees | | |
| **PROMOTING SOCIAL RESPONSIBILITY IN THE VALUE CHAIN** | | | |
| Incorporating environmental criteria into purchasing/ subcontracting practices | Our suppliers commit to and sign our responsible purchasing charter which includes numerous environmental criteria | 6.6.6 Fair practices Promoting social responsibility in the value chain | 12.2 Sustainable management of natural resources 12.5 Waste management 12.6 Corporate Social Responsibility |
| Existence of supplier/subcontractor audits to verify the correct application of these environmental criteria | A new position was created in 2019 dedicated to this task in order to carry out regular audits using a predefined environmental checklist | | |
| Existence of supplier/subcontractor audits to verify the correct application of these social criteria | Our external audit process allows us to verify these criteria | | |
| Support for subcontractors/suppliers on social and/or environmental criteria | Serge Ferrari develops and shares its knowledge through its experience and certifications. This approach allows willing subcontractors to benefit from the experience gained. | | |
| Identification of suppliers in a position of economic dependence | Supplier verification and identification is researched through rating organizations; e.g. Crédit Safe | | |
| Certification of product life cycle analysis (LCA) (e.g: ISO 14040) (last 5 years) | Serge Ferrari has always been mindful of potential impacts or risks affecting the product LCA. For this reason, it regularly produces FDES/EPD declarations. | | |
| Implementation of an eco-design approach for products | The FDES is an improvement on the Product LCA, which it has replaced. | | 3.9 Health/Environment |
| **PROTECTING CONSUMER HEALTH AND SAFETY** | | | |
| Risks related to endocrine disruptors are identified | Work of the VigiAlert Committee (regulatory monitoring) and work on substitution | 6.7.4 Consumer issues Consumer health and safety protection | 3.9 Health/Environment |
| Greenguard label for interior building products in the USA | Comply with and control VOC levels in the ambient air | | |
| **SUSTAINABLE CONSUMPTION** | | | |
| PVC Best Practice label for Australia | Manufacture and use PVC in the best possible conditions for the protection of the environment | 6.7.5 Consumer Issues Sustainable consumption | 3.9 Health/Environment |
| Products and/or services with added environmental and/or social value | Eco-cage since 2015. AGIVIR virucidal technology developed in 2020 | | |




# 3

# Corporate governance



GUANGZHOU DONGSHAN CONTRACT IN CHINA | SOLAR PROTECTION

To the Shareholders,

The Supervisory Board's report on corporate governance focuses on the information on corporate governance, as well as the approved rules and principles for determining the remuneration and benefits of all kind granted to corporate officers, the components of the remuneration awarded to the chairmen and members of the Executive Board and the Supervisory Board, pursuant to Article L. 22-10-20 of the French Commercial Code, and other information that must be included pursuant to Articles L. 22-10-9 to L. 22-10-11 of the French Commercial Code. This report also includes the Supervisory Board's comments on the Executive Board's report on the financial statements for the year.

This report was submitted to the Audit Committee on March 2, 2022 and approved by the Supervisory Board on March 3, 2022. It will be presented to the shareholders at the General Meeting on May 17, 2022.

On January 25, 2022, the General Meeting of shareholders approved the resolutions submitted to it regarding, inter alia, the adoption of a dual governance structure with an Executive Board and a Supervisory Board to replace the single-body governance model with a Board of Directors in force since April 30, 2014.

# Supervisory Board report on corporate governance

## 3.1 Corporate Governance Code

The Company has adopted the Middlenext Code of Corporate Governance, which may be found on **www.middlenext.com**.

Pursuant to the " comply or explain" rule provided for in Article L. 22-10-10 4° of the French Commercial Code and explained in Article 3.d) of the Middlenext Code, the Company believes that its practices comply with the recommendations of the Middlenext Code in its September 2021 edition. With regard to recommendation R 5 - Training of Board members, the three-year training plan equivalent to 4 to 6 days of training per Board member is currently being prepared. New Board members are given a presentation course on the Company and/or receive external training on the duties of Board members.

The Supervisory Board's internal rules of procedure may be found on **www.sergeferrari.com**

## 3.2 Group Executive Management

Group executive management is performed by the Executive Board chaired by Sébastien Baril, Chairman of the Executive Board. Philippe Brun is also a member of the Executive Board. The composition of the Executive Board was decided by the Supervisory Board at its meeting on January 25, 2022, following the General Meeting held on the same day, which approved the transition from a company with a Board of Directors to a company with an Executive Board and Supervisory Board. Until January 25, 2022, the executive officers were Sébastien Ferrari, Chairman and Chief Executive Officer, and Romain Ferrari and Philippe Brun, managing directors. The family shareholders considered it appropriate to rejuvenate the general management and considered it more effective, from an operational point of view, to bring together the managers responsible for the Management Board within a Strategic Management Committee, the managers responsible for the execution of the current strategic plan.

The Management Board is supported by the Group's Strategic Management Committee, chaired by Sébastien Baril and made up of 10 members.

### Membership of the Executive Board

The rules regarding the Executive Board, the term of office of its members and its rules of procedure, duties, powers and obligations are set out in Article 13 of the Company's Articles of Association and in the Executive Board's internal rules of procedure (all documents may be found on www.sergeferrari.com).

At the date of registration of this Universal Registration Document, the Executive Board comprised the following members:



| Name | Nationality | Age | Number of SFG shares held | Capacity | First appointment | Current term expires |
|---|---|---|---|---|---|---|
| Sébastien Baril | French | 41 yrs | --- | Chairman | January 25, 2022 | 2025 AGM |
| Philippe Brun | French | 61 yrs | 128,497 | Member | January 25, 2022 | 2025 AGM |

Sébastien Baril and Philippe Brun respectively hold 59,992 and 59,991 shares, representing 2.8% of the capital stock each, in ONE TEAM Investments, which holds 5.04% of the capital stock of SergeFerrari Group SA.

### Presentation of the Executive Board

**Sébastien Baril**
Chairman of the Executive Board

**Business address**

59 rue Joseph Jacquard, 38110 Rochetoirin (France)

Since 2006, Sébastien Baril has held various positions in the Serge Ferrari Group in the areas of R&D, strategic marketing and, most recently, integration of acquisitions.
Sébastien Baril is a graduate of the Ecole Supérieure d'Ingénieurs, Chambéry (2004). He holds an MBA from IMD Business School (Lausanne - 2021).

**Family ties with SergeFerrari Group controlling shareholders**
None

**Current offices and positions within the Group**
Chairman of the SergeFerrari Group SA Executive Board
Chief Executive Officer of Serge Ferrari SAS
Chairman of Serge Ferrari Tersuisse
Director of Serge Ferrari AG

Sébastien Ferrari's existing chairmanships and directorships in other Group subsidiaries were in the process of being transferred at the date of registration of this document.
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**
None

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

**Philippe Brun**
Member of the Executive Board

**Business address**

59 rue Joseph Jacquard, 38110 Rochetoirin (France)

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 (Managing Director) of Serge Ferrari Deutschland GmbH
Director of GIOFEX Group srl
Geschäftsführer (Managing Director) 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
Director of BOIRON SA

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

## Powers and duties of the Executive Board

Vis-à-vis third parties, the Executive Board is vested with the broadest powers to act on behalf of the Company in all circumstances, within the limits of the corporate purpose and subject to the powers expressly granted under statutory or regulatory provisions or pursuant to the Articles of Association to the Supervisory Board and General Meetings of shareholders.

The Executive Board shall perform its duties under the supervision of the Supervisory Board. In particular, at least once a quarter, it must provide the Supervisory Board with a report on the progress of the Company's business and must submit the annual parent company and consolidated financial statements to the Supervisory Board within three months following the end of each fiscal year.

Where applicable, the Supervisory Board defines the acts that cannot be performed by the Executive Board without its prior authorization (see excerpt from Executive Board internal rules of procedure below).

No restriction on the powers of the Executive Board is enforceable against third parties, who may bring proceedings against the Company seeking performance of undertakings made on its behalf by the Chairman or a member of the Executive Board if their appointment has been duly published.

***Excerpt from Article 5 of the Executive Board internal rules of procedure***

The Chairman of the Executive Board is also authorized, with the option to further delegate such authorization, to direct and coordinate the work of the Executive Board, which includes:

- defining the strategy of the Company and the companies it controls ("the Group");
- coordinating the Group's financial management (conclusion of loan agreements, credit facilities and overdraft authorizations, completion of market financing transactions, establishment of pledges and charges on Group property, plant and equipment and intangible assets, etc.);
- completion of acquisitions/disposals of equity interests;
- completion of restructuring transactions (mergers, demergers, business transfers, etc.);
- operational management of the Group's business;
- capital expenditure commitments;
- definition and implementation of internal policies (QHSE, risk management, anti-corruption, CSR, HR, etc.) tailored to business activities;
- regulatory compliance and monitoring of ongoing proceedings and litigation;
- preparation of the annual parent company and consolidated financial statements and, more generally, the reporting of accounting and financial information within the Group;
- preparation of the Universal Registration Document (including the annual financial report and statement of non-financial performance);
- convening the General Meeting and managing relations with shareholders;
- and, more generally, determining the Company's business guidelines.

The Chairman of the Executive Board also carries out the following tasks, with the option to sub-delegate them:

- implement Executive Board policy while ensuring its consistency with Group strategy;
- oversee subsidiary managers and, more generally, the Group's operating departments;
- ensure that the Supervisory Board is properly informed (quality of documents forwarded, compliance with reporting deadlines, etc.);
- assist the Supervisory Board in preparing its reports;
- inform the Supervisory Board about changes in stakeholder satisfaction indices.

The Executive Board performs its duties under the supervision of the Supervisory Board, to which it reports at quarterly meetings or more frequently if circumstances so require. Meetings are held in accordance with the terms and conditions set out in the Supervisory Board's internal rules of procedure.

In particular, at least once a quarter the Executive Board must provide the Supervisory Board with a report on the progress of the Company's business and must submit the annual parent company and consolidated financial statements to the Supervisory Board within three months following the end of each fiscal year.

However, as an internal procedure not enforceable against third parties, the Executive Board must obtain prior approval for the following matters from the Supervisory Board on behalf of the Company and its subsidiaries and equity interests:

- approval of the annual budget;
- issuance of endorsements, sureties or guarantees in excess of a total annual amount of €200,000;
- issuance of comfort letters in favor of third parties (non-Group);
- the granting of financial loans or advances to third parties (except for advances granted to Company personnel in the normal course of business) regardless of the amount, except for loans and advances granted to companies belonging to the group controlled by SergeFerrari Group;

- the signing of any loan agreement, credit facility or financing arrangement of any kind that would raise the net debt ratio above the threshold provided for under the Group's credit facilities or syndicated loans;
- the acquisition, disposal or leasing of a business undertaking or branch of the Company's business;
- acquisition or disposal of all property, plant and equipment and intangible assets (intellectual property, equipment, etc.) not included in the annual budget;
- acquisition or disposal of equity interests in any company or consortium;
- implementation of internal restructuring operations that have legal implications for the organizational structure (mergers, business transfers);
- execution of all contracts relating to real estate assets (leases, real estate transactions, etc.);
- execution of all long-term contracts with a term of at least two years and/or contracts involving an annual amount of over €1 million;
- any decision to dismiss an executive officer reporting directly to a member of the Executive Board;
- execution, termination or amendment of any contract entered into, directly or through an intermediary, between the Company and (i) a member of its Supervisory Board or senior management team, (ii) a shareholder or, (iii) in the case of a corporate shareholder, the company controlling it within the meaning of Article L. 233-3 of the French Commercial Code.

## Strategic Management Committee

The Executive Board is assisted in its duties by a Strategic Management Committee comprising the members of the Executive Board and the Group's main operational and functional directors. Information on the members of the Strategic Management Committee besides the Executive Board members is as follows:

- Hervé Garcia, Group Human Resources Director, aged 53, 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 55, 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 57, 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.
- François Geradin, Sales Director - Europe and Americas, aged 56, a Belgian national, 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, aged 49, residing in Singapore. SVP Sales APMEAI, 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.
- Markus Simon: aged 53, a German national, CEO of Verseidag-Indutex GmbH, which he joined in 1997 after an initial spell at Deutsche Bank.
- Henric Leuer: aged 55, a German national, 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
- Pierre Martinez: aged 46, a French national, Chief Marketing Officer. Pierre Martinez joined Serge Ferrari in 2005 where he successively held positions as Business Area Manager Asia Pacific, Director France and VP Sales Europe. Pierre Martinez holds a Master's degree in Business Administration and International Trade (IPAG 1997).

## Group diversity policy (Executive Board, Strategic Management Committee, Serge Ferrari Agora, Serge Ferrari Campus)

The Executive Board uses head-hunting and talent management processes, as well as succession plans for key positions, focused on performance and individual potential in order to promote diversity across the Group and, in particular, among the management teams.

The Company has set itself the goal of reducing gender imbalance in certain business lines and increasing the number of women on management bodies, including the Strategic Management Committee. This desire stems from the need to make up for the low representation of women in certain educational sectors: "*The proportion of women in major engineering schools has not risen in ten years, according to a survey by the Institut des Politiques Publiques (IPP), a research unit of the Ecole d'Economie de Paris, published on Tuesday January 19, 2021, which analyses the backgrounds of students at 234 top-level schools. Women accounted for 26% of engineering school admissions in 2016-2017 (21% in the most prestigious schools), the same percentage as 10 years ago".* (Le Monde, January 21, 2021). Various measures have been implemented to attain this goal:

- Serge Ferrari Agora: this body brings together 28 Group managers (including the members of the Strategic Management Committee), 20% of whom are women, with a remit focusing on operational issues and bottom-up management. Following the kick-off meeting held in December 2021, the first meeting was held in 2022.
- Serge Ferrari Campus: this body promotes diversity in two ways: equal numbers of men and women, and a place for meeting, mentoring and discussion open to ten employees aged between 22 and 40. This first 18-month course will be followed by others based on the same model.

More specifically with regard to the Strategic Management Committee and Executive Board, requirements in terms of background and skills are periodically reviewed by the Remuneration and Appointments Committee. Internal applications were given priority for the first Executive Board member appointments in January 2022 following the change in governance model from Board of Directors to Executive Board and Supervisory Board, given the delicate nature of the transition. For subsequent appointments, the selection process requires presentation of at least one candidate of each gender, whether to replace a vacancy or fill a newly created position.

## Composition of the Supervisory Board and its committees

The Supervisory Board has at least three and no more than eighteen members.

Unless otherwise provided, Supervisory Board members are appointed for a three-year term expiring at the close of the Ordinary General Meeting of shareholders called to approve the financial statements for the year ended and held in the year in which their term of office expires. This term is adapted to the specific features of the Company, in accordance with Middlenext Code Recommendation R 11.

Supervisory Board members may be reappointed. They may be dismissed by the General Meeting. A legal entity may be appointed member of the Supervisory Board. Upon appointment, it is required to name a permanent representative.

No person over the age of eighty-five (85) may be appointed as a Board member if such appointment would increase the number of Board members aged over 70 to more than one-third of the Board members. If this limit is reached, the oldest Board member is deemed to have resigned.

In the event of a vacancy due to death, age limit or resignation, the Supervisory Board may make provisional appointments between two General Meetings, subject to ratification by the next Ordinary General Meeting.

Following the General Meeting of shareholders held on January 25, 2022, the Company's Supervisory Board, chaired by Sébastien Ferrari and vice-chaired by Romain Ferrari, also comprises the following members: Caroline Weber, Carole Delteil de Chilly, Félicie Ferrari, Joelle Barreto, Bertrand Neuschwander, Bertrand Chammas and Christophe Graffin.

Membership of the Audit Committee, Strategy Committee, Remuneration and Appointments Committee and CSR Committee is set out below. The number of shares held is counted as of December 31, 2021.

| Name | Position | Number of SFG shares held [1] | Start of office | End of office | First appointment | Audit Committee | CSR Committee | Remuneration and Appointments Committee | Strategy Committee |
|---|---|---|---|---|---|---|---|---|---|
| Sébastien Ferrari | Chairman | 39,791 | Jan 25, 2022 | 2025 AGM | Apr 30, 2014 | Member | | Member | Chairman |
| Romain Ferrari | Vice-Chairman | 313,434 | Jan 25, 2022 | 2023 AGM | Apr 30, 2014 | | Chairman | | Member |
| Bertrand Neuschwander | Member | | Jan 25, 2022 | 2024 AGM | Apr 30, 2014 | | | Chairman | Member |
| Félicie Ferrari | Member | | Jan 25, 2022 | 2023 AGM | May 19, 2021 | | Member | | |
| Christophe Graffin | Member | | Jan 25, 2022 | 2023 AGM | Apr 25, 2016 | Member | | | |
| Carole Delteil de Chilly | Member | | Jan 25, 2022 | 2024 AGM | Apr 20, 17 | | | Member | |
| Caroline Weber | Member | 600 | Jan 25, 2022 | 2024 AGM | Apr 20, 17 | Chairwoman | | | |
| Joelle Barreto | Member | | Jan 25, 2022 | 2025 AGM | Jan 25, 22 | | Member | | |
| Bertrand Chammas | Member | | Jan 25, 2022 | 2023 AGM | Apr 30, 2014 | | | | Member |

(1) Direct shareholdings only, excluding indirect shareholdings via Ferrari Participations, Serge Ferrari Industries and ONE TEAM Investment

Four women sit on the Supervisory Board representing 44% of its members.

Before the Company's transformation into a French limited liability company (société anonyme) with an Executive Board and Supervisory Board, the Board of Directors had 12 members, including five women and seven independent directors according to the criteria set by the Code: Karine Gaudin, Carole Delteil de Chilly, Caroline Weber, Bertrand Neuschwander, Christophe Graffin, Bertrand Chammas and Jan Kleinewefers. Two directors, Victoire Ferrari and Félicie Ferrari, represented the family shareholders.

Until January 25, 2022, the Executive Management team consisted of Sébastien Ferrari, who had 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 responsible for finance and information systems). Sébastien Ferrari, Romain Ferrari and Philippe Brun were also directors of SergeFerrari Group until January 25, 2022.

For the first three-year period following the creation of the Supervisory Board, the members were appointed for a term of one, two or three years in order to avoid mass reappointment of all Board members at the same time, in accordance with Middlenext Code Recommendation R 11. Thereafter, directors will be reappointed in accordance with Article 14 of the Articles of Association based on seniority of appointment.

## Directors' independence

Middlenext Code Recommendation R 3 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 Supervisory Board has six independent members out of nine.

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



| | Sébastien Ferrari | Bertrand Neuschwander | Romain Ferrari | Christophe Graffin [1] | Carole Delteil de Chilly | Caroline Weber | Bertrand Chammas | Joelle Barreto [2] | 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 | 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 |
| 3- is not a major shareholder of the Company or does not hold a significant percentage of voting rights | No | Yes | No | 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 | 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 |
| 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 | Independent | Independent | Independent | Independent | No Independent |

1) Interim appointment as director at the request of Bpifrance. In February 2013, Bpifrance (via OSEO) granted some Group companies a €1 million interest-free innovation loan and a €107,000 innovation advance. 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.

2) The Board of Directors reviewed Joelle Barreto's independence criteria at its meeting on December 8, 2021. HSBC has not been classified as a principal banker of the Group insofar as it is not a member of the list of lenders involved in the Group's refinancing arrangements entered into in July 2020. The factoring agreement between HSBC and Serge Ferrari SAS represents 7% of the gross amount of the Group's loans and bank overdrafts.

## Information on corporate officers and their expertise

In accordance with Middlenext Code Recommendation R 10, information on the biography, offices held, experience and expertise of each Board member is provided below. This information is also provided upon the appointment or reappointment of each Board member.

**Sébastien Ferrari,**
born in 1959, a French national

**Business address:**

87 rue Joseph Jacquard, 38110 Rochetoirin (France)

Chairman of the Supervisory Board
Member of the Audit Committee
Member of the Remuneration and Appointments Committee
Chairman of the Strategy Committee

**Term of office and expiry date**
Sébastien Ferrari was appointed member of the Supervisory Board by the General Meeting of January 25, 2022 then appointed Chairman of the Board by the Supervisory Board on January 25, 2022.
Sébastien Ferrari's term of office expires at the General Meeting to be held in 2025 to approve the annual financial statements for 2024.

**Biography and experience**
Sébastien Ferrari joined the family business in 1980 to take charge of developing its marketing and international business. Sébastien Ferrari was Chairman and Chief Executive Officer from April 30, 2014 to January 25, 2022. He was a member of the Supervisory Board of Banque de Vizille (which later became CM-CIC Capital Finance) from 2002 to 2011.

**Family ties with members of the SergeFerrari Group Executive Board**
None

**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 Texyloop
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
At the date of registration of this document, these appointments were in the process of being transferred to Sébastien Baril, Chairman of the SergeFerrari Group Executive Board.

**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:**

87 rue Joseph Jacquard, 38110 Rochetoirin (France)

Vice-Chairman of the Supervisory Board
Member of the Strategy Committee
Chairman of the CSR Committee

**Term of office and expiry date**
Romain Ferrari was appointed member of the Supervisory Board by the General Meeting of January 25, 2022 then appointed Vice-Chairman of the Board by the Supervisory Board on January 25, 2022.

His term of office expires at the General Meeting to be held in 2023 to approve the annual financial statements for 2022.

**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.

**Family ties with members of the SergeFerrari Group Executive Board**
None

**Current offices and positions within the Group**
Vice-Chairman of Serge Ferrari North America
Director of KK Serge Ferrari Japan
Chairman of CI2M
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

**Bertrand Neuschwander,**
born in 1962, a French national

**Business address:**

13 rue Jarente, 69002 Lyon (France)

Member of the Strategy Committee
Chairman of the Remuneration and Appointments Committee

**Term of office and expiry date**
Bertrand Neuschwander was appointed member of the Supervisory Board by the General Meeting of January 25, 2022. Bertrand Neuschwander's term of office expires at the General Meeting to be held in 2024 to approve the annual financial statements for 2023.

**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.

**Family ties with members of the SergeFerrari Group Executive Board**
None

**Current offices and positions within the Group**
None

**Current offices and positions outside the Group**
Director of Husqvarna AB (Sweden)

**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)

**Christophe Graffin,**
born in 1959, a French national

**Business address:**

23 rue du vieux Collonges, 69660 Collonges au Mont d'Or, France

Member of the Audit Committee

**Term of office and expiry date**
Christophe Graffin was appointed member of the Supervisory Board by the General Meeting of January 25, 2022. His term of office expires at the General Meeting to be held in 2023 to approve the annual financial statements for 2022.

**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.

**Family ties with members of the SergeFerrari Group Executive Board**
None

**Current offices and positions within the Group**
None

**Current offices and positions outside the Group**
Director of Defta Groupe
Chairman of the Advisory Board of Groupe Payant

**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)**
None

Carole Delteil de Chilly,
born in 1947, a French national

**Business address:**

CDC Consulting, 6 Chemin des rivières, 69130 Ecully, France

Member of the Remuneration and Appointments Committee

**Term of office and expiry date**
Carole Delteil de Chilly was appointed member of the Supervisory Board by the General Meeting of January 25, 2022. Her term of office expires at the General Meeting to be held in 2024 to approve the annual financial statements for 2023.

**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.

**Family ties with members of the SergeFerrari Group Executive Board**
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, officer of the association
Director of Procivis Rhône
Director of Golf Club de Lyon SA

**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

Chairwoman of the Audit Committee

**Term of office and expiry date**
Caroline Weber was appointed member of the Supervisory Board by the General Meeting of January 25, 2022. Her term of office expires at the General Meeting to be held in 2024 to approve the annual financial statements for 2023.

**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.

**Family ties with members of the SergeFerrari Group Executive Board**
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 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

**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
Director of Fondation d'entreprise CMA-CGM

**Bertrand Chammas,**
born in 1959, a French national

**Business address:**

c/o Gerflor, 50 cours de la République 69627 Villeurbanne Cedex, France

Member of the Strategy Committee

**Term of office and expiry date**
Bertrand Chammas was appointed member of the Supervisory Board by the General Meeting of January 25, 2022. His term of office expires at the General Meeting to be held in 2024 to approve the annual financial statements for 2023.

**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).

**Family ties with members of the SergeFerrari Group Executive Board**
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 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
Chairman of Hestiafloor 1
Chairman of Hestiafloor 2
Chairman of Invesco Floor 1
Chairman of Invesco Floor 2
Chairman of Invesco Floor 3
Director WFG Holding
Director Progress Profile

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

**Félicie Ferrari,**
born in 1996, a French national

**Business address:**

87 rue Joseph Jacquard, 38110 Rochetoirin (France)

Member of the CSR Committee

**Term of office and expiry date**
Félicie Ferrari was appointed member of the Supervisory Board by the General Meeting of January 25, 2022. 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**
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).

**Family ties with members of the SergeFerrari Group Executive Board**
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**
None

**Joelle Barreto,**
born in 1975, a French national

**Business address**

HSBC Continental Europe
38 avenue Kléber
75016 Paris

**Head of Business Development Corporate**
Member of the Diversity and Inclusion Cmb Committee

Member of the CSR Committee

**Term of office and expiry date**
Joelle Barreto's appointment as member of the Supervisory Board for a term of three (3) years expiring at the close of the General Meeting called in 2025 to approve the financial statements for the year ending December 31, 2024 will be put to a vote at the General Meeting of January 25, 2022.

**Biography and experience**
After five years at Bpifrance as Business Manager, Joelle Barreto joined HSBC Commercial Banking in Lyon, where she managed a portfolio of key accounts before being appointed Head of Business Development Corporate in Paris in September 2018. Joelle Barreto is in charge of implementing and coordinating HSBC's strategy with the Corporate teams in France.
As a member of the Diversity and Inclusion Cmb Committee, Joelle Barreto's mission is to promote diversity and inclusion policy and actions among the CMB teams in France.
She holds a science and technology Master's degree in Auditing and Operational Business Management and a DESS diploma in Business Valuation and Transfer from Lyon University Lumière 2.

**Family ties with members of the SergeFerrari Group Executive Board**
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**
None

## Family ties between members of the Supervisory Board

Sébastien Ferrari and Romain Ferrari are brothers. Félicie Ferrari is the daughter of Sébastien Ferrari and the niece of Romain Ferrari.





## Organization and operation of the Supervisory Board (Article 14.2 of the Articles of Association)

The Supervisory Board elects from among its members a Chairman and a Vice-Chairman responsible for convening the Board and chairing its discussions. The Board determines the amount of any remuneration it sees fit to award. The Chairman and Vice-Chairman must both be natural persons. They are appointed for the duration of their term of office on the Supervisory Board. They are eligible for reappointment.

The Supervisory Board may appoint a secretary who may or may not be a shareholder.

The Supervisory Board meets at the registered office or at any other location specified in the notice of meeting, at the request of its Chairman or the Executive Board, as often as the interests of the Company so require and at least once a quarter.

Meetings may be convened by any means, including orally.

Any member of the Supervisory Board may, by any means, appoint another member to represent him or her at a Board meeting.

Supervisory Board members attending meetings by means of video-conference or any other telecommunication means shall be deemed present for the purposes of calculating quorum and majority, under the conditions provided for by law.

Supervisory Board meetings are chaired by the Chairman or, in the event of absence or impediment, by the Vice-Chairman or any other person appointed by the Supervisory Board.

Decisions are taken in the presence of at least half of the Board members by a majority of the votes of members present or represented. In the case of a tied vote, the person chairing the meeting has the casting vote.

Minutes of the meeting are drawn up and copies or excerpts thereof are issued and certified in accordance with applicable statutory and regulatory provisions.

Decisions falling within the remit of the Supervisory Board, in accordance with the law, may be adopted by written consultation.

## Powers of the Supervisory Board (Article 14.3 of the Articles of Association)

The Supervisory Board permanently oversees the management of the Company by the Executive Board.

At least once a quarter, the Executive Board submits a report to the Supervisory Board on the progress of the Company's business.

After the close of each fiscal year and within three months following the balance sheet date, the Executive Board presents the financial statements for the year ended to the Supervisory Board for checking and verification.

The Supervisory Board presents its comments on the Executive Board report and on the financial statements for the year to the Annual General Meeting.

The Supervisory Board decides on the number of members and appoints the members of the Executive Board. The Supervisory Board appoints the chairman of the Executive Board and determines the length of the chairman's term of office and the remuneration awarded. Where applicable, the Supervisory Board grants power to represent the Company to one or more members of the Executive Board and authorizes the combination of their appointments as member of the Executive Board or sole managing director of another company.

The Supervisory Board may convene the General Meeting.

In addition to the powers provided for by applicable regulations, the Supervisory Board defines any acts that may not be performed by the Executive Board without its prior authorization.

## Internal rules of procedure

The internal rules of procedure were adopted on January 25, 2022, in line with Recommendation R 9 of the Middlenext code: They specify the role of the Board, its composition and the criteria for assessing whether its members are independent, its operating rules as well as the conditions for preparing its meetings. The French version of the internal rules of procedure may be consulted at https://sergeferraribourse.com/serge-ferrari/reglement-interieur-du-conseil-de-surveillance.html

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

## Work carried out by the Board of Directors in 2021.

In 2021, the Board of Directors met four times, thus complying with Middlenext Code Recommendation R 6. The Chairman of the Board chaired all the meetings and the overall attendance rate was 87%. 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, 2020 and reviewed the interim financial statements for the six months ended June 30, 2021. At each meeting, an update was provided on the progress of the Group's business and the Board conducted a review of business activity, profitability and liquidity. In 2021 the work of the Board focused on a review of the Group's progress amid a global health situation that continued to be impacted by the Sars Cov-2 pandemic, as well as progress on the integration of acquisitions made in 2020.

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 Middlenext Code Recommendation R 17, the Board was informed of and discussed the measures taken by corporate officers representing the family group to face a sudden incapacity or unforeseen vacancy. The Supervisory Board membership includes Félicie Ferrari, daughter of Sébastien Ferrari and niece of Romain Ferrari. Within the framework of an intergenerational transfer operation, Sébastien Ferrari's children control 45% of the capital of Ferrari Participations, the controlling holding company of SergeFerrari Group. The separation of the executive and supervisory functions offered by the new governance model also reduces the concentration of risk on a limited number of individuals.

In accordance with Recommendation R 22, the Board also noted and discussed 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 Middlenext Code Recommendations R 13 and R 4 was included on the agenda of the September 9, 2020 Board meeting and will be included on the Supervisory Board agenda in 2022.

## Membership, operation and work of the Board committees in 2021

In accordance with Middlenext Code Recommendations R 7 and R 8, 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, 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 2021, the Audit Committee met four times with an attendance rate of 100%, each meeting lasting between three and five hours.

Until January 25, 2022, the Audit Committee comprised four members, three of whom were deemed independent within the meaning of the corporate governance code and had particular expertise in accounting, finance and communications at listed companies. The Board appoints the committee Chairman, who steers the work of the committee. At its meeting on January 25, 2022, the Supervisory Board appointed three of its members to form the Audit Committee, two of whom (including the Chairwoman) are deemed independent.

The Audit Committee interviews the member of the Executive Board responsible for finance and information systems in his capacity as Chief Financial Officer, the Group Deputy Chief Financial Officer, the Group Accounting Manager and any other Group employees 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, asset impairment tests, etc.) and of their audits of the interim and annual financial statements. In order to carry out its assignment, the Audit Committee has access to all information and documents and may interview any Company manager. The Audit Committee reports to the Board on the performance of its assignments.

The work of the Audit Committee focused on a review of the 2020 full-year and 2021 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, noting the absence of any non-audit services, determination of the 2021 audit plan, review of ordinary and regulated agreements, review of measures implemented to mitigate Group IT risks, and reviewing audit fees and scope. The Audit Committee also reviewed the purchase price allocation of companies acquired in 2020.

On January 25, 2022, the Supervisory Board set up an Audit Committee with the same remit as the committee previously reporting to the Board of Directors. The members of the new committee are Sébastien Ferrari, Christophe Graffin and Caroline Weber, who chairs the committee. 66% of Audit Committee members are independent.

### 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 to an agenda set by the person convening the meeting. The committee meets three to five times a year. Notice of the meeting may be issued by any means, including verbally. Video-conference participation is permitted. 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 Supervisory Board on the performance of its assignments.

The Strategy Committee met three times in 2021 with a 91% attendance rate. It is chaired by Sébastien Ferrari and comprises three other members: Bertrand Neuschwander, Bertrand Chammas and Romain Ferrari. Eric Verin, member of the Strategy Committee not on the Board of Directors, was also invited to attend the committee meetings in 2021.

On January 25, 2022, the Supervisory Board set up a Strategy Committee with the same remit as the committee previously reporting to the Board of Directors. The Board members who previously sat on the Strategy Committee were reappointed to the new committee.

### Remuneration and Appointments Committee

The Remuneration and Appointments Committee met twice in 202. Two-thirds of committee members are independent directors. Bertrand Neuschwander, independent director, chairs the Remuneration and Appointments Committee. In 2021, meetings of the Remuneration and Appointments Committee meetings were held in the presence of the Chairman and Chief Executive Officer, who left the meeting when necessary during the discussion of certain matters, including his annual performance review.

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

- issue an opinion on the proposed appointments by the Board of the Chairman and the managing directors proposed by the Chairman; in this case, the committee expressed its opinion on the proposed Executive Board member appointments to be submitted to the General Meeting of January 25, 2022 and on the remuneration awarded for these duties;
- 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; the committee reviewed the proposal to reduce the number of Board members from twelve directors to nine Supervisory Board members;

- 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 of the Supervisory Board and to the members of the Executive Board and Strategic Management Committee, 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 comprises two other members: Carole Delteil de Chilly and Sébastien Ferrari. The attendance rate was 100%.

On January 25, 2022, the Supervisory Board set up a Remuneration and Appointments Committee with the same remit as the committee previously reporting to the Board of Directors. No changes were made to its membership. 66% of Remuneration and Appointments Committee members are independent.

### CSR Committee

The CSR Committee was created in 2018 and met three times in 2021. On January 25, 2022, the Supervisory Board set up a CSR Committee with the same remit as the committee previously reporting to the Board of Directors. The CSR Committee is chaired by Romain Ferrari and comprises three other members, Félicie Ferrari, Joelle Barreto and Joel Tronchon, not a member of the Supervisory Board. From 2022, the CSR Committee members will receive remuneration for their work on the committee.

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 Supervisory Board or Executive Board 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, been barred under a court ruling from acting as the member of a management or supervisory body of an issuer, or been debarred from involvement in the conduct of an issuer's affairs.



# 3.3 Corporate officer remuneration

In application of Articles L. 22-10-26 and L. 22-10-18 of the French Commercial Code, the following information is provided below:

- information and general principles of the corporate officer remuneration policy;
- the individual information resulting from this policy in respect of each corporate officer.

On December 8, 2021, the Board of Directors approved the corporate officer remuneration policy applicable from 2022 onwards. This policy was submitted for approval by the General Meeting of shareholders on January 25, 2022.

On March 3, 2022, the Supervisory Board approved the remuneration package paid to the Chairman and Chief Executive Officer, the managing directors and the directors in respect of fiscal year 2021, pursuant to the remuneration policy defined by the Board of Directors on March 11, 2021, which will be submitted to the shareholder vote at the General Meeting to be held on May 17, 2022.

The Board focused on checking whether the structure, components and amounts of remuneration awarded to corporate officers were in keeping with the Company's overall interests, strategic priorities and environmental transition policies and whether they were commensurate with market practices and the performance levels expected for the Group and on the part of each Executive Board member.

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 will make sure that the remuneration policy 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.

## 3.2.1 Determination and transparency of remuneration

### 3.2.1.1 Executive Board remuneration (Art. R. 22-10-18 I and II, French Commercial Code)

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 Middlenext Code Recommendation R 16 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 corporate officers receive a corporate office allowance.

The principles and rules approved by the Board 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
After a 10% reduction in executive officer remuneration in respect of fourth quarter 2020, executive remuneration was restored to its contractual level in respect of 2021

**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 Executive Board members amounts to between 0% and 60% of their annual fixed remuneration.

For the year 2022, the targets meet the following characteristics:

| | Common targets | Determination |
|---|---|---|
| Quantitative | 60% | Determined so as to promote the profitable growth of businesses, EBIT growth and net cash generation. |
| Qualitative | 10% | 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 and are not disclosed in detail due to their strategic nature

The weighting of each of the common quantitative targets in the share of variable remuneration (VR), which amounts to between 0% and 60% of the annual fixed remuneration for 2022, is as follows:

| | Weighting of each criterion in the common quantitative targets | Sensitivity (multiplier to apply to each criterion) |
|---|---|---|
| Consolidated revenues 2022 budget | 35% | ■ VR 0% if actual revenues < 95% of budget<br>■ VR progressively between 0% and 50% if actual revenues are between 95% and 100% of budget<br>■ VR 100% if actual revenues are between 100% and 105% of budget<br>■ VR 150% if actual revenues > 105% of budget |
| Consolidated REBIT 2022 budget | 65% | ■ VR 0% if actual REBIT < 95% of budget REBIT<br>■ VR progressively between 50% and 100% if actual REBIT is between 95% and 100% of budget<br>■ VR progressively between 100% and 130% if actual REBIT is between 100% and 120% of budget<br>■ VR 150% if actual REBIT > 120% of budget REBIT |

REBIT (Recurring EBIT) is determined as follows:

1) Consolidated EBIT

2) After elimination of the accounting impact of consolidation adjustments relating to the recognition of acquisitions (e.g. inventory step-up, final purchase price allocation)

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.

**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 of registration of this Universal Registration Document. The Board included this possibility in the issues to be discussed in 2022 after the Remuneration and Appointments Committee had reviewed this option.

**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. On December 8, 2021, the Board approved the combination of the Executive Board members' employment contract and corporate office in view of their length of service with the Company at the time of their appointment on January 25, 2022, in application of Middlenext Code Recommendation R 18, Sébastien Baril having served 16 years and Philippe Brun 12 years.

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

Corporate officers are not entitled to any deferred remuneration, severance pay or pension obligation as referred to in Middlenext Code Recommendations R 19 and R 20.

| | Chairman of the Executive Board | Member of the Executive Board |
|---|---|---|
| Employment contract | Employment contract maintained | Employment contract maintained |
| Annual fixed remuneration | €250,000 | €230,000 |
| Variable remuneration | Between 0% and 60% of annual fixed remuneration | Between 0% and 60% of annual fixed remuneration |
| Supplementary pension scheme | Under review | Under review |
| Mandatory severance payment | 6 months' gross fixed salary | None |
| Company car | Yes | Yes |

### 3.2.1.1 Board remuneration (Art. R. 22-10-18 I and II, French Commercial Code)

The General Meeting of January 25, 2022 set the total amount of remuneration allocated to Board members at €206,000 (11th resolution). In its 14th resolution, the General Meeting also approved the remuneration policy for the Chairman and Vice-Chairman of the Board.

| | Chairman | Vice-Chairman | Board member |
|---|---|---|---|
| Annual fixed remuneration | €150,000 | €20,000 | None |
| Variable remuneration (per meeting) | None | None | €2,000 |
| Company car | Yes | Yes | None |

Board members' remuneration is solely proportional to their actual attendance at meetings of the Board of Directors or its committees, in application of Middlenext Code Recommendation R 12.

## 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 Supervisory Board is detailed in accordance with Appendix 2 of AMF position-recommendation DOC-2021-02 (Universal Registration Document Preparation Handbook).

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 19, 2021 General Meeting.

| Table 1 - Remuneration, stock options and bonus shares allotted to executive officers (in euros) | FY 2021 | FY 2020 |
|---|---|---|
| **Sébastien Ferrari, Chairman and Chief Executive Officer** | | |
| Remuneration payable for the fiscal year | 457,706 | 283,160 |
| Valuation of variable multi-year remuneration awarded during the fiscal year | --- | --- |
| Value of options granted during the year | --- | --- |
| Valuation of bonus shares awarded | --- | --- |
| Valuation of other long-term remuneration plans | --- | --- |
| **Total** | **457,706** | **283,160** |
| **Romain Ferrari (Chief Operating Officer)** | | |
| Remuneration payable for the fiscal year | 235,260 | 168,453 |
| Valuation of variable multi-year remuneration awarded during the fiscal year | --- | --- |
| Value of options granted during the year | --- | --- |
| Valuation of bonus shares awarded | --- | --- |
| Valuation of other long-term remuneration plans | --- | --- |
| **Total** | **235,260** | **168,453** |
| **Philippe Brun, Chief Financial Officer** | | |
| Remuneration payable for the fiscal year | 333,730 | 227,415 |
| Valuation of variable multi-year remuneration awarded during the fiscal year | --- | --- |
| Value of options granted during the year | --- | --- |
| Valuation of bonus shares awarded | --- | --- |
| Valuation of other long-term remuneration plans | --- | --- |
| **Total** | **333,730** | **227,415** |

In addition to the remuneration payable to Sébastien and Romain Ferrari for the duties exercised within the Group, rent (of €2.8 million for FY 2020 and €2.98 million for FY 2021) is paid to the property companies controlled by Ferrimmo, a wholly-owned subsidiary of Ferrari Participations, the Company's majority shareholder jointly controlled by Sébastien and Romain Ferrari.

| Table 2 - Remuneration paid to executive officers (in euros) | FY 2021 | | FY 2020 | |
|---|---|---|---|---|
| | Amount payable | Amount paid | Amount payable | Amount paid |
| **Sébastien Ferrari, Chairman and Chief Executive Officer** | | | | |
| Fixed remuneration | 238,128 | 232,176 | 232,176 | 232,176 |
| Fixed remuneration (corporate office allowances) | 48,000 | 48,000 | 48,000 | 48,000 |
| Variable annual remuneration | 168,594 | 0 | 0 | 57,151 |
| Multi-year variable remuneration | --- | --- | --- | --- |
| Exceptional remuneration | --- | --- | --- | --- |
| Attendance fees | --- | --- | --- | --- |
| Remuneration allocated for directorships | --- | --- | --- | --- |
| Benefits in kind | 2,984 | 2,984 | 2,984 | 2,984 |
| **Total** | **457,706** | **283,160** | **283,160** | **340,311** |
| **Romain Ferrari (Chief Operating Officer)** | | | | |
| Fixed remuneration | 120,420 | 117,556 | 117,411 | 117,411 |
| Fixed remuneration (corporate office allowances) | 48,000 | 48,000 | 48,000 | 48,000 |
| Variable annual remuneration | 63,943 | 0 | 0 | 31,488 |
| Multi-year variable remuneration | --- | --- | --- | --- |
| Exceptional remuneration | --- | --- | --- | --- |
| Attendance fees | --- | --- | --- | --- |
| Remuneration allocated for directorships | --- | --- | --- | --- |
| Benefits in kind | 2,897 | 2,897 | 3,042 | 3,042 |
| **Total** | **235,260** | **168,453** | **168,453** | **199,941** |
| **Philippe Brun, Chief Financial Officer** | | | | |
| Fixed remuneration | 190,836 | 190,836 | 186,453 | 186,453 |
| Fixed remuneration (corporate office allowances) | 36,000 | 36,000 | 36,000 | 36,000 |
| Variable annual remuneration | 101,952 | 0 | 0 | 34,822 |
| Multi-year variable remuneration | --- | --- | --- | --- |
| Exceptional remuneration | --- | --- | --- | --- |
| Attendance fees | --- | --- | --- | --- |
| Remuneration allocated for directorships | --- | --- | --- | --- |
| Benefits in kind | 4,942 | 4,942 | 4,962 | 4,962 |
| **Total** | **333,730** | **231,778** | **227,415** | **262,237** |

The payment of variable remuneration is subject to approval by the Annual General Meeting.

## Equity ratio

| Equity ratio | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| **Sébastien Ferrari** | | | | | |
| Ratio to average | 1.1 | 1.1 | 1.3 | 1.2 | 1.6 |
| Ratio to median | 1.2 | 1.2 | 1.5 | 1.3 | 1.9 |
| Ratio to SF SAS average remuneration | 4.9 | 4.9 | 6.1 | 4.6 | 8.6 |
| Ratio to gross annual minimum wage | 13.4 | 13.2 | 16.2 | 12.7 | 22.0 |
| **Romain Ferrari** | | | | | |
| Ratio to average | 0.8 | 0.8 | 0.9 | 0.6 | 0.7 |
| Ratio to median | 0.9 | 0.9 | 1.0 | 0.6 | 0.9 |
| Ratio to SF SAS average remuneration | 3.6 | 3.6 | 4.2 | 2.4 | 3.9 |
| Ratio to gross annual minimum wage | 9.7 | 9.6 | 11.1 | 6.5 | 10.0 |
| **Philippe Brun** | | | | | |
| Ratio to average | 0.9 | 0.9 | 1.0 | 1.0 | 1.2 |
| Ratio to median | 1.0 | 1.0 | 1.1 | 1.0 | 1.4 |
| Ratio to SF SAS average remuneration | 3.9 | 3.9 | 4.7 | 3.8 | 6.3 |
| Ratio to gross annual minimum wage | 10.7 | 10.6 | 12.4 | 10.4 | 16.0 |

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

| (€'000 - comparable accounting standards) | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Revenues | 172,139 | 184,904 | 189,047 | 195,301 | 285,883 |
| EBIT(1) | 5,853 | 2,829 | 7,404 | 4,673 | 18,242 |

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.

| Table 3 - Remuneration allocated for directorships and other remuneration received by non-executive officers (in euros) | FY 2021 | FY 2020 |
|---|---|---|
| **Karine Gaudin** | | |
| Attendance fees | 16,000 | 17,000 |
| Other remuneration | --- | --- |
| **Victoire Ferrari** | | |
| Attendance fees | 16,000 | 17,000 |
| Other remuneration | --- | --- |
| **Bertrand Neuschwander** | | |
| Attendance fees | 20,000 | 21,000 |
| Other remuneration | --- | --- |
| **Bertrand Chammas** | | |
| Attendance fees | 6,000 | 15,000 |
| Other remuneration | --- | --- |
| **Christophe Graffin** | | |
| Attendance fees | 16,000 | 17,000 |
| Other remuneration | --- | --- |
| **Carole Delteil de Chilly** | | |
| Attendance fees | 14,000 | 13,000 |
| Other remuneration | --- | --- |
| **Caroline Weber** | | |
| Attendance fees | 16,000 | 17,000 |
| Other remuneration | --- | --- |
| **Félicie Ferrari** | | |
| Attendance fees | 6,000 | 17,000 |
| Other remuneration | --- | --- |
| **Jan Kleinewefers** | | |
| Attendance fees | 0 | 17,000 |
| Other remuneration | --- | --- |
| **Total** | **110,000** | **117,000** |

Directors' remuneration in respect of 2021 was paid in December 2021.

## Stock option plan

As there were no stock option plans outstanding at the date of registration of this document, tables 4, 5, 8 and 9 provided for in Appendix 2 of AMF position-recommendation DOC-2021-02 (Universal Registration Document Preparation Handbook) are not shown here.

## Bonus share plan (Middlenext Code Recommendation R 21)

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. 225–208 and L. 225–209 of the French Commercial Code, and/or shares to be issued by capital increase; in the latter case, the General Meeting of shareholders authorizes the Executive Board Chairman to increase the capital stock by the maximum nominal value 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 Executive Board Chairman automatically entails the express waiver by the shareholders of their preferential subscription rights over the shares to be issued;
- Delegation of powers to the Executive Board Chairman 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.

In 2021, 8,760 shares vested to a non-corporate officer beneficiary.

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.

As there were no stock option plans outstanding at the date of registration of this document, the tables provided for in Appendix 2 of AMF position-recommendation DOC-2021-02 (Universal Registration Document Preparation Handbook) are not shown here. Table 10 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 date of registration 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 officer employment contracts contain no provisions regarding severance pay, with the exception of Sébastien Baril's forced departure severance package, as set out in Section 3.2.1.1.

| 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 Baril<br>Chairman of the Executive Board<br>Start of office: January 25, 2022<br>End of office: 2025 AGM | Yes | No | Yes | No |
| Philippe Brun<br>Member of the Executive Board<br>Start of office: January 25, 2022<br>End of office: 2025 AGM | Yes | No | No | No |

(1) Employment contract with Ferrari Participations

## 3.3

# Currently valid capital increase authorizations granted to the Supervisory Board

The following resolutions passed at the January 25, 2022 General Meeting granted authorization for share issues and set the maximum terms for exercising such authorization:

| CAP | TYPE | EXPIRY |
|---|---|---|
| 10% of the capital stock per 24-month period | Authorization of the Executive Board to reduce the capital stock by canceling treasury shares purchased under the Company share buyback plan (**16th resolution**); | January 25, 2024 |
| ■ **Overall cap on capital increases: €1,480,000 nominal value** (18th to 28th resolutions)<br>■ **Overall cap on issues of securities representing debt: €9,000,000 nominal value** (19th, 21st, 22nd and 25th to 28th resolutions) | Delegation of authority to the Executive Board to increase the capital stock by capitalization of reserves, profits, issue premiums or other amounts (**18th resolution**) | March 25, 2024 |
| | Delegation of authority to the Executive Board to issue ordinary shares or any other securities giving access to the capital stock or conferring entitlement to an allotment of debt securities of the Company or its subsidiaries with preferential subscription rights (**19th resolution**) | March 25, 2024 |
| | Delegation of authority to the Executive Board to increase, in the event of over-subscription, the number of shares to be issued in the event of a capital increase with or without shareholder preferential subscription rights (**20th resolution**) | March 25, 2024 |
| | Delegation of authority to the Executive Board to issue all ordinary shares and/or securities giving access to equity securities to be issued by the Company and/or its subsidiaries or to existing equity securities of an equity investment of the Company, without preferential subscription rights via a public offering other than those referred to in Article L. 411-2 1° of the French Monetary and Financial Code (**21st resolution**) | March 25, 2024 |
| | Delegation of authority to the Executive Board to issue all ordinary shares and/or securities giving access to equity securities to be issued by the Company and/or its subsidiaries or to existing equity securities of an equity investment of the Company, without preferential subscription rights via a public offering as referred to in Article L. 411-2 1° of the French Monetary and Financial Code (**22nd resolution**) | March 25, 2024 |
| | Authorization of the Executive Board, in the event of an issue of ordinary shares or any other securities giving access to the capital stock without preferential subscription rights, to set the issue price, under the terms defined by the General Meeting, up to a maximum of ten per cent (10%) of the capital stock (**23rd resolution**) | March 25, 2024 |
| | Delegation of powers to the Executive Board to issue shares and any other securities giving access to the capital stock as consideration for contributions in kind (**24th resolution**) | March 25, 2024 |
| | Delegation of authority to the Executive Board to issue ordinary shares in the Company and/or securities giving access, immediately and/or at a later date, to the Company's capital stock as consideration for securities contributed as part of a public exchange offer initiated by the Company (**25th resolution**) | March 25, 2024 |
| | Delegation of authority to the Executive Board 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 without preferential subscription rights, to a specific category of persons (companies regularly investing, directly and/or indirectly, in growth shares of "small caps") (**26th resolution**) | July 25, 2023 |
| | Delegation of authority to the Executive Board 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 without preferential subscription rights, to a specific category of persons (employee or exclusive commercial agent of the Company or of a related company, corporate officer of a related foreign company) (**27th resolution**) | July 25, 2023 |
| | Delegation of authority to the Executive Board 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 without preferential subscription rights, to a specific category of persons (credit institution, investment services provider, investment fund or company under an equity or bond financing contract) (**28th resolution**) | July 25, 2023 |
| 5% of the capital stock (overall cap common to the 29th and 30th resolutions) | Authorization of the Executive Board to award stock options entailing the shareholders' express waiver of their preferential subscription rights in favor of Group employees and/or executive officers (**29th resolution**) | March 25, 2025 |
| | Authorization of the Executive Board to allot existing or new ordinary Company shares free of charge to Group employees and/or executive officers, with automatic waiver of shareholders' preferential subscription rights (**30th resolution**) | March 25, 2025 |
| 3% of the capital stock | Delegation of authority to the Executive Board to carry out capital increases reserved for employees enrolled in a company savings plan, without preferential subscription rights in favor of said beneficiaries (**31st resolution**) | March 25, 2024 |

None of the delegations of authority have been exercised by the Executive Board since January 25, 2022.

## 3.4

# Items likely to have an impact in the event of a public tender offer

In accordance with the provisions of Article L. 22-10-11 of the French Commercial Code, we present below the events likely to have an impact in the event of a public tender offer:

- 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 14.1 of the Articles of Association, members of the Supervisory Board are appointed for a three-year term by the Ordinary General Meeting. If one or more member seats fall vacant, the Board may make provisional appointments during the period between two General Meetings in accordance with Article L. 225-78 of the French Commercial Code. The member thus appointed to replace another remains in office only until the predecessor's term of office expires.
- The Executive Board 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 date of registration of this Universal Registration Document, there is no agreement providing for the payment of compensation to Executive Board members in the event of their resignation or unfair dismissal or if their employment is terminated as a result of a public tender offer, except as provided in Section 3.2.1.1 of this Universal Registration Document.

3.5

# Share buyback plan

The January 25, 2022 General Meeting authorized the Board of Directors, for a period of 18 months, to implement a Company share buyback plan in accordance with Article L. 22–10-62 of the French Commercial Code and European Regulation 596/2014 of April 16, 2014, under the terms and conditions described below:

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 sixteen (16) 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 General Meeting of May 17, 2022 will consider a resolution to raise the maximum net purchase price per share from €16 to €22.

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 nineteen million, six hundred and seventy-eight thousand, eight hundred and fourteen euros (€19,678,814). Subject to approval by the General Meeting of May 17, 2022, this amount will be increased to twenty-seven million fifty-eight thousand, three hundred and sixty-nine euros and eighty cents (€27,058,369.80).

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). As of December 31, 2021 the Company holds 61,585 treasury shares for this purpose;
- to allot 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 10,000 shares held for this purpose as of December 31, 2021; at the date of registration 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 190,787 shares held for this purpose as of December 31, 2021. As part of the acquisition of Verseidag-Indutex, on July 29, 2022 SergeFerrari Group SA will have to transfer 585,417 SergeFerrari Group shares as payment of the third fraction of the acquisition price. The 190,787 treasury shares held and registered for this purpose will be used for this payment. The remaining 394,630 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, 2021 | |
|---|---|
| Total number of treasury shares | 262,372 |
| - for the liquidity contract | 61,585 |
| - for allotment of bonus shares (unused balance) | 10,000 |
| - for external growth | 190,787 |
| % of capital stock | 2.13% |
| Purchase price value (€) | 2,040,359 |
| Value at year-end price (€) | 3,274,440 |
| Par value (€) | 104,948 |

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. Accordingly, a services agreement effective January 1, 2022 replaced the agreement entered into on January 1, 2012 between Ferrari Participations and SergeFerrari Group's direct and indirect operating subsidiaries.

In 2021, 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, FERRAMAT, Serge Ferrari Turquie, Serge Ferrari AB, Serge Ferrari SpA, Serge Ferrari GmbH, Verseidag-Indutex GmbH, FIT Industrial Co Ltd and SergeFerrari Group.

The amount invoiced to all Group companies for these services by Ferrari Participations for fiscal year 2021 was €3,229,000 compared to €2,280,000 in 2020 and €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;
- business development consulting;
- 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.

### Strategic guidance agreement between Ferrari Participations and the Group

On December 3, 2021, the companies entered into a strategic guidance agreement whereby Ferrari Participations undertook to perform a management, assistance and control assignment on behalf of its subsidiaries based on their membership of the Group.

Strategy will be defined in particular in the following areas without limitation or exclusion of other areas:

- defining strategic guidelines and, in particular, defining strategy with regard to market positioning, marketing and customers with regard to the specific nature of the Group's business;
- assistance and advice in the preparation, implementation and monitoring of the company's strategy, identification and analysis of requirements, assistance in implementing decisions taken by corporate bodies;
- identification and analysis of acquisitions and organic growth transactions and opportunities for developing Group companies' business;
- business development (identification and analysis of needs, identification of solutions for optimizing existing operations and identification and analysis of diversification opportunities).

This agreement does not provide for any remuneration.

### 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, 2021, 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 €7,928,000 plus €28,000 with CI2M.

### 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. The current account advance was repaid in 2021. This agreement became inoperative during the fiscal year ended.

## 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 jointly controlled by Sébastien and Romain Ferrari.

The total rent paid by the Group in 2021 to Ferrimmo and its subsidiaries (Immobilière Ferrari SAS, SCI La Roche, SCI Clomeca, SCI SRF and SCI SETIMM) amounted to €2,981,000 compared to €2,980,000 in 2020 (including the €0.227 million rent paid to SCI SMF: in July 2020, this rent and the corresponding assets were transferred to Ferrimmo in continuation of the inheritance of Sébastien Ferrari and Romain Ferrari). The change in rent between 2020 and 2021 mainly relates to the termination of the lease on the Paris showroom sold in December 2020 (€117,000 reduction) and the full-year lease of extrusion building extensions (€102,000 increase).

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

As regards the potential conflict of interest these agreements represent for Sébastien and Romain Ferrari, the Company hired an independent real estate assessor to determine whether the rent paid by the Group to the SCIs controlled by the Ferrari family group was consistent with market rates. The latest valuations date from 2019 and 2020.

Ordinary and regulated agreements were reviewed by the Audit Committee on December 7, 2021 and by the Board of Directors on December 8, 2021. 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 7, 2021 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 30 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 date of registration of this report no potential conflicts of interest exist between the duties of Félicie Ferrari, Carole Delteil de Chilly, Caroline Weber, Joelle Barreto, Bertrand Neuschwander, Christophe Graffin and Bertrand Chammas, directors outside 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, the controlling shareholder of SergeFerrari Group SA.

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

On January 25, 2022, the Supervisory Board adopted a set of internal rules of procedure, of which Article 5.8 "Prevention of conflicts of interest" requires that a Board member in such a situation immediately and fully disclose to the Board any actual or potential conflict of interest with regard to his or her functions as Board member, in order to determine whether said member should abstain from discussions or voting on the resolutions concerned.

The Board's internal rules of procedure restate the code of ethics by which Board members are required to abide. At the time of their appointment, each Board member 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 of a conflict of interest, the need for regular attendance at Board meetings and the confidentiality of Board proceedings. Each independent Board member reviews his/her situation every year in light of the Middlenext Code criteria and informs the Board accordingly.

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

# 3.7 Special procedures regarding shareholder participation in General Meetings

Article 17 of the Articles of Association defines the rules and procedures for shareholder participation in General Meetings. The shareholders meet every year for the General Meeting.

## 3.7.1 Convening procedure

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

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 Executive Board 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 is attached to all fully paid-up shares demonstrably held in registered form for at two (2) years in the name of a given shareholder, counting from the date the Company shares were first listed on a regulated market or 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.

#### Disclosure of thresholds pursuant to the Articles of Association

In addition to statutory and regulatory threshold crossing disclosure requirements, any natural person or legal entity acting alone or in concert that comes to hold, directly or indirectly, in any manner whatsoever, within the meaning of Article L. 233-7 of the French Commercial Code, a number of shares representing more than one fortieth (2.5%) of the capital stock or voting rights must notify the Company of the total number of shares or voting rights they hold by a deadline equivalent to the deadline applicable to statutory threshold crossing disclosures, counting from the date on which the threshold was crossed. This information shall also be disclosed within the same time limits when the number of shares or voting rights falls below the aforementioned thresholds.

If a shareholder fails to disclose the fact 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 General Meeting of shareholders, provided that his/her shareholding represents at least five per cent (5%) of the capital stock or that he/she is requested to do so by one or more shareholders satisfying the same condition.

The natural person or legal entity concerned shall also inform the French Financial Markets Authority (AMF), in accordance with the procedures and timeframes set out in the AMF General Regulation, as from the crossing of the shareholding threshold. This information is disclosed to the public under the conditions set out in the AMF General Regulation.

### 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 services agreement, 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:

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

The Company and its subsidiaries are bound to its parent company, Ferrari Participations, by a services agreement effective January 1, 2022, the terms and conditions of which are set out in the statutory auditors' report on regulated agreements (see Section 3.9). 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 €7,928,000.

- **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 2021, SergeFerrari Group SA recognized income of €1,338,000 from trademark royalties, compared to €1,123,000 in 2020.

- **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, 2021, the corresponding corporate income tax current accounts, including carryforwards from the previous year and taxes for 2020, showed the following balances:

- Serge Ferrari SAS tax current account: €911,000
- 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.
- **Strategic guidance agreement between Ferrari Participations and the Group**

The other agreements have been classified as ordinary agreements.

## 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 Strategic Management Committee, salespeople, 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 can be found on **www.sergeferrari.com**

## Relations with shareholders

In accordance with Middlenext Code Recommendation R 14, 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 19, 2021 General Meeting represented 89.99% of total voting rights. All resolutions put to the vote and backed by the Board were approved by at least 96% of votes cast by shareholders, except for the resolution on approval of regulated agreements, which was approved by 76% of shareholders outside the family group. Shareholders present or represented at the General Meeting of January 25, 2022 represented 84.03% of the total voting rights. All resolutions put to the vote and backed by the Board were approved by at least 97% of votes cast. The Board also verifies that the majority of votes cast by shareholders outside the family group are in favor of the resolutions submitted.

The executive officers see that they meet major shareholders who request a meeting.





3.9

# Statutory auditors' special report on regulated agreements

### SergeFerrari Group

Headquarters: Zone industrielle la Tour-du-Pin, 38110 Saint-Jean-de-Soudain

### Statutory auditors' special report on regulated agreements

General Meeting called to approve the financial statements for the year ended December 31, 2021

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. 225-58 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. 225-58 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 agreements entered into during the year ended and previously authorized by your Board of Directors.

### Service agreement with Ferrari Participations

***Service provider:***

Ferrari Participations

***Executive officers concerned:***

- Sébastien Ferrari: Chairman of Ferrari Participations and Chairman of the SergeFerrari Group SA Supervisory Board
- Romain Ferrari: CEO of Ferrari Participations and Vice-Chairman of the SergeFerrari Group SA Supervisory Board;
- Philippe Brun: CFO of Ferrari Participations and member of the SergeFerrari Group SA Executive Board.

## *Type and 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, 2021: €202,299 excluding tax.

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

# Service agreement with Ferrari Participations

## *Service provider:*

Ferrari Participations

## *Executive officers concerned:*

- Sébastien Ferrari: Chairman of Ferrari Participations and Chairman of the SergeFerrari Group SA Supervisory Board
- Romain Ferrari: CEO of Ferrari Participations and Vice-Chairman of the SergeFerrari Group SA Supervisory Board;
- Philippe Brun: CFO of Ferrari Participations and member of the SergeFerrari Group SA Executive Board.

## *Type and 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, 2022 – as from this date, this agreement cancels and supersedes the previous service agreement effective 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:*

From the fiscal year ending December 31, 2022, SergeFerrari Group SA will pay Ferrari Participations a fee representing a share of costs incurred, relating to the provision of the Services, plus a reasonable margin in line with market practices.

# Agreements authorized and signed since the balance sheet date

We have been informed of the following agreements, authorized and entered into since fiscal year-end, which were subject to prior authorization by the Supervisory Board.

# Strategic guidance agreement with Ferrari Participations

## *Service provider:*

Ferrari Participations

### *Executive officers concerned:*

- Sébastien Ferrari: Chairman of Ferrari Participations and Chairman of the SergeFerrari Group SA Supervisory Board
- Romain Ferrari: CEO of Ferrari Participations and Vice-Chairman of the SergeFerrari Group SA Supervisory Board;
- Philippe Brun: CFO of Ferrari Participations and member of the SergeFerrari Group SA Executive Board.

### *Type and purpose:*

Provision of unpaid advice and assistance by Ferrari Participations with regard to:

- defining strategic guidelines and, in particular, defining strategy with regard to market positioning, marketing and customers with regard to the specific nature of the Group's business;
- assistance and advice in the preparation, implementation and monitoring of the company's strategy, identification and analysis of requirements, assistance in implementing decisions taken by corporate bodies;
- identification and analysis of acquisitions and organic growth transactions and opportunities for developing Group companies' business;
- business development:
  - identification and analysis of requirements;
  - optimization of existing business activities and search for/analysis of diversification opportunities.

### *Effective date of agreement:*

January 1, 2022 – as from this date, this agreement cancels and supersedes the previous strategic guidance agreement signed on December 9, 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:*

The agreement will not give rise to remuneration.

## AGREEMENTS PREVIOUSLY APPROVED BY THE GENERAL MEETING

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

Pursuant to Article R. 225-57 of the French Commercial Code, we have been informed of the performance of the following agreements approved in previous years by the General Meeting during the fiscal year ended.



## Guarantee granted to GIOFEX France

### *Executive officers concerned:*

- Sébastien Ferrari: Chairman of the SergeFerrari Group SA Supervisory Board and Director of GIOFEX Group;
- Romain Ferrari: Vice-Chairman of the SergeFerrari Group SA Supervisory Board and Director of GIOFEX Group;
- Philippe Brun: member of the SergeFerrari Group SA Executive Board 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 subsidiary GIOFEX France.

***The Statutory Auditors***

Lyon, March 4, 2022
KPMG Audit
*Department of KPMG S.A.*

Sara Righenzi de Villers
*Partner*

Lyon, March 4, 2022
Grant Thornton
*French member of Grant Thornton International*

Frédéric Jentellet
*Partner*

3.10

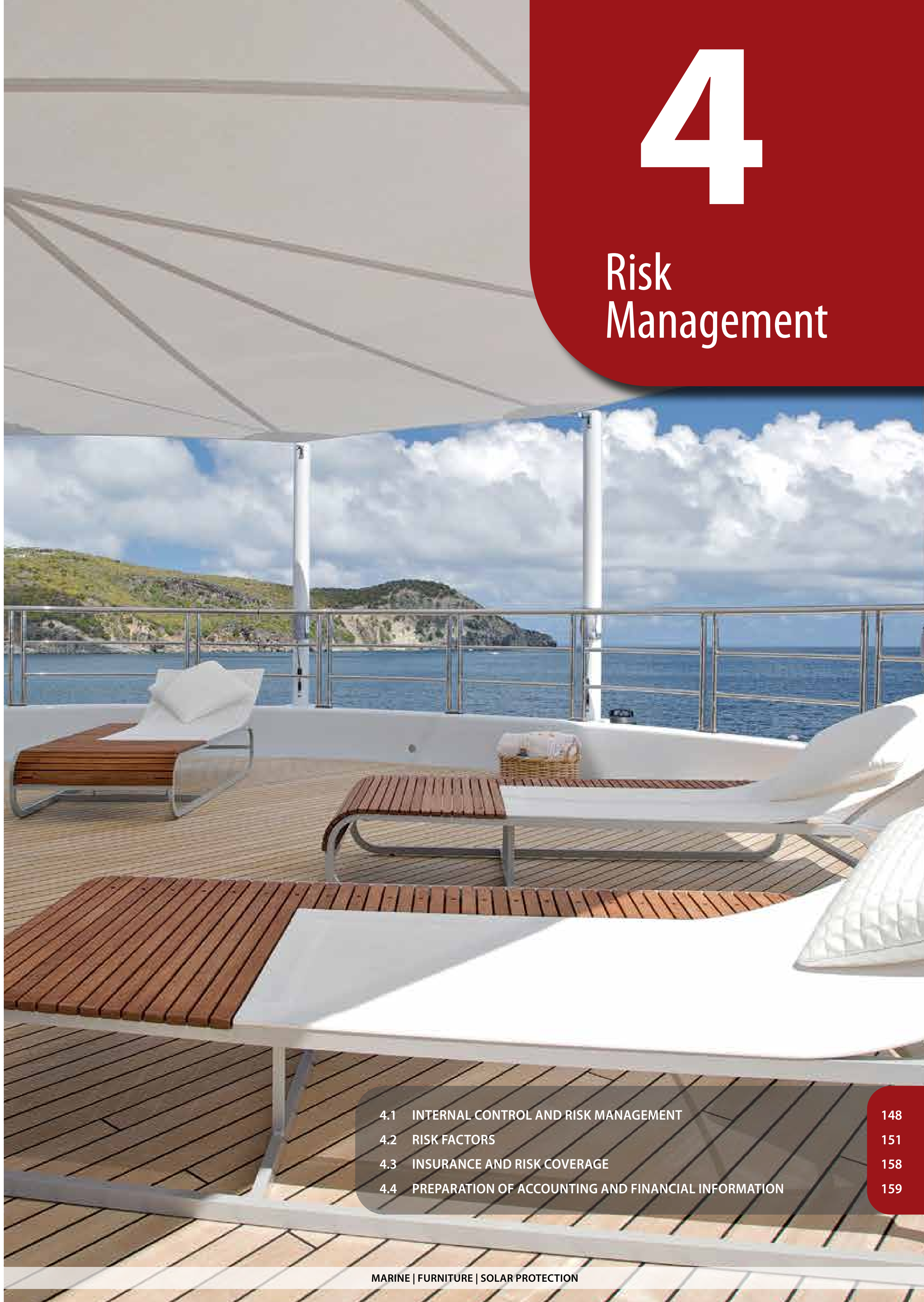
# Supervisory Board comments on the Executive Board report

To the Shareholders,

The Executive Board of our Company has convened you to a Combined General Meeting, in accordance with the law and the Articles of Association, in order to report to you on the Company's situation and operations during the fiscal year ended December 31, 2021 and to submit the financial statements for said fiscal year and the appropriation of earnings for your approval. We would remind you that, in accordance with Article L. 22-10-20 of the French Commercial Code, the Supervisory Board must present to the Annual Ordinary General Meeting its comments on the Executive Board report and on the financial statements for the fiscal year in question on which you are requested to vote. We hereby inform you that the Executive Board has forwarded the 2021 parent company and consolidated financial statements and the Executive Board report to the Supervisory Board in accordance with the provisions of Article L. 22-10-20 of the French Commercial Code. Having performed checks and verifications on the 2021 parent company and consolidated financial statements and the Executive Board report, we believe that these documents do not call for particular comment. The resolutions submitted to you by the Executive Board have been discussed and approved by the Supervisory Board. Pursuant to the provisions of Articles L. 22-10-26, R. 22-10-18 and L. 22-10-34 of the French Commercial Code, the Supervisory Board has drawn up the resolutions relating to (i) the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components comprising the total remuneration and benefits of any kind awarded to members of the Executive Board and Supervisory Board in respect of their office, and (ii) the components of remuneration due or awarded to the members of the Executive Board and the Chairman of the Supervisory Board. We hope that all the proposals presented to you by the Executive Board in its report will meet with your approval and that you will adopt the resolutions submitted to you.

The Supervisory Board





# 4 Risk Management



MARINE | FURNITURE | SOLAR PROTECTION

4.1
# Internal control and risk management

## 4.1.1 Definition of internal control and risk management

The internal control and risk management system used within the Group is based on a set of appropriate resources, policies, behaviors, procedures and actions designed to ensure that the necessary measures are taken to control:

- activities, operational efficiency and efficient use of resources;
- risks likely to have a material impact on the Group's assets or the achievement of its objectives, whether operational or financial in nature or related to compliance with laws and regulations.

Internal control and risk management is a process steered by the Executive Board under supervision from the Supervisory Board and implemented by the Strategic Management Committee and all staff.

Regardless of its quality and degree of application, it cannot provide an absolute guarantee that the objectives in the following categories will be achieved:

- compliance with applicable laws and regulations;
- application of the instructions and guidelines laid down by the Executive Board;
- proper functioning of internal processes, particularly those relating to the protection of assets;
- reliability of financial and accounting information.

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.

Moreover, in pursuing the above objectives, it is clear that companies are faced with events and hazards that are beyond their control (unforeseen changes in markets, the competition and the geopolitical situation, error in forecasting or estimating these changes and their impact on the organization, etc.).

## 4.1.2 Internal control environment

### 4.1.2.1 Internal control bodies

#### The Supervisory Board

In accordance with applicable regulations, the Supervisory Board exercises permanent control over the management of the Company by the Executive Board.

As part of this task, the Board has the following powers:

- it checks the parent company and consolidated financial statements prepared by the Executive Board, as well as the resources implemented by the Company and the statutory auditors to ensure their consistency and fair presentation;
- it appoints the members of the Executive Board and designates a Chairman among them;
- it can convene a General Meeting;
- it determines, on the basis of a recommendation from the Audit Committee, the candidates to be presented to the shareholders for appointment as statutory auditors;
- it ensures compliance with the rules guaranteeing the independence and impartiality of the statutory auditors;
- it approves the work of its specialized committees;
- it carries out such checks and verifications as it deems necessary.

#### The Audit Committee

The Audit Committee reviews risks and the financial statements drawn up by the Group. The annual audit plan is approved by the Audit Committee. The membership and operation of the Audit Committee are described in Chapter 3 of this document on corporate governance.

#### The Strategic Management Committee

Each member of the Strategic Management Committee carries out audit activities on the functional or operational departments assigned to him/her. The Strategic Management Committee is responsible for the conduct of the Group's businesses and the implementation of its main policies.

#### Internal Audit

Internal audit reports to the Executive Board and participates in the execution of the annual audit plan, which is drawn up after it has identified and analyzed the Group's main 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 carried out every three years or so and are followed by recommendations implemented by the IT and Digital 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 between the Audit Committee, the Group's Finance Department and the statutory auditors regarding key audit matters also enable the fine-tuning of audit assignments, whether internal or external. They ensure 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 the Group Finance Department to all subsidiaries. The final budget is approved by the Chairman of the Executive Board;

**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 Board, the Strategic Management Committee and the Supervisory Board.

An **annual 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 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.

## The Deontology Charter

The Deontology Charter can be found at www.sergeferrari.com. In effect since January 2018, it covers in particular:

- the prevention of conflicts of interest;
- the policy on gifts, invitations and other benefits;
- the prohibition of anti-competitive behavior;
- stock market ethics (abstention periods, inside information);
- the protection of confidential information and intellectual property;
- the whistleblowing procedure.

## The anti-corruption code of conduct

The anti-corruption code of conduct can be found at www.sergeferrari.com.

The anti-corruption code of conduct (the Code) refers to the United Nations Convention against Corruption and seeks to combat all forms of bribery and corruption. It is based on the Middlenext anti-corruption code. The Serge Ferrari anti-corruption code of conduct is governed by Law No. 2016-1691 of December 9, 2016 on transparency, the fight against corruption and modernization of economic life. However, as one document cannot address all cases of corruption and influence peddling that may occur in the course of day-to-day business, everyone must exercise their own judgment and common sense. When in doubt as to what action to take, each company relies on the assistance and advisory tools it has put in place, as well as an internal whistleblowing system.

In application since January 2018, the Code specifies the concepts of active and passive corruption, the framework for gifts and invitations, donations to charitable or political organizations, patronage, sponsorship, facilitation payments, third-party monitoring (suppliers, service providers, customers), conflicts of interest and accounting records as well as related internal controls.

### 4.1.2.4 Legal and operational control over subsidiaries by head office

Most subsidiaries are wholly owned, directly or indirectly, by SergeFerrari Group or its main subsidiary, Serge Ferrari SAS. In most cases, the Chairman of the Executive Board is also 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 2021, the review of risk factors included an additional risk relating to the Group’s industrial capacity to meet very strong demand and deliver a sizeable order book at the beginning of 2022. The other risks remain unchanged compared to 2020, except for the risk of integrating acquisitions made in 2020, which was revised downwards due to the sales integration completed on January 1, 2021 and good progress on industrial integration at the date of registration of this document.

The Group risk matrix reproduced below is used as a risk management tool. It summarizes risks according to their significance and likelihood of occurrence.

| RISK IMPACT | Low | Moderate | High |
|---|---|---|---|
| High | ▪ Industrial accidents | ▪ Ability to pass on higher raw material costs in sales prices the increase in raw material and energy costs | |
| Moderate | ▪ Inventory turnover | ▪ Environmental regulations | ▪ Geopolitical and macroeconomic instability integrating the consequences of health crises such as SARS-Cov 2<br>▪ Cyberattacks and information systems |
| Low | ▪ Change management and integration of external growth operations<br>▪ Fraud | ▪ Changes in exchange rates | |

INDICE DE PROBABILITE

## Risk ranking

| | |
|---|---|
| 4.2.1 Risks related to the Group’s activity | Geopolitical and macro-economic instability including health crises such as Sars-Cov 2<br>Ability to pass on higher raw material and energy costs to selling prices<br>Change management and the integration of external growth operations<br>Inventory turnover<br>Cyberattack |
| 4.2.2 Industrial and environmental risks | Industrial accidents<br>Regulatory environmental constraints |
| 4.2.3 Financial risks | Forex impact<br>Fraud |

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

## 4.2.1 Risks related to the Group's business activities

### Geopolitical and macro-economic instability including health crises such as Sars-Cov 2

| 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. In fact, the Group faces a macro-economic risk resulting from pandemics such as Sars-Cov 2 (lockdown measures, travel restrictions, business bans on some customers). | The Group could face restrictions on marketing, distribution or consumption of products of international origin, as observed since Q2 2020.<br><br>Instability in international relations (war in Ukraine, difficulties in conducting trade relations between China and the United States) could affect the Group's business. The introduction of customs duties could cause a significant decline in sales and 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 any single market or territory.

The Group operates in around 80 countries and therefore its exposure to a single territory is relatively limited.

### Inventory 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.<br><br>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.<br><br>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.

In 2021, in light of the scale of these increases, the Group applied a temporary surcharge at the end of March, which became a definitive price increase on November 1.

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.

Serge Ferrari group

## 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 presence in three of 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.<br><br>Achieving these synergies will be a key factor in deriving 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. Bi-monthly monitoring was also set up, whereby the main managers responsible for the integration report on the progress of the acquisition operations.

The two Verseidag managing directors has joined the Group's Strategic Management Committee.

## Cyberattack (IT system risks)

| 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 cyberattacks. These training sessions raise awareness about how to detect phishing attempts and mitigating the related risk.

The security measures taken have ensured close to 100% availability of the IT systems in 2020 and 2021.

# 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.<br><br>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.<br><br>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. The Group is constantly anticipating changes in regulations (in particular the regulation of the use of fluorinated compounds by 2024).

### 4.2.3 Financial risks

## Forex impact

| Identification and description of the risk | Potential impacts on the Group |
| --- | --- |
| Related to operating cash flows<br><br>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.<br><br>Within its historic consolidation scope, in 2021, the Group generated approximately 25% of its revenues in currencies other than the euro. For the same period, in value terms, over 85% of purchases of raw materials and services were contracted in euros and less than 10% 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 are covered by a hedging policy.<br><br>Related to current assets and liabilities in foreign currencies<br><br>In its subsidiaries, the Group has residual financial assets and liabilities in foreign currencies.<br><br>These financial assets and liabilities are not covered by exchange-rate hedges: however, net flows in USD and CHF, including the change in these financial assets and liabilities, after determination of the net exposure in USD and CHF, are hedged.<br><br>Related to non-current assets in foreign currencies<br><br>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, RMB, 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.<br><br>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.<br><br>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.<br><br>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.

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,

– Automobile fleet,

– Credit insurance,

– Directors' and officers' liability,

– Damage to the environment.

In addition, the Group has insurance policies for its Swiss, Italian and German entities. The insurance cover for PLASTITEX, GIOFEX, FERRAMAT and Verseidag is 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, legal and finance departments are headed by Philippe Brun, member of the Executive Board, who is also 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 and controlling 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 Strategic Management Committee.

The Company uses external specialists for certain areas of expertise for which it does not have sufficient internal resources (tax, insurance, 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 implementation of a common ERP for the Group's distribution entities continued in 2020 and 2021. 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. This is 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 region;
- Statement of operating working capital;
- Weekly statements of overdue trade receivables;
- Monthly inventory statements;
- Statement of net cash;
- Monthly raw materials purchase price indices;
- Monthly income statement per entity and for the Group;
- Budget monitoring per cost center.

Each region (country, geographical area or market segment) monitors its monthly performance. 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 Serge Ferrari SpA (former 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 the 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 two 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 used the BOOSTER CRM (customer relationship management) tool.

In 2017, Serge Ferrari SAS rolled out a transport management system (TMS).

Since 2018, the Group has been deploying 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 lead the Group to position itself on the most appropriate structure in 2022. To this end, in September 2021 SergeFerrari Group welcomed a Group Chief Information Officer tasked with pursuing and expanding the digital transformation of operations, increasing the level of cybersecurity and defining the most appropriate information organization to be implemented in order to complete the integration of the businesses acquired and facilitate master data management.

# 5 Management Report



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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. As from 2019, the information presented below includes the application of IFRS 16.

| €'000 | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| Total assets | 316,825 | 304,407 |
| Total non-current assets | 125,367 | 130,109 |
| *o/w Goodwill* | 20,722 | 20,668 |
| *o/w Intangible assets* | 20,259 | 22,432 |
| *o/w Property, plant and equipment* | 75,216 | 76,713 |
| *o/w Deferred tax assets* | 7,184 | 8,180 |
| Total current assets | 191,458 | 174,298 |
| *o/w Inventories and work-in-progress* | 82,456 | 70,629 |
| *o/w Trade receivables* | 51,819 | 46,741 |
| *o/w Cash and cash equivalents* | 46,871 | 45,925 |
| Total liabilities and equity | 316,825 | 304,407 |
| Shareholders' equity | 117,276 | 101,191 |
| Total non-current liabilities | 104,157 | 123,954 |
| *o/w Borrowings - long-term portion* | 81,889 | 87,598 |
| *o/w Provisions and other non-current liabilities* | 4,198 | 11,015 |
| *o/w Other non-current liabilities* | 17,508 | 25,051 |
| Total current liabilities | 95,393 | 79,262 |
| *o/w Borrowings - short-term portion* | 19,788 | 24,831 |
| *o/w Trade payables* | 37,727 | 26,165 |
| *o/w Provisions and other current liabilities* | 37,878 | 28,268 |

| €'000 | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| Revenues | 285,883 | 195,301 |
| EBIT | 19,189 | 6,598 |
| Net financial expense | (3,016) | (3,743) |
| Income before tax | 15,225 | 760 |
| Share of earnings of equity affiliates and income/(loss) from operations held for sale | 0 | 0 |
| Net income, Group share | 10,178 | 355 |

| Cash flows (€'000) | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| Operating activities | 37,393 | 26,897 |
| Investing activities | (14,128) | (43,175) |
| Financing activities | (22,612) | 36,011 |
| Change in cash over the year | 946 | 19,455 |

## Key performance indicators

To assess the performance of its businesses, SergeFerrari Group monitors three key indicators in addition to changes in sales:

- gross margin on standard production costs,
- REBIT (Recurring EBIT),
- operating working capital,

determined as follows:

While the Group continues to calculate adjusted EBITDA, in particular for testing bank covenant compliance, (i) the restatements required since the application of IFRS 16 (and the accounting treatment for operating leases), ii) the impact of recognizing acquisitions (inventory step-up, purchase price allocation, etc.) and iii) the recognition of restructuring costs relating to these acquisitions have prompted the Group to use REBIT as the most appropriate indicator of performance, given that it is controlled on the basis of the Group's operating activities.

- "**Gross margin**" is the gross margin on standard production costs, calculated as follows:

  Gross margin = Total revenues - standard production costs (standard materials cost + standard personnel expense + standard overheads). 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 overheads) 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.

  In 2020 and 2021, the Group suspended use of this indicator pending harmonization of Verseidag-Indutex GmbH's standard production costs with those of the Group. This harmonization has been effective since 1 January 2022. In the meantime, the Group use the margin on purchases consumed as its indicator.

| | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| Revenues | 285,883 | 195,301 |
| Purchases consumed | (124,502) | (85,175) |
| Margin on purchases consumed | 161,381 | 110,126 |
| Margin on purchases consumed (% of revenues) | 56.5% | 56.4% |

- REBIT is reconciled with Operating Income as follows:

| | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| Operating income | 18,242 | 4,502 |
| Restructuring costs | +948 | +2,096 |
| Depreciation/amortization of PPA assets | +374 | +301 |
| Reversal of inventory step-up | +469 | 0 |
| REBIT | 20,033 | 6,899 |

Adjusted EBITDA is determined by adding together EBIT, provisions and reversals, as shown in Notes 23 and 24 to the consolidated financial statements, and the "company value-added contribution" (CVAE) restated as income tax, as shown in Note 22 to the consolidated financial statements. The EBITDA-to-revenue ratio is the Group's secondary profit indicator.

| €'000 | Dec 31, 2021 (excl. IFRS 16) | Dec 31, 2020 (excl. IFRS 16) |
|---|---|---|
| Adjusted EBITDA | 28,398 | 16,253 |
| Ratio: adjusted EBITDA / total revenues | 9.9% | 8.3% |

*NB: the Group continues to track adjusted EBITDA excluding the application of IFRS 16, by eliminating depreciation charges on leased assets (€7,581,000 in 2021) and replacing them with the value of rent paid (€8,077,000 in 2021). Banking documentation for financing purposes including covenant testing is based on adjusted EBITDA restated for IFRS 16.*

- **Operating working capital** consists of inventories, trade receivables and trade payables. Operating working capital as well as 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. Operating working capital is presented below at constant consolidation scope (pro forma value for 2020).

| €'000 | Dec 31, 2021 | Dec 31, 2020 (pro forma) |
|---|---|---|
| Operating working capital | 105,610 | 98,036 |
| Inventory (gross) | 88,436 | 75,068 |
| Trade receivables (gross) | 54,901 | 49,133 |
| Trade payables | 37,727 | 26,165 |
| | | |
| Total revenues | 285,883 | 230,599 |
| Operating working capital (as % of revenues) | 36.9% | 42.5% |

The changes in operating working capital resulting from changes in consolidation scope during the year are explained in section 5.2.2.4.

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

| €'000 | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| **ROCE** | **5.7%** | **3.9%** |
| Average capital employed | 180,936 | 135,387 |
| EBIT after tax | 13,790 | 5,252 |
| Tax rate | 26.2% | 15.9% |

ROCE is calculated as the ratio between:

- i) operating income after tax, calculated by applying the tax rate presented in Note 28 to the consolidated financial statements,
- ii) average capital between the year opening and closing dates, composed of the sum of net intangible assets, net PP&E, excluding the 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 presented 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 Group does not intend to provide forecasts or estimates of profits.

5.2

# Business and earnings analysis

## 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 2021 highlights

#### Business combination between Serge Ferrari North America and Verseidag Seemee US Inc.

During the first half of 2021, the assets of Verseidag Seemee US Inc. were acquired by Serge Ferrari North America in order to optimize sales structures in North America and obtain commercial and cost synergies. Verseidag Seemee US Inc. was dormant as of December 31, 2021 and is expected to be wound up in 2022. This internal operation had no impact on the 2021 consolidated financial statements.

#### SergeFerrari Group share buybacks

During 2021, SergeFerrari Group carried out share buyback transactions totaling €2,700,000. These treasury shares will be used primarily to settle earn-out payments owed by the Group under the terms of the agreement to acquire Verseidag-Indutex GmbH on July 29, 2020. The value of the shares is eliminated from the statement of financial position and offset against equity in accordance with IFRS. The earn-outs are carried within other current and non-current liabilities in the statement of financial position.

#### Liquidation of Chinese company T-More, an indirect subsidiary of F.I.T. Industrial Co Ltd

The Group finalized the legal and tax procedures for the liquidation of T-More, a subsidiary of Taiwanese company F.I.T. Industrial Co Ltd, initiated in 2020 following the acquisition of a 55% stake in F.I.T. T-More has been dormant since 2020; its liquidation will not have a material impact on the 2021 consolidated financial statements.

#### Purchase price allocation for companies acquired in 2020

In accordance with IFRS 3R, during the year the Group updated the purchase price allocations for companies acquired in 2020.

The goodwill relating to those acquisitions has been allocated to the Group's single cash-generating unit. Valuation differences in respect of the acquired assets and liabilities have been recorded on the balance sheet at the date of acquisition; the opening statement of financial position has been adjusted accordingly. The impact of the revaluation of the 2020 financial statements relating to purchase price allocations is set out in Note 33 to the financial statements.

## Contribution and disposal of SergeFerrari Group shares by Ferrari Participations

On October 26, 2021 the Company announced the creation of investment firm One Team Investments by the family shareholders and members of the SergeFerrari Group Executive Committee. In order to strengthen the governance of SergeFerrari Group and as part of the preparation of its SF 2025 strategic plan, the family shareholders, together with the members of the Group's Executive Committee, have created a new investment vehicle named One Team Investments. The new company holds 620,000 SergeFerrari Group shares, representing approximately 5% of the Company's capital and 3.3% of the voting rights, and is 83% owned by Ferrari Participations, the Ferrari family holding company. The remaining shares in One Team Investments are held by ten senior Group executives. This investment by management, for an initial term of five years, was made through a combination of contributions in cash and previously-owned SergeFerrari Group shares. The transactions were completed on November 5, 2021. The new investment reflects the strong long-term commitment of the SergeFerrari Group's family and management team. The Group will benefit from the financial involvement of its key managers, who are fully committed to implementing its strategy and achieving its objectives. As part of this transaction, Ferrari Participations:

- contributed 183,086 SergeFerrari Group shares to One Team Investments and received 83% of this company's capital stock in exchange;
- sold 26,241 SergeFerrari Group shares to managers investing in One Team Investments;
- sold 400,000 SergeFerrari Group shares to One Team Investments.

## Verseidag earn-out

On July 29, 2021, in accordance with the Verseidag group acquisition agreement, SergeFerrari Group paid the second earn-out installment comprising a €4,383,000 cash payment and a €4,683,000 payment in the form of 585,417 SergeFerrari Group shares.

Dormant companies F.I.T. HK and Verseidag Far East are currently being liquidated.

### 5.2.1.2 Revenues and earnings

In 2021, the Company invoiced its subsidiaries using the "Serge Ferrari" brand name for trademark license fees, which comprise all of its revenues totaling €1,339,000 in 2021 compared to €1,123,000 in 2020. The licensing contracts concluded with subsidiaries 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 were continued without change in 2021. The license fee rate charged in 2020 and 2021 was 0.8% of sales outside the Group by each of the companies concerned.

In 2021, the Company posted operating profit of €37,000 compared to a loss of €2,782,000 in 2020.

In 2020, the Company incurred:
- €813,000 in consulting costs related to acquisitions;
- €1,004,000 in arrangement fees for financing implemented in July 2020 and related consulting costs of €145,000.

Finally, a €334,000 impact on operating income was recorded due to a provision equivalent to the negative net position of subsidiaries CI2M and Texyloop as of December 31, 2020.

In this respect, 2021 business was not impacted by any material non-recurring events.

In 2021, the Company posted financial income of €7,350,000 compared to €2,919,000 in 2020, mainly comprising:
- €9,032,000 in dividends paid by Serge Ferrari SAS;
- interest on borrowings totaling €2,081,000.

The Company recorded a profit of €8,123,000 in 2021, compared to €437,000 in 2020.

### 5.2.1.3 Financial position and liquidity

The change in equity relates to the recognition of 2021 profit; no dividends were distributed in respect of 2020. However, the remaining dividends in respect of 2019, which the family group had asked to be deferred pending better financial visibility for the Group, were paid out in January 2021 in the amount of €1,039,000. As of December 31, 2021, the Company's individual shareholders' equity amounted to €68,628,000.

The Company's gross medium-term debt as of December 31, 2021 stood at €59,896,000, compared to €64,500,000 at 2020 year-end, as a result of the €105 million financing arrangements signed on July 29, 2020.

These loans carry restrictive covenants in the form of financial ratio requirements based on the consolidated financial statements drawn up to IFRS standards (with the exception of IFRS 16 on operating leases), with which the Company was in compliance as of December 31, 2020 and 2021. The Company did not make use of any state-guaranteed loans (French PGEs) in 2020.

The Company's cash position as of December 31, 2021 amounted to €16,957,000 compared to €18,785,000 at 2020 year-end.

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

As of December 31, 2021, the capital stock consisted of 12,299,259 shares, each with a par value of €0.40.

- SergeFerrari Group liquidity contract: as of December 31, 2021, funds assigned to the liquidity contract amounted to €900,000 (unchanged from December 31, 2020). The contract was drawn up in accordance with the legal framework in force, including in particular the provisions of Regulation (EU) 596/2014 of the European Parliament and of Council of April 16, 2014 on Market Abuse (MAR), Commission Delegated Regulation (EU) 2016/908 of February 26, 2016 supplementing Regulation (EU) 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 2018-01 of July 2, 2018 on establishing liquidity contracts on equity securities as accepted market practice, and all other provisions referred to therein. Under this arrangement, the Company held 585 treasury shares as of December 31, 2021, compared to 78,867 as of December 31, 2020, i.e. 0.5% of its capital stock. In 2021, 224,953 shares were purchased and 242,235 shares sold under the liquidity contract.
- The Company implemented the share buyback program approved by the General Meeting on April 20, 2017 as part of the bonus share plan also approved by the shareholders. As of December 31, 2020, the unused portion of the bonus share plan amounted to 27,204 shares (unchanged from December 31, 2019). As of December 31, 2021, the remaining number of treasury shares allocated for this purpose was 10,000 shares.
- Finally, treasury shares held for payment in the case of an acquisition amounted to 190,787 shares as of December 31, 2021.

As of the date of this Universal Registration Document, to the best of the Company's knowledge, the capital stock was held by:

- members of the Ferrari family (71.8%), including Sébastien Ferrari, his children and the companies they control, Romain Ferrari, Serge Ferrari Industries, Ferrari Participation and One Team Investments;
- FCP ETI 2020 (Bpifrance): 670,000 shares (5.45% of capital stock);
- JAGENBERG AG: 585,417 shares (4.76% of capital stock).

## Research and development information

The Company performed no research and development activity during the 2020 and 2021 fiscal years.

## Information on supplier and customer payments outstanding

As of December 31, 2021, trade payables amounted to €270,000 compared to €461,000 at 2020 year-end.

As of December 31, 2021, trade receivables net of provisions for impairment amounted to €93,000 compared to €42,000 as of December 31, 2020.

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

| €'000 | Art. D.441 I.-1 Past due invoices received but not paid at year-end | | | | | Art. D.441 I.-1 Past due invoices issued but not paid at year-end | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1-30 days | 31-60 days | 61-90 days | > 91 days | Total | 1-30 days | 31-60 days | 61-90 days | > 91 days | Total |
| **(A) Late payment tranches** | | | | | | | | | | |
| Number of invoices concerned | 0 | 0 | 0 | 1 | 0 | 0 | 1 | 0 | 3 | 0 |
| Total amount of invoices concerned (excl. tax) | 0 | 0 | 0 | 8 | 0 | 0 | 10 | 0 | 30 | 0 |
| Percentage of total purchases excl. tax during the year | 0 | 0 | 0 | 0.55 | 0 | | | | | |
| Percentage of revenues excl. tax for the year | | | | | | 0 | 0.74% | 0 | 2.22% | 0 |
| **(B) Invoices excluded from A relating to disputed or unrecognized receivables and payables** | | | | | | | | | | |
| Number of invoices excluded | --- | | | | | --- | | | | |
| Total amount of excluded invoices | --- | | | | | --- | | | | |
| **(C) Benchmark payment terms applied (contractual or statutory terms – Article L. 441-6 or L. 443-1 of the French Commercial Code)** | | | | | | | | | | |
| Payment terms used to calculate late payments | Statutory terms: 45 days end of month | | | | | Statutory terms: 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, 2021, SergeFerrari Group directly held the following subsidiaries and equity investments:

- Serge Ferrari SAS (99.78% of capital stock) – Manufacture and marketing of innovative composite materials
- Texyloop SAS (100% of capital stock) – Recycling
- CI2M (100% of capital stock) – Construction of special machinery
- Serge Ferrari Tersuisse (100% of capital stock) – Twisting and warping of PET micro-cables (Switzerland)
- Serge Ferrari Brasil (83.12% of capital stock) – Marketing (Brazil)
- VR Développement (35% of capital stock), holding company of Rovitex and Rovitex Asia – Lamination
- SIBAC (17.53% of capital stock) – Manufacturing and real estate (Tunisia)
- MTB Group (formerly 2F2BI - 5% of capital stock), parent company of MTB – Design and manufacture of recycling machinery
- Giofex Group srl (51% of capital stock), holding company with shares in Giofex Group subsidiaries
- Ferramat (100% of capital stock) – Distribution
- Serge Ferrari Spa (formerly: Plastitex SpA) (100% of capital stock) – Production and distribution of composite materials for furniture
- Serge Ferrari AB (100% of capital stock) – Distribution of solar protection products (Sweden). On January 2, 2019, this company acquired the corresponding business from Sunteam AB.
- F.I.T. Industrial Co Ltd (55% of capital stock) – Production and distribution of PTFE glass materials
- Verseidag-Indutex GmbH (100% of capital stock) – Production and distribution of PET/PVC innovative composite materials and PTFE glass materials
- Cubutex GmbH (100% of capital stock)
- Verseidag Far East (100% of capital stock)

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

**Serge Ferrari SAS (fully consolidated subsidiary)**

Serge Ferrari SAS designs, manufactures and distributes flexible composite materials.

Sales in 2021 came to €158,138,000, compared to €126,813,000 in 2020. Net income amounted to €8,414,000 in 2021, up from €4,520,000 in 2020.

**Texyloop (fully consolidated subsidiary)**

Texyloop has been dormant since 2021. The company posted a net loss of €109,000.

**CI2M (fully consolidated subsidiary)**

CI2M posted 2021 revenues of €1,362,000 compared to €1,156,000 in 2020. The company posted an operating loss of €386,000 in 2021 compared to a €318,000 operating loss in 2020.

**Serge Ferrari Tersuisse (fully consolidated subsidiary)**

2021 revenues amounted to CHF 19,754,000 compared to €16,490,000 in 2020, while net income came to CHF 330,000 compared to CHF 472,000 in 2020.

**Serge Ferrari Brasil (fully consolidated subsidiary)**

Serge Ferrari Brasil posted 2021 revenues of BRL 17,235,000 compared to BRL 17,603,000 in 2020. 2021 operating income came to BRL 1,688,000 compared to BRL 410,000 in 2020.

**Giofex Group srl (51% consolidated subsidiary)**

The company invoiced management fees to its subsidiaries in 2021 in an amount of €308,000, compared to €483,000 in 2020, and posted net income of €5,000 in 2021 compared to €13,000 in 2020.

**Ferramat (fully consolidated subsidiary)**

Revenues amounted to TRY 24.3 million in 2021, compared to TRY 14.6 million in 2020, while net income came to TRY 6.9 million compared to TRY 2.3 million in 2020.

**Serge Ferrari Spa (formerly: Plastitex SpA) (fully consolidated subsidiary)**

2021 revenues amounted to €10,016,000 compared to €6,598,000 in 2020. Net income amounted to €195,000 compared to a net loss of €839,000 in 2020.

**Verseidag-Indutex GmbH (fully consolidated subsidiary)**

2021 revenues amounted to €58,885,000, compared to €50,272,000 on a pro forma basis and €20,903,000 over the post-acquisition period in 2020. The company posted a net loss of €1,260,000 compared to a net loss of €3,566,000 pro forma, and €451,000 post-acquisition in 2020.

**Cubutex GmbH (fully consolidated subsidiary)**

The company posted zero revenues in 2021, as in 2020 both pro forma and over the post-acquisition period. It posted a net loss of €7,000 in 2021, compared to a net loss of €20,000 pro forma and €15,000 post-acquisition in 2020.

**Verseidag Far East Ltd (fully consolidated subsidiary; currently under liquidation)**

2021 revenues amounted to €41,000, compared to €1,554,000 pro forma and €624,000 post-acquisition in 2020. The company posted zero net income in 2021, as in 2020 both pro forma and over the post-acquisition period. The company was wound up on December 3, 2021.

**F.I.T. Industrial Co Ltd (55% consolidated subsidiary)**

2021 revenues amounted to TWD 412,691,000, compared to TWD 307,864,000 pro forma and TWD 169,645,000 post-acquisition in 2020. Net income amounted to TWD 36,769,000, compared to a TWD 6,665,000 pro forma net loss and post-acquisition net income of TWD 799,000 in 2020.

SergeFerrari Group indirectly controls consolidated companies whose results in 2021 are outlined below:

**Serge Ferrari North America (fully consolidated subsidiary)**

This subsidiary posted 2021 revenues of USD 29,059,000 compared to USD 13,278,000 in 2020. Net income came to USD 527,000 in 2021 compared to a USD 161,000 net loss in 2020.

**Serge Ferrari Asia Pacific (fully consolidated subsidiary)**

The company posted zero revenues in 2021 compared to €5,000 in 2020. Net income amounted to €4,000 in 2021 and 2020.

**Serge Ferrari Japan (83.10% consolidated subsidiary)**

In 2021, this subsidiary earned revenues of JPY 298 million compared to JPY 323 million in 2020, while net income came to JPY 10 million compared to JPY 20 million in 2020.

**Serge Ferrari AG (fully consolidated subsidiary)**

In 2021, this subsidiary earned revenues of CHF 31,884,000 compared to CHF 287,803,000 in 2020. 2021 net income came to CHF 921,000, compared to a CHF 878,000 net loss in 2020.

**Serge Ferrari India Private Ltd (fully consolidated subsidiary)**

This subsidiary earned revenues of INR 439,000,000 compared to INR 337,000,000 in 2020. 2021 net income came to INR 28 million, compared to a net loss of INR 28 million in 2020.

**Serge Ferrari Shanghai Co (fully consolidated subsidiary)**

In 2021, this subsidiary earned revenues of RMB 79 million, compared to RMB 43 million in 2020, and net income of RMB 2.4 million compared to RMB 1.4 million in 2020.

**Serge Ferrari Tekstil (fully consolidated subsidiary - Turkey)**

The company promotes and specifies Serge Ferrari products. 2021 revenues amounted to TRY 3 million, compared to TRY 2.9 million in 2020, while net income came to TRY 949,000 compared to TRY 567,000 in 2020.

**Giofex Deutschland GmbH (51% consolidated subsidiary)**

2021 revenues amounted to €12,922,000 compared to €10,472,000 in 2020. 2021 net income came to €416,000 compared to €150,000 in 2020.

**Giofex France (51% consolidated subsidiary)**

2021 revenues amounted to €7,011,000 compared to €5,987,000 in 2020. 2021 net income was €102,000 compared to a net loss of €203,000 in 2020.

**Giofex UK (51% consolidated subsidiary)**

This subsidiary earned 2021 revenues of GBP 2,274,000 compared to GBP 2,049,000 in 2020. 2021 net income came to GBP 172,000 compared to GBP 42,000 in 2020.

**Giofex Slovakia (51% consolidated subsidiary)**

2021 revenues amounted to €1,094,000 compared to €904,000 in 2020. Net income amounted to €56,000 in 2021 compared to a €1,000 net loss in 2020.

**Giofex Bulgaria (51% consolidated subsidiary)**

This subsidiary posted revenues of BGN 618,000 in 2021 compared to BGN 525,000 in 2020. 2021 net income came to BGN 2,000 compared to €2,000 in 2020.

**Giofex Poland (51% consolidated subsidiary)**

2021 revenues amounted to PLN 7,798,000 compared to PLN 5,520,000 in 2020. 2021 net income came to PLN 734,000 compared to a net loss of PLN 15,000 in 2020.

**Serge Ferrari GmbH (fully consolidated subsidiary)**

2021 revenues amounted to €1.2 million compared to €1.3 million in 2020. 2021 net income came to €13,000 compared to €34,000 in 2020.

**Istratextum doo (fully consolidated subsidiary)**

Istratextum doo is wholly owned by Plastitex SpA. This subsidiary posted 2021 revenues of HRK 2,802,000 compared to HRK 1,954,000 in 2020. The company posted a HRK 138,000 net loss in 2021 compared to net income of HRK 9,000 in 2020.

**Serge Ferrari AB (fully consolidated subsidiary)**

2021 revenues came to SEK 14.2 million compared to SEK 13.5 million in 2020. The company posted net income of SEK 229,000 in 2021 compared to a SEK 251,000 net loss in 2020.

**DBDS GmbH (60% consolidated subsidiary)**

2021 revenues amounted to €7,333,000 compared to €5,480,000 pro forma and €2,605,000 post-acquisition in 2020. The company posted net income of €118,000 compared to €159,000 pro forma and €88,000 post-acquisition in 2020.

**Taiwan EDEN (55% consolidated subsidiary)**

2021 revenues amounted to TWD 48,999,000 compared to TWD 14,879,000 pro forma and TWD 14,004,000 post-acquisition in 2020. The company posted net income of TWD 2,180,000 compared to a TWD 1,574,000 pro forma net loss and post-acquisition net income of TWD 1,086,000 in 2020.

**F.I.T. HK (28% consolidated subsidiary; currently under liquidation)**

The company posted zero revenues in 2021, 2020 pro forma and 2020 post-acquisition. The company posted a net loss of TWD 26,000 in 2021 compared to a TWD 1,639,000 pro forma net loss and zero post-acquisition net income in 2020.

**T. More (28% consolidated subsidiary; liquidated at the end of 2021)**

The company posted zero revenues in 2021 compared to TWD 914,000 pro forma and post-acquisition in 2020. Net income amounted to TWD 2,006,000 compared to a net loss of TWD 924,000 pro forma and TWD 588,000 post-acquisition in 2020.

**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 notes that:

– no dividend was distributed in 2021 in respect of 2020 earnings;
– a dividend of €0.12 per dividend share was paid on September 30, 2020 for shareholders outside the Ferrari family group and on January 7, 2021 for shareholders within the Ferrari family group in connection with the distribution of 2019 earnings;
– a dividend of €0.05 per dividend share was paid on June 6, 2019 in connection with the distribution of 2018 earnings.

**Non-tax deductible expenses**

Pursuant to Article 223 *quater* and *quinquies* of the French General Tax Code, it is noted that expenses added back to earnings for the purpose of calculating 2021 taxable income amounted to €153,000.

**Corporate governance**

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

## 5.2.2 Consolidated Group operations

### 5.2.2.1 Overview

The Group benefits from 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, Turkey since 2017 and Sweden since 2018. In 2020, the Group set up an entity in Asia (Taiwan – acquisition of 55% of F.I.T. Industrial Co Ltd) and acquired 100% of the capital of Verseidag-Indutex GmbH (Germany – PET-PVC composites and PTFE glass materials). There were no significant changes in the Group consolidation scope in 2021.

In 2020, after the shutdown of the main PRE 3 coating line in La Tour du Pin and an 8% drop in sales in the first quarter, followed by the second quarter impact of strict lockdown measures and a 32% drop in sales, by the third quarter the Group had retrieved business levels largely comparable to those of 2019. In 2021, the Group sought to reach or exceed pro forma 2019 business levels on the basis of an enlarged consolidation scope following the acquisitions made in 2020. This objective:

– was largely achieved with 2021 sales of close to €286 million, exceeding pro forma 2019 sales of €273 million by 4.6% and reported 2020 sales of €195.3 million by 46%;
– was not achieved in the tensile architecture business due to project delays and postponements, particularly in the Middle East.

This sales trend is the result of a combination of factors:

– Strong growth in volumes in the solar protection and furniture markets: in the residential sector, repeated lockdowns resulted in enhancements, home improvement and energy savings, which benefited the Group's product ranges;
– A price effect, due to the need to pass on the exceptional rise in raw material prices starting from early 2021 and the cost of energy from the second half of 2021;
– A reduction in the negative currency impact on revenues from approximately -€2 million in 2020 to -€1 million in 2021;
– A consolidation effect of €38.5 million, with F.I.T. and Verseidag sales consolidated over 12 months in 2021 compared to 6 and 5 months respectively in 2020.

In total, EBIT increased by €6.6 million to €19.2 million in 2021.

#### 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 Group senior management, the Chairman and Chief Executive Officer, the two managing directors, and the members of the Group Executive Committee who are the main operational decision-makers), this single-segment presentation being linked to the strong integration between Group business lines.

Geographic regions and fields of activity do not constitute segments in the sense of IFRS 8.

However, the Group has information on revenues and gross margin per region and per strategic market segment.

In addition, the Group monitors performance across its historical scope in terms of margin on purchases consumed and commercial costs attributable by country. Other operating expenses (production costs excluding standard costs, overheads and R&D), which account for approximately 20% of operating costs, are not allocated by country.

In 2021, the Group agreed on the key definitions of the Group's performance indicator for the Verseidag-Indutex GmbH business.

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 revenues by 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), as well as the renminbi, yen, Turkish lira and Indian rupee.

#### Seasonality

The diversification of sectors and 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. The breakdown may change in the future following the integration of companies acquired in 2020.

#### Changes in consolidation scope

There have been no changes in the Group consolidation scope since the acquisition of Verseidag-Indutex GmbH on July 29, 2020.

## 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 differ 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 profit forecasts for R&D projects, where all or part of the costs are capitalized.

### 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, 2021, the Group had recognized such pension liabilities in France (mandatory retirement benefits), Switzerland (pension scheme), 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, €2.1 million in restructuring expenses were recognized under operating income. In 2021, these restructuring costs amounted to €900,000.

### 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 in the Group financial statements in a total amount of €5,188,000 as of December 31, 2021.

### Goodwill

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

Work on the purchase price allocation of companies acquired during the year was completed on December 31, 2021. Goodwill amounted to €2.4 million relating to the acquisition of F.I.T. Industrial Co Ltd and €8.6 million for Verseidag-Indutex GmbH and its subsidiaries.

## 5.2.2.2 Group revenues

Group revenues were released on January 25, 2022 after market close and break down as follows:

| (€'000) | Q4 2021 | Q4 2020 | Ch. at current scope and exchange rates | Ch. at constant scope and exchange rates | Dec 31, 2021 | Dec 31, 2020 | Ch. at current scope and exchange rates | Ch. at constant scope and exchange rates |
|---|---|---|---|---|---|---|---|---|
| Northern Europe | 28,381 | 22,231 | 27.7% | 27.1% | 111,395 | 73,531 | 51.5% | 25.2% |
| Southern Europe – Americas | 29,143 | 25,445 | 14.5% | 14.7% | 127,568 | 88,391 | 44.3% | 34.0% |
| Asia – Africa – ME – Pacific | 13,457 | 13,992 | -3.8% | -4.7% | 46,919 | 33,379 | 40.6% | 16.0% |
| **Total revenues** | **70,981** | **61,668** | **15.1%** | **14.7%** | **285,883** | **195,301** | **46.4%** | **27.6%** |

As from January 1, 2021, reporting per region changed to reflect the combined sales organization of Serge Ferrari + Verseidag implemented on this date, with a breakdown of sales as follows:

- North Europe
- South Europe + Americas
- APMEA

The change in revenues between 2020 and 2021 breaks down as follows:

- Volume effect (SF innovative composite materials) : 17.3%
- Price mix effect : 10.3%
- Forex impact : -0.9%
- Change in consolidation : +19.7%

The Group posted 2021 revenues of €285.9 million, up +46.4% at current consolidation scope and exchange rates and up +27.6% at constant consolidation scope and exchange rates. The Company had estimated a €5 million impact on 2020 sales arising from the December 1, 2019 incident leading to the temporary closure of a production line at the La Tour du Pin plant.

In 2021, all three operating regions posted excellent performances:

- Northern Europe reported year-on-year revenue growth of +51.5% at current consolidation scope and exchange rates and +25.2% at constant consolidation scope and exchange rates;
- Southern Europe – Americas posted revenues up +44.3% at current consolidation scope and exchange rates and up +34.0% at constant consolidation scope and exchange rates;
- Asia Pacific – Middle East – Africa recorded revenue growth of 40.6% at current consolidation scope and exchange rates and +16.0% at constant consolidation scope and exchange rates.

The impact of acquisitions and first-time consolidation on Group sales per region is as follows:

| | Dec 31, 2020 (reported) | F.I.T. 2021 (6 months) | Verseidag 2021 (7 months) | Organic growth | Dec 31, 2021 (reported) |
|---|---|---|---|---|---|
| Northern Europe | 73,531 | ---- | 19,438 | 18,426 | 111,395 |
| Southern Europe – Americas | 88,391 | ---- | 10,839 | 28,338 | 127,568 |
| APMEA | 33,379 | 4,829 | 3,381 | 5,330 | 46,919 |
| **Total** | **195,301** | **4,829** | **33,658** | **52,094** | **285,883** |

### 5.2.2.3 Profitability

The published 2021 income statement as compared to the 2020 pro forma income statement (i.e. including the full-year 2020 impact of acquisitions completed in 2020) is as follows:

| (€'000) | Dec 31, 2021 | Dec 31, 2020 (pro forma) | Change |
|---|---|---|---|
| Revenues | 285,883 | 230,599 | 24.0% |
| Purchases consumed | (124,502) | (105,902) | 17.6% |
| External expenses | -45,869 | -39,898 | 15.0% |
| Personnel expenses | (75,548) | (64,896) | 16.4% |
| Other operating expenses (net) | (20,775) | (14,314) | 45.1% |
| EBIT | 19,189 | 5,589 | x 3.4 |
| Non-recurring income and expenses | (946) | -2,096 | -54.9% |
| Operating income | 18,242 | 3,493 | x 5.2 |

At constant consolidation scope, EBIT came to €19.2 million in 2021 compared to €5.6 million in 2020. This significant increase is due to the following factors:

1) The sharp increase in margin on purchases consumed (from €124.7 million to €161.4 million) was mainly due to a volume effect (+€29.9 million) and mix/price effect (+€6.8 million) explained by the increase in market share of solar protection and furniture products, markets with a significant margin impact, as illustrated by the increase in margin on purchases consumed (from 54% of revenues in 2020 to 56.5% in 2021); 2021 was marked by a significant increase in the price of raw materials, partly passed onto sales prices in the form of a surcharge on commercial charges from the end of March to November 2021, which became a price increase after that date. For example, the prices of raw materials purchased during the year were nearly 16% higher than the material costs included in the initial standard production costs budget for 2021.

2) External expenses increased from €39.9 million euros in 2020 to €45.9 million in 2021, with around 50% of the change being due to an increase in transport costs (combination of volume growth and price effect) and the remainder to the favorable basis for comparison in 2020, during which travel and a great number of promotional activities were canceled, as well as R&D and testing activities.

3) Personnel expenses increased from €64.9 million to €75.5 million due to i) government funding measures implemented in 2020, which reduced personnel expenses by €4.0 million, ii) variable remuneration based on sales and earnings growth (in particular the change in employee profit-sharing in France, representing €1.5 million in 2021 compared to zero in 2020, and target-based bonuses paid at a rate of less than 40% in 2020 compared to almost 100% in 2021, entailing an impact of close to €3 million), and iii) wage increases of 1.5% on average applied to a globally stable workforce (1,212 at 2021 year-end, compared to 1,192 at 2020 year-end).

4) Other net operating expenses increased from €14.3 million in 2020 to €20.8 million in 2021, due to the recognition in 2020 of €3.4 million in compensation for the loss of revenue incurred by Serge Ferrari SAS and €1.3 million in compensation to restore fixed assets destroyed during the incident at the La Tour du Pin plant on December 1, 2019.

In 2021, the Company completed the integration of the Serge Ferrari + Verseidag sales teams and continued its industrial reorganization (significant reduction in the manufacturing teams at Eglisau and transfer of production to Krefeld). These costs were recognized as €2.1 million in 2020 and €0.9 million in 2021.

| (€'000) | Dec 31, 2021 | Dec 31, 2020 (reported) | Change |
|---|---|---|---|
| Operating income | 18,242 | 4,502 | x 4 |
| Cost of debt | (2,804) | (2,803) | 34.6% |
| Other financial expenses | (212) | (1,660) | -87.2% |
| Income before tax | 15,225 | 760 | x 20 |
| Net income, Group share | 10,178 | 355 | x 28 |

In 2021 the Group posted a net financial expense of €3,016,000 compared to €3,743,000 in 2020. The main components of the change over the period are as follows:

1. Interest expense resulting from changes in consolidation scope: (€305,000)
2. Interest expense at constant consolidation scope: €317,000 increase due to the financing arrangements signed July 29, 2020 (€105 million, of which €59.2 million principal remained outstanding as of December 31, 2021).
3. Currency gain of €564,000 in 2021 compared to a €1,135,000 currency loss in 2020. This positive trend is the result of changes in the EUR exchange rate vs USD, INR and TRY.
4. Other items: (net expense of €792,000 in 2021 compared to €504,000 in 2020). The increase in these costs is mainly due to the cost of unwinding the discounting of outstanding purchase price installments on acquisitions completed in 2020.

The income tax charge (current and deferred) amounted to €3,989,000 (average rate 26.2% of income before tax) compared to €121,000 in 2020.

Net income (Group share) amounted to €10,178,000, compared to €355,000 in 2020, after accounting for the minority share in earnings, mainly concerning F.I.T. Industrial Co Ltd (45% to minority shareholders) and DBDS (Verseidag-Indutex GmbH subsidiary 40% owned by minority shareholders).

### 5.2.2.4 Financial position and liquidity

Non-current assets amounted to €125,367,000 as of December 31, 2021 compared to €130,109,000 as of December 31, 2020.

The €4,742,000 decrease between 2020 and 2021 was due to:

- respective decreases of €2,173,000 and €1,497,000 in net intangible assets and PP&E: the amortization and depreciation charge on these assets was higher than the acquisitions and increases recorded during the year;
- a €996,000 reduction in deferred tax assets, as a result of the partial application of tax credits linked to improved profitability.

Operating working capital increased by €7,574,000 but improved significantly as a percentage of revenue, from 42.5% of Group pro forma revenues in 2020 to 36.9% in 2021.

This increase resulted from the following factors:

1. a sharp rise in raw material costs, explaining the increase in the value of inventories, which did not expand overall in terms of volume;
2. excellent cash conversion of sales with DSO improving from 76 days in 2020 to 69 days in 2021;
3. extensive production operations in the second half of 2021, with supplier credit reflecting the scale of supplies purchased towards the end of the year to fulfill the order book.

| (€'000) | Dec 31, 2021 | Dec 31, 2020 (pro forma) | Dec 31, 2019 |
|---|---|---|---|
| Operating working capital | 105,610 | 98,036 | 66,172 |
| Inventory (gross) | 88,436 | 75,068 | 55,047 |
| Trade receivables (gross) | 54,901 | 49,133 | 36,344 |
| Trade payables | 37,727 | 26,165 | 25,219 |
| | | | |
| Total revenues | 285,883 | 230,599 | 189,047 |
| **Operating working capital (as % of revenues)** | **36.9%** | **42.5%** | **35.0%** |

There is no deconsolidation mechanism that could result in an increase or decrease in any of the aggregates presented above. Trade receivables sold under the factoring program are added back to the 'Trade receivables' line.

Shareholders' equity stood at €117,276,000 as of December 31, 2021, compared to €101,191,000 as of December 31 2020. This €16,085,000 increase was the result of:

- net income (Group share) of €10,178,000;
- other comprehensive income of €7,987,000, including €6,753,000 in respect of the revaluation of defined benefit pension plan liabilities in connection with the change in discount rates from 0.30% in 2020 to 0.64% in 2021 for retirement benefit liabilities in France and from 0.20% in 2020 to 0.40% for pensions in Switzerland;
- no dividend payment in 2021 in respect of 2020.

Group net debt as of December 31, 2021 stood at €54,807,000, compared to €66,504,000 as of December 31, 2020. Excluding operating leases, which are recorded as a right of use asset with a corresponding financial liability, net debt amounted to €26,351,000, down €7,944,000 from €34,295,000 as of December 31, 2020:

| | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| **Net debt*** | **54,807** | **66,504** |
| **Debt** | **101,677** | **112,429** |
| EURO PP | 30,000 | 30,000 |
| Bank finance | 35,485 | 42,492 |
| Overdraft and interest | 0 | 0 |
| Factoring | 6,178 | 5,280 |
| Operating leases | 28,456 | 32,209 |
| Finance leases | 1,558 | 2,448 |
| **Cash & equiv.** | **(46,871)** | **(45,925)** |

** (brackets indicate cash surplus)*

The Group has confirmed bank finance of €75 million, €34.5 million of which was drawn as of December 31, 2021. €30 million under the Euro PP scheme was drawn on July 29, 2020.

Current and non-current financial liabilities to shareholders of acquired companies amounted to €17,487,000 as of December 31, 2021, compared to €26,832,000 as of December 31, 2020.

The agreements to acquire 55% of shares in F.I.T. Industrial Co Ltd (and its subsidiaries) and 100% of shares in Verseidag-Indutex GmbH (and its subsidiaries and affiliates) are subject to deferred payments and earn-outs, as follows:

- **Current liabilities of €5,198,000** (corresponding to amounts payable in 2022 totaling €5,267,000 before discounting.

  Including a payment in SergeFerrari Group shares: €4,683,000 (before discounting). The payment relates to a maximum amount of 585,417 SergeFerrari Group shares (i.e. 4.79% of the Company's capital stock) or to a number of shares resulting from the ratio between €4,683,0000 and the average share price over the 20 trading sessions prior to July 29, 2022.

  Including a cash payment of €584,000 (before discounting).

  Including discounting of current liabilities: (€69,000)

- **Non-current liabilities of €12,289,000** (corresponding to amounts payable in 2023 totaling €12,500,000 before discounting. This non-current liability corresponds to the maximum capped amount of a cash earn-out of €12,500,000 (before discounting).

  Discounting of non-current liabilities: (€211,000)

## Procedures for preparing and processing accounting and financial information

The administrative and finance departments are headed by Philippe Brun, member of the Executive Board 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 controlling teams draw up and circulate consolidated monthly performance indicators and the interim consolidated Group financial statements. These departments are also responsible for managing the budget process and updating 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 Strategic Management Committee.

The Company uses external specialists for certain areas of expertise for which it lacks the staff (tax, valuation, actuarial work, legal affairs, etc.).

Information systems related to Group core strategy are managed internally. Related functions or services for which the Group has no in-house expertise are outsourced.

## Financial statements - preparation and control

SergeFerrari Group has introduced standard guidelines for accounting recognition and monitoring financial performance. This is 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 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 business activity;
- Budget monitoring per cost center;
- Manufacturing KPIs at production plants.

Each country or region draws up a simplified monthly 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 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.

The Group has appointed statutory auditors or external inspectors in its subsidiaries so as to cover substantially all of the Group's revenues, 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, and in Italy, the United States, Taiwan and Germany). 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 the 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 two 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 used the BOOSTER CRM (customer relationship management) tool.

In 2017, Serge Ferrari SAS deployed a transport management system.

The addition of a number of newly formed or acquired companies within the Group (21 out of 32) since October 2016 has given rise to a need to implement convergent and interconnected information systems. These operations fall within the remit of the Group's Finance and IT teams.

For companies whose main business activity is distribution, the Group has chosen to deploy a core model based on the SAGE X3 solution. SAGE solutions are currently used at Giofex France, Giofex UK, Serge Ferrari Japan, Serge Ferrari India Private Limited, Serge Ferrari North America, Serge Ferrari Shanghai and Giofex Poland and will be deployed in 2022 at Giofex Deutschland.

On September 1, 2021, the Company hired a Chief Information Officer to continue digitizing activities and review the design of the Group's information organization system with a view to implementing a common language.

## Climate-related financial risks

The Company believes it is no more exposed to climate risks than its competitors. The Company has not invested and does not intend to invest in fossil fuel companies. It also notes the initiatives undertaken to reduce waste (see non-financial performance statement) and the attention paid to these matters within the Executive Management team by Romain Ferrari (CSR Officer). For this purpose, the Company has drawn up an Environment Handbook.

To date, the Company has not identified any material impacts of climate-related risks on its financial statements, such as changes in asset useful lives, impairment testing, provisions for risks or significant capital expenditure.

## Green taxonomy

Regulation 2020/852 of the European Parliament and of the Council of June 18, 2020 establishes a framework to facilitate sustainable investments and sets out the criteria for determining whether an economic activity can be considered environmentally sustainable, in order to determine the environmental sustainability of an investment. This is a key piece of legislation in facilitating and promoting sustainable investments and, as such, implementing the European Green Deal. In particular, by providing companies, investors and policymakers with definitions of economic activities that can be considered environmentally sustainable, it should help guide investment to where it is most needed.

An economic activity is considered environmentally sustainable if it:

- substantially contributes to one or more of the following environmental objectives:
  - climate change mitigation;
  - climate change adaptation,
  - the sustainable use and protection of aquatic and marine resources,
  - the transition to a circular economy,
  - pollution prevention and reduction,
  - protection and restoration of biodiversity and ecosystems,
- does not significantly harm any of the environmental objectives,
- and must be exercised in accordance with the minimum guarantees provided for by:
  - the OECD Guidelines for Multinational Enterprises,
  - the United Nations Guidelines on Business and Human Rights, and
  - the principles and rights set out in the eight fundamental conventions defined in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the International Bill of Human Rights,
- and complies with the technical screening criteria established by the Commission.

From January 1, 2022, companies must publish their sensitivity to the European green taxonomy and, in particular, the taxonomy-eligible and non-taxonomy-eligible economic activities comprising their total revenues, total capital expenditure and total operating expenditure, as well as any qualitative information relevant to such publication.

- In 2021, the Group's activities did not constitute eligible activities as published by the French Financial Markets Authority (AMF), which can be viewed at https://www.amf-france.org/en/news-publications/news/taxonomy-article-8-amf-informs-issuers-about-phased-application-reporting-requirements and by selecting "Taxonomy" in the list of activities concerned.
- However, a detailed examination of the Group's activities shows that some of its activities are in line with the reporting objectives for 2021 relating to:
  - climate change mitigation;
  - climate change adaptation.

Although not required to disclose this information in 2022 in respect of 2021, the Group has decided to prepare these disclosures in subsequent years by verifying the technical screening criteria and minimum social guarantees to ensure the alignment of activities identified as eligible.

### 2021 Taxonomy - Revenues

| | | | Substantial contribution criterion | |
|---|---|---|---|---|
| | Total revenues | Share of revenues | Climate change mitigation | Climate change adaptation |
| A. Revenues of taxonomy-eligible activities in 2021 | 0 | 0 | - | - |
| B. Revenues of non taxonomy-eligible but aligned activities in 2021 | 54,272 | 19% | x | x |
| C. Revenues of non-eligible activities in 2021 | 231,611 | 81% | | |
| **Total revenues** | **285,883** | **100%** | | |

The Company is currently reviewing its activities and whether or not they substantially contribute to the first two criteria tested in 2021. The Company will refine this analysis in 2022 with regard to the six criteria to be considered.

### 2021 Taxonomy - CAPEX

| | | | Substantial contribution criterion | |
|---|---|---|---|---|
| | Total CAPEX | Share of CAPEX | Climate change mitigation | Climate change adaptation |
| A. Taxonomy-eligible activities in 2021 | 364 | 4% | x | x |
| B. Non taxonomy-eligible activities in 2021 | 8,636 | 96% | | |
| **Total revenues** | **9,000** | **100%** | | |

### 2021 Taxonomy - OPEX

| | | | Substantial contribution criterion | |
|---|---|---|---|---|
| | Total OPEX | Share of Total OPEX | Climate change mitigation | Climate change adaptation |
| A. Taxonomy-eligible activities in 2021 | 0 | 0% | - | - |
| B. Non taxonomy-eligible but aligned activities in 2021 | N/A | N/A | x | x |
| C. Non-eligible activities in 2021 | 266,694 | 100% | | |
| **Total OPEX** | **266,694** | **100%** | | |

## 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 upgraded 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 standards ISO 14001 (Environmental management systems - Requirements and guidelines for use) and ISO 14004 (Environmental management systems - General guidelines on implementation principles, systems and techniques).

# 5.3 Capex

Capital expenditure incurred during the fiscal years ended December 31, 2020 and 2021 breaks down as follows:

| (€'000) | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| **Total expenditure** | **12,456** | **18,685** |
| Intangible assets | 1,252 | 1,712 |
| Right-of-use assets - Intangible assets | 138 | 71 |
| Property, plant and equipment | 7,897 | 6,215 |
| Right-of-use assets - PP&E | 3,103 | 9,845 |
| Financial investments | 66 | 842 |

- **Intangible assets**

| (€'000) | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| **Total intangible assets** | **1,390** | **1,783** |
| Research and development expenses | 755 | 1,477 |
| Trademark, customers | 25 | 17 |
| Right-of-use assets - Software | 138 | 71 |
| Other intangible assets | 278 | 89 |
| Intangible assets in progress | 194 | 129 |

– ***Research and development expenses***: this relates to capitalized R&D on identified projects with proven likelihood of success. This work involves developing new products, innovative processes and new formulations; project costs are capitalized based on the progress of the project (transition to industrial scale-up) and the commercial prospects for each project;

– ***Right-of-use assets - Software***: the Group has applied IFRS 16 since January 1, 2019, resulting in the recognition of right-of-use leased assets.

– ***Other intangible assets and intangible assets in progress***: these investments relate to expenses incurred on the information system.

- **Tangible assets**

| (€'000) | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| **Total tangible assets** | **11,000** | **16,060** |
| Buildings | 389 | 558 |
| Plant, machinery, tools & equipment | 1,566 | 3,023 |
| Right-of-use assets | 3,103 | 9,845 |
| Other tangible assets | 2,310 | 288 |
| Tangible assets in progress | 3,632 | 2,346 |

The Group allocates around 3% of revenues to investment in technology upgrading and adaptation (primarily PP&E excluding buildings and production-related IT expenditure, which is recognized under 'Other intangible assets').

PP&E right-of-use assets include:

– mainly leases of industrial buildings by Ferrimmo and its subsidiaries under standard 3-6-9 leases, most of which commenced on January 1, 2019;

– lease of equipment and materials.

- **Planned expenditure**

The Group plans to:

– continue its customary industrial upgrading expenditure estimated at around 3% of revenues; in 2022, this expenditure has been budgeted at €7 million;

– make strategic investments in the ongoing industrial transformation following the acquisition of Verseidag-Indutex, long-term investments in security and investments in the manufacture of new products. For 2022, the Group has estimated this expenditure at between €7 million and €9 million.

Research and development costs came to €7.8 million in 2021, compared to €6.1 million in 2020. For 2022, the Group has estimated its R&D costs at around €8 million.

The Company is not currently planning to make any significant investments in PP&E or intangible assets in the foreseeable future for which the Company's management bodies have already made firm commitments at the date of this document.

Available financing in the form of authorized lines not yet drawn (over €40 million) or available cash will help finance these investments. As of December 31, 2021, cash and cash equivalents stood at €46.9 million.

# 5.4 Net (cash)/debt

## 5.4.1 Information on the Group's equity, liquid assets and sources of financing

Note 13 to the financial statements and the statement of changes in shareholders' equity in this Universal Registration Document respectively set out the changes in the Company's capital stock and Group equity.

As of December 31, 2021, shareholders' equity (Group share) amounted to €109,097,000 compared to €94,778,000 as of December 31, 2020.

The Group finances the development of its business activities internally, partly from operating cash flows and partly via short and medium-term debt, as and when required. The June 2014 IPO profoundly altered the Group's financing structure: the IPO raised net funds of €40 million and, as of June 30, 2014, the Group posted net cash of €3 million.

The Group's loan and financing agreements are conditional on covenants based on the Group IFRS consolidated financial statements and tested once a year as of December 31. All covenants were in compliance as of December 31, 2021.

The calculation of covenants as per the banking documentation excludes the application of changes in accounting standards after the financing agreements are signed. The Group continues to determine the aggregates used for covenant testing by restating the impact of IFRS 16 on operating leases as from January 1, 2019.

The Group has not applied for any state-guaranteed loans (French PGEs).

## 5.4.2 Information on liquid assets

The total amount of cash and cash equivalents held by the Group at December 31, 2021 was €46,871,000 compared to €45,925,000 at December 31, 2020.

Cash is partly 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 acquisitions and capital expenditure, 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 to:
- refinance existing loans maturing in July 2021;
- finance acquisitions made in 2020 and refinance borrowings for the Verseidag-Indutex GmbH acquisition;
- finance capital expenditure and general requirements.

| (€'000) | Initial amount | Amount available as of December 31, 2021 | Maturity | Drawn as of December 31, 2021 | Due in 1 yr | Due in > 1yr and < 5 yrs | Due in > 5 yrs |
|---|---|---|---|---|---|---|---|
| Euro PP (bond format – repayable on maturity) | 30,000 | 30,000 | July 2027 | 30,000 | 0 | 0 | 30,000 |
| Acquisition loan and refinancing (amortizing) | 26,000 | 26,000 | June 2026 | 21,273 | 4,727 | 16,546 | 0 |
| Acquisition loan and refinancing (bullet) | 6,000 | 6,000 | Dec 2026 | 6,000 | 0 | 0 | 6,000 |
| 2020-2022 investment loan (amortizing) | 28,000 | 28,000 | June 2026 | 2,000 | 500 | 1,500 | 0 |
| Revolving credit facility | 15,000 | 15,000 | June 2025 | 0 | 0 | 0 | 0 |
| | **105,000** | **105,000** | | **59,273** | **5,227** | **18,046** | **36,000** |

These maturities are subject to financial covenants that were in compliance as of December 31, 2021.

The bank portion of this financing was arranged with the Group's relationship banks, which were already party to the July 2015 financing arrangements. Bank borrowings are also subject to impact commitments (level of employment at the La Tour du Pin site and industrial accident frequency rate), compliance with which may result in an 8 basis-point discount on borrowings costs. In the event of non-compliance with either commitment, the interest on the loan will be increased by 4 basis points.

The EURO PP debt was syndicated to four underwriters. The EURO PP is also subject to impact commitments (level of employment at the La Tour du Pin site and industrial accident frequency rate), compliance with which may result in a 10 bp discount on borrowing costs. In the event of non-compliance with either commitment, the interest on the loan will be increased by 5 basis points.

As part of this transaction, a €3 million current account advance was granted by Romain Ferrari in 2020: it was repaid in 2021, the Company having satisfied the conditions put in place when the account was set up.





- **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.

As of December 31, 2021, factoring amounted to €6,178,000.

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 working capital requirements with **short-term financing lines**.

As of December 31, 2021, the Group had unconfirmed and unused overdraft facilities of €3 million.

## 5.4.4 Off-balance sheet commitments

Off-balance sheet commitments are disclosed in Note 31 to the consolidated financial statements.

## 5.4.5 Cash flow

The following table shows changes in cash flows between 2020 and 2021 as presented in the consolidated financial statements.

| Cash flows (€'000) | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| Cash flow from operating activities | 37,393 | 26,897 |
| Cash flow from investing activities | (14,128) | (43,715) |
| Cash flow from financing activities | (22,612) | 36,011 |
| Impact of changes in foreign exchange rates | 293 | -278 |
| **Change in cash over the period** | **946** | **19,455** |

Cash flow amounts are taken from the 2021 statement of cash flows. Factoring is included in financing activities.

- **Cash flow from operating activities**

Cash flow from operating activities for the years ended December 31, 2020 and 2021 was as follows:

| Cash flows (€'000) | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| Consolidated net income | 11,238 | 754 |
| Depreciation and impairment | 18,091 | 17,507 |
| Other items | 2,036 | 827 |
| **Free cash flow after net cost of debt** | **31,365** | **19,088** |
| Net cost of debt | 2,804 | 2,083 |
| **Free cash flow before net cost of debt** | **34,169** | **21,171** |
| **Change in operating working capital** | **80** | **6,322** |
| **Other cash flows** | **3,144** | **(598)** |
| **Net cash flow from operating activities** | **37,393** | **26,897** |

■ **Cash flow from investing activities**

Cash flow from investing activities was as follows:

| Cash flows (€'000) | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| Acquisition of PP&E and intangible assets (*) | (9,000) | (7,927) |
| Acquisition earn-outs | 0 | 0 |
| Change in consolidation scope | (5,261) | (35,549) |
| Change in financial assets net of provisions | 0 | 0 |
| Other cash flows | 133 | 301 |
| **Net cash flow from investing activities** | **(14,128)** | **(43,175)** |

(*) before CIR research tax credit financing

The Group's main investments in the period are described in Section 5.3

"CAPEX" of this Universal Registration Document. Change in consolidation scope relates to purchase price payments made in 2021.

■ **Cash flow from financing activities**

| Cash flows (€'000) | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| New borrowings | 0 | 65,216 |
| Acquisition costs | 0 | 0 |
| Repayment of borrowings | (8,262) | (20,462) |
| Repayment of financial liabilities on operating leases | (8,007) | (6,338) |
| Net interest expense | (2,853) | (1,695) |
| Dividends paid to Group shareholders | (1,057) | (388) |
| Purchase of treasury shares | (2,569) | (92) |
| Factoring | 898 | (2,099) |
| Other cash flows from financing activities | (762) | 1,869 |
| **Net cash flow from financing activities** | **(22,612)** | **36,011** |

Financing arrangements made during the year are set out in Section 5.4.3.

### 5.4.6 Borrowing terms 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 in an amount of €1,075,000 as of December 31, 2021 and €1,093,000 as of December 31, 2020.

### 5.4.8 Sources of financing required in the future

The Company believes it can meet its operating and capital expenditure and borrowing repayment requirements (including interest) for the twelve months following the 2021 balance sheet date.

# 5.5 Outlook

## Significant post-balance sheet events – Foreseeable developments and future outlook

The Group's outlook and goals are not forecasts resulting from a budget process, but merely targets arising from strategic choices and the Group's development plan.

Outlook and goals are based on data and assumptions considered reasonable by Group management as of the Universal Registration Document date. 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 be unaware as of the date of this Universal Registration Document.

Accordingly, the Company makes no commitments or guarantees regarding the achievement of the outlook and goals described in this Universal Registration Document.

To this end, the Group intends to continue taking the following action:

- focus on four strategic market segments to which the main development resources are allocated (innovation, marketing, finance), i.e. solar protection, tensile architecture, modular structures and furniture/marine, with an annual organic growth target of 4.5% at constant exchange rates;
- greater efficiency of commercial investments (the costs of which must now increase more slowly than margins) and innovation investments (the gross margin generated by products launched within the last five years must significantly exceed annual innovation investments) leading to a significant improvement in profitability, in keeping with the turnaround seen in 2019;
- focus on acquisition opportunities, which would provide the Group with additional product ranges, complementary technological solutions or a geographical presence close to its more distant customers.

In 2022, amid a favorable economic environment despite ongoing increases in material and energy prices, Serge Ferrari will focus on maintaining margins and quality of service to customers. SergeFerrari Group is targeting 2022 sales of around €310 million.

## Annual General Meeting

The SergeFerrari Group shareholders will meet at the annual ordinary and extraordinary General Meeting to be held on May 17, 2022. The Supervisory Board will propose to the General Meeting that a dividend of €0.29 per share be paid and that the balance of the profit for 2021 be allocated to reserves.

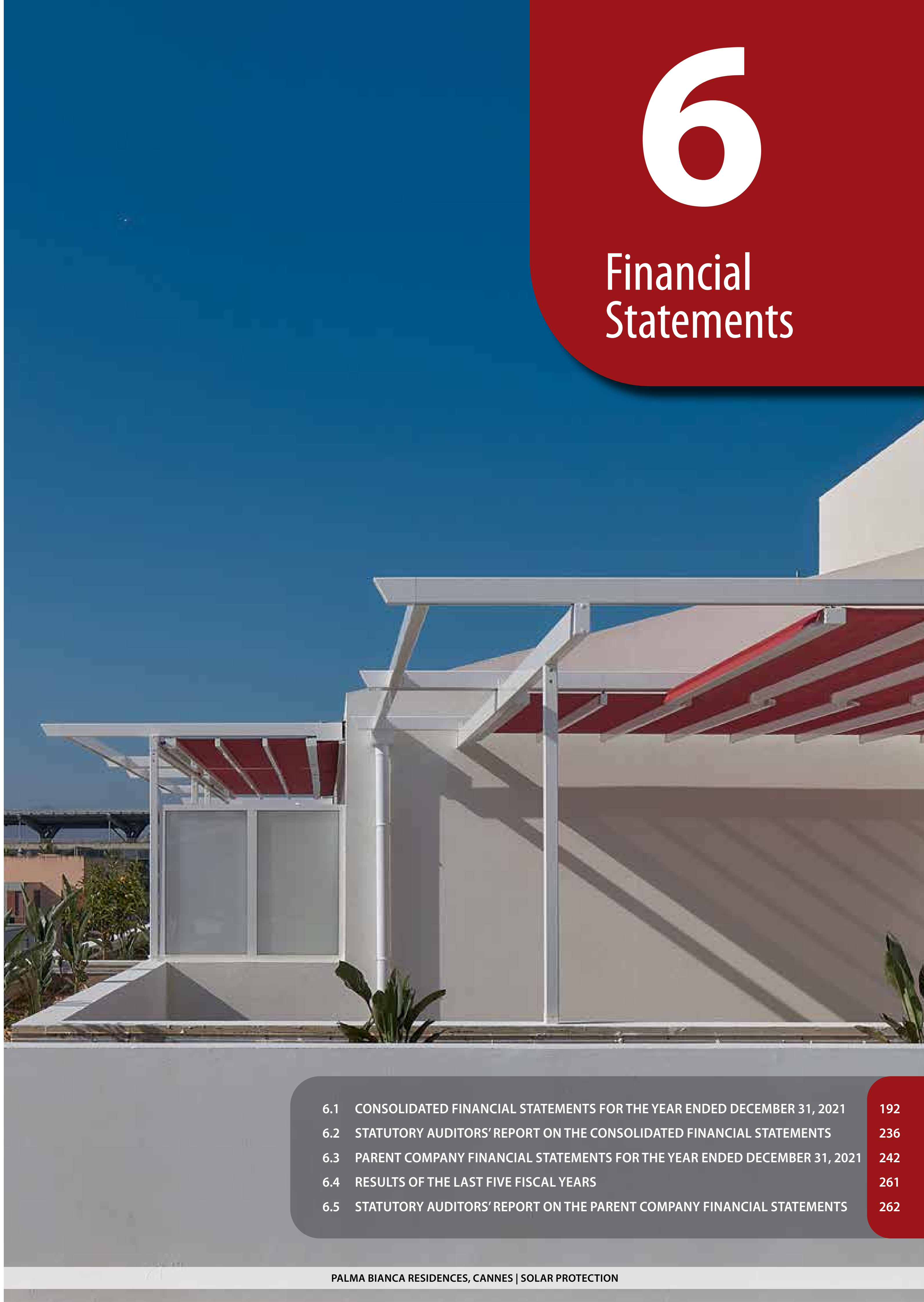
## Calendar

Q1 2022 revenues: April 20, 2022 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, 2021 of which the shareholders were unaware as of the date of registration of this Universal Registration Document.

# 5.6 Material contracts

All contracts have been entered into within the framework of the Group's ordinary business transactions.



# 6

# Financial Statements



PALMA BIANCA RESIDENCES, CANNES | SOLAR PROTECTION

6.1

# Consolidated financial statements for the year ended December 31, 2021

## Statement of financial position

| Assets - €'000 | Note | Dec 31, 2021 | Dec 31, 2020 Restated* |
|---|---|---|---|
| Goodwill | 4 | 20,722 | 20,668 |
| Other intangible assets | 5 | 20,259 | 22,432 |
| Property, plant and equipment | 6 | 75,216 | 76,713 |
| Other financial assets | 7 | 1,986 | 2,116 |
| Deferred tax assets | 8 | 7,184 | 8,180 |
| **Total non-current assets** | | **125,367** | **130,109** |
| Inventories and WIP | 9 | 82,456 | 70,629 |
| Trade receivables | 10 | 51,819 | 46,741 |
| Other current assets | 11 | 10,313 | 11,003 |
| Cash and cash equivalents | 12 | 46,871 | 45,925 |
| **Total current assets** | | **191,458** | **174,298** |
| **Total assets** | | **316,825** | **304,407** |

| Liabilities and equity - €'000 | Note | Dec 31, 2021 | Dec 31, 2020 Restated* |
|---|---|---|---|
| Capital stock | 13 | 4,920 | 4,920 |
| Additional paid-in capital | 13 | 43,868 | 43,868 |
| Consolidated reserves and other reserves | 13 | 50,131 | 45,635 |
| Net income for the period | 13 | 10,178 | 355 |
| **Total equity, Group share** | | **109,097** | **94,778** |
| Non-controlling interests | | 8,179 | 6,413 |
| **Total equity** | | **117,276** | **101,191** |
| Borrowings and debt | 14 | 81,889 | 87,598 |
| Provisions for pensions and similar commitments | 15 | 4,198 | 11,015 |
| Deferred tax liabilities | 8 | 562 | 289 |
| Other non-current liabilities | 16 | 17,508 | 25,051 |
| **Total non-current liabilities** | | **104,157** | **123,954** |
| Borrowings and bank overdrafts (due in less than 1 yr) | 14 | 19,788 | 24,831 |
| Current provisions | 17 | 1,002 | 1,263 |
| Trade payables | | 37,727 | 26,165 |
| Other current liabilities | 18 | 36,876 | 27,005 |
| **Total current liabilities** | | **95,393** | **79,262** |
| **Total liabilities** | | **199,550** | **203,216** |
| **Total liabilities and equity** | | **316,825** | **304,407** |

* The comparative data for 2020 has been restated to reflect changes in the valuation of the assets and liabilities of companies acquired in 2020, in accordance with IFRS 3R. The reconciliation between the initially reported financial statements and the restated financial statements is presented in Note 33.



## Consolidated income statement

| €'000 | Note | Dec 31, 2021 | Dec 31, 2020 Restated* |
|---|---|---|---|
| **Revenues** | **19** | **285,883** | **195,301** |
| Purchases | | (136,127) | (76,094) |
| Change in inventories | | 11,625 | (9,081) |
| External expenses | 20 | (45,869) | (35,695) |
| Personnel expenses | 21 | (75,548) | (56,183) |
| Miscellaneous taxes | 22 | (1,884) | (2,229) |
| Total depreciation, amortization and impairment | 23 | (17,784) | (16,126) |
| Net provisions for impairment | 24 | (1,262) | 180 |
| Other recurring income and expenses | 25 | 155 | 6,526 |
| **EBIT** | | **19,189** | **6,598** |
| Non-recurring income and expenses | 26 | (948) | (2,096) |
| **Operating income** | | **18,242** | **4,502** |
| Income from cash and cash equivalents | | 27 | 78 |
| Gross cost of debt | | (2,831) | (2,161) |
| **Net cost of debt** | **27** | **(2,804)** | **(2,083)** |
| Other financial income and expenses | 27 | (212) | (1,660) |
| **Income before tax** | | **15,225** | **760** |
| Income tax | 28 | (3,987) | (121) |
| **Total net income** | | **11,238** | **638** |
| Group share | | 10,178 | 355 |
| Non-controlling interests | | 1,058 | 283 |
| Earnings per share (€) | | 0.86 | 0.03 |
| Diluted earnings per share (€) | | 0.86 | 0.03 |

* The comparative data for 2020 has been restated to reflect changes in the valuation of the assets and liabilities of companies acquired in 2020, in accordance with IFRS 3R. The reconciliation between the initially reported financial statements and the restated financial statements is presented in Note 33.

## Statement of comprehensive income

| Statement of comprehensive income - €'000 | Dec 31, 2021 | Dec 31, 2020 Restated* |
|---|---|---|
| **Total consolidated net income** | **11,238** | **638** |
| **Other comprehensive income:** | | |
| Revaluation of liabilities (assets) of defined benefit plans | 6,753 | 565 |
| Fair value of equity instruments revalued through comprehensive income | (100) | 178 |
| Income tax | (1,075) | (47) |
| ***Subtotal - comprehensive income/(loss) not transferable to earnings*** | ***5,578*** | ***696*** |
| Currency translation differences | 2,292 | (1,704) |
| Change in fair value of hedging instruments | 157 | (48) |
| Income tax | (41) | 13 |
| ***Subtotal - comprehensive income/(loss) transferable to earnings*** | ***2,408*** | ***(1,740)*** |
| **Total other comprehensive income/(loss) after tax** | **7,987** | **(1,044)** |
| **Total comprehensive income** | **19,223** | **(405)** |
| Group share | 17,450 | (402) |
| Non-controlling interests | 1,773 | (3) |

*The comparative data for 2020 has been restated to reflect changes in the valuation of the assets and liabilities of companies acquired in 2020, in accordance with IFRS 3R. The reconciliation between the initially reported financial statements and the restated financial statements is presented in Note 33.

## 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, 2019** | **4,920** | **43,868** | **54,143** | **(4,854)** | **(1,349)** | **96,724** | **305** | **97,029** |
| Net income for the period | | | 355 | | | 355 | 283 | 638 |
| Other comprehensive income | | | | | (758) | (757) | (286) | (1,044) |
| **Total comprehensive income for the period** | **-** | **-** | **355** | | **(758)** | **(402)** | **(3)** | **(405)** |
| Treasury shares | | | | (92) | | (92) | | (92) |
| Parent company dividends | | | (1,427) | | | (1,427) | | (1,427) |
| Ch. in conso. scope [3] | | | - | | | 0 | 6,111 | 6,111 |
| Other items | | | (28) | | | (28) | | (28) |
| **Equity at Dec 31, 2020 Restated [(1)]** | **4,920** | **43,868** | **53,043** | **(4,946)** | **(2,106)** | **94,778** | **6,413** | **101,191** |
| Net income for the period | | | 10,178 | | | 10,178 | 1,058 | 11,238 |
| Other comprehensive income | | | | | 7,272 | 7,272 | 715 | 7,987 |
| **Total comprehensive income for the period** | **-** | **-** | **10,178** | **-** | **7,272** | **17,450** | **1,773** | **19,223** |
| Treasury shares | | | | 2,728 | | 2,728 | | 2,728 |
| Parent company dividends | | | (18) | | | (18) | | (18) |
| Other items [(2)] | | | (5,386) | (455) | | (5,841) | (7) | (5,841) |
| **Equity at Dec 31, 2021** | **4,920** | **43,868** | **57,817** | **(2,673)** | **5,166** | **109,097** | **8,179** | **117,276** |

(1) The comparative data for 2020 has been restated to reflect changes in the valuation of the assets and liabilities of companies acquired in 2020, in accordance with IFRS 3R. The reconciliation between the initially reported financial statements and the restated financial statements is presented in Note 33.

(2) Impact primarily relating to the put option granted to the Jagenberg group and recognized under current liabilities at December 31, 2021 (Note 18)

(3) Mainly corresponds to the acquisition of 55% of the F.I.T. group



## Consolidated statement of cash flows

| €'000 | Dec 31, 2021 | Dec 31, 2020 Restated* |
|---|---|---|
| Total consolidated net income | 11,238 | 638 |
| Depreciation, amortization and impairment | 18,091 | 17,921 |
| Gains/losses on disposal | 1,227 | 196 |
| Other non-cash income and expenses | 807 | 216 |
| Cost of debt | 2,804 | 2,083 |
| Tax expense | 3,987 | 121 |
| **Free cash flow** | **38,154** | **21,176** |
| Tax paid | (840) | (772) |
| **Change in operating working capital** | **80** | **6,493** |
| *of which Change in trade receivables* | (4,769) | 986 |
| *of which Change in inventories* | (11,274) | 8,331 |
| *of which Change in trade payables* | 11,836 | (7,414) |
| *of which Change in other receivables* | (2,129) | 5,066 |
| *of which Change in other payables* | 6,415 | (476) |
| **Net cash flow from operating activities** | **37,393** | **26,897** |
| Acquisition of PP&E and intangible assets (Notes 5 and 6) | (9,000) | (7,927) |
| Acquisitions of financial assets | (66) | 0 |
| Payments received from disposal of PP&E and intangible assets (Notes 5 and 6) | 72 | 233 |
| Payments received from disposal of financial assets | 126 | 68 |
| Impact of changes in consolidation scope (incl. deferred payments and earn-outs) | (5,261) | (35,549) |
| **Net cash flow from investing activities** | **(14,128)** | **(43,175)** |
| New borrowings (Note 14) | - | 65,216 |
| Borrowings repaid (Note 14) | (16,269) | (26,800) |
| *of which Payment of lease liabilities* | (8,007) | (6,338) |
| Net interest expense | (2,853) | (1,695) |
| Dividends paid | (1,057) | (388) |
| Factoring (Note 15) | 898 | (2,099) |
| Other cash flow from financing activities | (763) | 1,869 |
| Purchase of treasury shares | (2,569) | (92) |
| **Net cash flow from financing activities** | **(22,612)** | **36,011** |
| **Impact of changes in foreign exchange rates** | **293** | **(278)** |
| **Change in cash and cash equivalents** | **946** | **19,455** |
| Opening cash and cash equivalents (Note 12) | 45,925 | 26,720 |
| Bank overdrafts at start of period (Note 14) | - | (250) |
| **Net cash at start of period** | **45,925** | **26,470** |
| Closing cash and cash equivalents (Note 12) | 46,871 | 45,925 |
| **Net cash at end of period** | **46,871** | **45,925** |
| **Change in cash and cash equivalents** | **946** | **19,455** |

*The comparative data for 2020 has been restated to reflect changes in the valuation of the assets and liabilities of companies acquired in 2020, in accordance with IFRS 3R. The reconciliation between the initially reported financial statements and the restated financial statements is presented in Note 33.

# 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 2021 consolidated financial statements were approved by the Executive Board on March 3, 2022 and will be submitted for approval by the General Meeting on May 17, 2022.

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

#### Changes in governance

The Board of Directors of SergeFerrari Group met on December 8, 2021 and voted to call a Combined General Meeting on January 25, 2022, which approved the proposals of the Chairman of the Executive Board presented below.

On January 25, 2022, SergeFerrari Group took the form of a company with an Executive Board and Supervisory Board. The Company was previously organized under a single-tier governance structure with a Board of Directors.

The Supervisory Board is chaired by Sébastien Ferrari (Chairman) and also includes as members Romain Ferrari (Vice-Chairman), Félicie Ferrari, Caroline Weber, Carole Delteil de Chilly, Bertrand Neuschwander, Bertrand Chammas and Christophe Graffin, all existing directors of SergeFerrari Group under its previous governance structure. Joelle Barreto joined the Supervisory Board on the recommendation of the Chairman and as approved by the General Meeting. The Executive Board proposed by the Chairman and approved by the General Meeting comprises Sébastien Baril as Chairman of the Executive Board and Philippe Brun as member of the Executive Board.

This model, which has proved successful in many international family groups, should allow the Group to combine efficient short-term decision-making with sustainable long-term performance in a fast-changing and complex world.

#### COVID-19 pandemic

The impact of the COVID-19 pandemic during 2021 varied widely across the Group's regions. The Group was not obliged to close its plants during the year, unlike in 2020. On a like-for-like basis, 2021 sales were significantly higher than in 2020. However, some parts of the world are experiencing greater difficulty in fully recovering than others, while some markets are still subject to health restrictions.

As a reminder, the Group has not requested any state-guaranteed loans.

Expenses related to COVID-19 safety measures are presented under EBIT.

#### Business combination between sister companies Serge Ferrari North America and Verseidag Seemee US Inc.

During the first half of 2021, the assets of Verseidag Seemee US Inc. were acquired by Serge Ferrari North America in order to optimize sales structures in North America and obtain commercial and cost synergies. Verseidag Seemee US Inc. was dormant as of December 31, 2021 and is expected to be wound up in 2022. This internal operation had no impact on the 2021 consolidated financial statements.

#### SergeFerrari Group share buybacks

During 2021, SergeFerrari Group carried out share buyback transactions totaling €2,700,000. These shares have been and will be used to cover deferred payments under the Verseidag group acquisition agreement signed on July 29, 2020. The value of the shares is eliminated from the statement of financial position and offset against equity in accordance with IFRS. These deferred payments are carried within other current and non-current liabilities in the statement of financial position.

#### Liquidation of Chinese company T-More, an indirect subsidiary of F.I.T. Industrial Co Ltd, and Verseidag-Indutex Far East Ltd, a subsidiary of Verseidag-Indutex GmbH

The Group finalized the legal and tax procedures for the liquidation of T-More and Verseidag-Indutex Far East Ltd initiated in 2020 following the integration of these companies within the Group. As these companies are dormant, their liquidation will not have a material impact on the 2021 consolidated financial statements.

#### Purchase price allocation for companies acquired in 2020

Pursuant to IFRS 3R, in 2021 the Group updated the purchase price allocations of companies acquired in 2020.

The goodwill relating to those acquisitions has been allocated to the Group's single cash-generating unit. Valuation differences in respect of the acquired assets and liabilities have been recorded on the balance sheet at the date of acquisition. The opening statement of financial position was adjusted accordingly. The impact of the revaluation of the 2020 financial statements relating to purchase price allocations is set out in Note 33 to the financial statements.

### 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 accounting 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 2021 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, 2021:

– Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform – Phase 2"
– Amendments to IFRS 16 "COVID-19-Related Rent Concessions beyond 30 June 2021"

### Principal accounting standards, amendments and interpretations published by the IASB and not mandatory within the European Union as of January 1, 2021:

None

### Principal accounting standards, amendments and interpretations published but not yet adopted by the European Union:

– Amendments to IAS 1: Presentation of Financial Statements – Classification of Liabilities as Current or Non-current – effective date postponed to January 2023;
– Amendments to IFRS 3: Reference to the IFRS 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;
– Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies;
– Amendments to IAS 8: Definition of Accounting Estimates;
– Amendments to IFRS 16 on Covid-19-Related Rent Concessions beyond 30 June 2021;
– Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
– 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.

## 2.3 Consolidation methods

SergeFerrari Group is the consolidating company.

In accordance with IFRS 10, an investor controls an investee if and only if all of the following criteria have been met:
(a) it has power over the investee;
(b) it is exposed or entitled to variable returns due to its links with the investee;
(c) it has the ability to exercise power over the investee so as to influence the returns it receives.

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 | |
|---|---|---|---|---|---|
| | | 2021 | 2020 | Dec 31, 2021 | Dec 31, 2020 |
| BGN | Bulgarian lev | 1.96 | 1.96 | 1.96 | 1.96 |
| BRL | Brazilian real | 6.38 | 5.89 | 6.31 | 6.37 |
| CHF | Swiss franc | 1.08 | 1.07 | 1.03 | 1.08 |
| CLP | Chilean peso | 898.02 | 902.74 | 964.85 | 868.89 |
| CNY | Yuan | 7.63 | 7.87 | 7.19 | 8.02 |
| EUR | Euro | 1.00 | 1 | 1.00 | 1 |
| GBP | Pound sterling | 0.86 | 0.89 | 0.84 | 0.9 |
| HKD | Hong Kong dollar | 9.20 | 7.87 | 8.83 | 8.02 |
| HRK | Kuna | 7.53 | 7.54 | 7.52 | 7.55 |
| INR | Indian rupee | 87.49 | 84.58 | 84.23 | 89.66 |
| JPY | Yen | 129.86 | 121.77 | 130.38 | 126.49 |
| PLN | Zloty | 4.56 | 4.44 | 4.60 | 4.56 |
| ROL | Romanian leu | 4.92 | 4.84 | 4.95 | 4.87 |
| SEK | Swedish krona | 10.15 | 10.49 | 10.25 | 10.03 |
| TRY | Turkish lira | 10.47 | 8.04 | 15.23 | 9.11 |
| TWD | Taiwan dollar | 33.09 | 34.25 | 31.34 | 34.79 |
| USD | US dollar | 1.18 | 1.14 | 1.13 | 1.23 |

In practice, transactions in currencies other than the operating currency are translated into the operating currency at the average exchange rate for the previous month, which is an approximation of the transaction rate. 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, 2021, 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 assumptions applied as of December 31, 2021 are similar to those applied as of December 31, 2020.

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.

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.

## 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:

| Non-current assets | Depreciation 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 Leases

The Group has applied IFRS 16 "Leases" with effect from January 1, 2019.

Where the commencement of 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" in the statement of financial position. 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.

Cash flows are discounted using a discount rate equal to the weighted average:

- cost of capital valued according 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 (average of betas observed across a sample of comparable companies);
- Group cost of debt.

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

Each investment in an equity affiliate is a unique asset and is 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), they are valued at their fair value. This is measured by taking various criteria into account (Group share of net assets, growth and profitability outlook of the investee, 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 partly 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 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.

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.

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, Switzerland and Germany.

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 presented in Note 16 to the consolidated financial statements.

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 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.

### 2.17.2 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 partly 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 presented under "Non-recurring income and expenses".

## 2.22 Non-recurring 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 related to the Group's activities.

## 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

| Company | Activity | Headquarters | Percentage interest 2021 | Percentage interest 2020 | 2021 consolidation method |
|---|---|---|---|---|---|
| Serge Ferrari Group | Holding | La Tour du Pin (France) | 100% | 100% | Parent company |
| Serge Ferrari SAS | Production and distribution | La Tour du Pin (France) | 100% | 100% | Consolidated |
| Serge Ferrari North America | Distribution | Deerfield Beach (USA) | 100% | 100% | Consolidated |
| Serge Ferrari Asia Pacific | Distribution | Hong Kong (HK) | 100% | 100% | Consolidated |
| Serge Ferrari Japan | Distribution | Kamakura (Japan) | 83% | 83% | Consolidated |
| Serge Ferrari Brasil | Distribution | São Paulo (Brazil) | 100% | 100% | Consolidated |
| CI2M SAS | Equipment manufacture | La Tour du Pin (France) | 100% | 100% | Consolidated |
| Serge Ferrari AG | Production and distribution | Eglisau (Switzerland) | 100% | 100% | Consolidated |
| Serge Ferrari Tersuisse (formerly Ferfil Multifils) | Production | Emmenbrücke (Switzerland) | 100% | 100% | Consolidated |
| Texyloop SAS | Recycling | La Tour du Pin (France) | 100% | 100% | Consolidated |
| Serge Ferrari India Limited | Distribution | Delhi (India) | 100% | 100% | Consolidated |
| Serge Ferrari Shanghai | Distribution | Shanghai (China) | 100% | 100% | Consolidated |
| Serge Ferrari GmbH | Distribution | Berlin (Germany) | 100% | 100% | Consolidated |
| Serge Ferrari AB | Distribution | Veddige (Sweden) | 100% | 100% | Consolidated |
| Serge Ferrari Tekstil | Distribution | Istanbul (Turkey) | 100% | 100% | Consolidated |
| Ferramat Tekstil | Distribution | Istanbul (Turkey) | 100% | 100% | Consolidated |
| Plastitex | Production and distribution | Carmignano di Brenta (Italy) | 100% | 100% | Consolidated |
| Istratextum | Production and distribution | Novigrad (Croatia) | 100% | 100% | Consolidated |
| Giofex Group Srl | Holding | Milan (Italy) | 51% | 51% | Consolidated |
| Giofex France | Distribution | Issoudun (France) | 51% | 51% | Consolidated |
| Giofex UK | Distribution | Dartford (United Kingdom) | 51% | 51% | Consolidated |
| Giofex GmbH | Distribution | Chemnitz (Germany) | 51% | 51% | Consolidated |
| Giofex Slovakia | Distribution | Bratislava (Slovakia) | 51% | 51% | Consolidated |
| Giofex sp. z o.o. | Distribution | Warsaw (Poland) | 51% | 51% | Consolidated |
| Giofex Bulgaria | Distribution | Plovdiv (Bulgaria) | 51% | 51% | Consolidated |
| F.I.T. | Production and distribution | Chiayi (Taiwan) | 55% | 55% | Consolidated |
| Taiwan Eden | Production and distribution | Chiayi (Taiwan) | 55% | 55% | Consolidated |
| F.I.T. HK | Holding | Hong Kong (HK) | 28% | 28% | Consolidated |
| T-More | Holding | Shanghai (China) | - | 28% | Liquidated in 2021 |
| Verseidag-Indutex GmbH | Production and distribution | Krefeld (Germany) | 100% | 100% | Consolidated |
| Cubutex GmbH | None | Krefeld (Germany) | 100% | 100% | Consolidated |
| Verseidag-US Inc. | Distribution | New Jersey (USA) | 100% | 100% | Consolidated |
| Verseidag-Indutex Far East Ltd | Distribution | Hong Kong (HK) | - | 100% | Liquidated in 2021 |
| Deutsche Biogas Dach-Systeme GmbH | Manufacture | Kreuzau, Germany | 60% | 60% | Consolidated |

SergeFerrari group

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 2021 consolidated financial statements.

## NOTE 4 – GOODWILL

| €'000 | Dec 31, 2021 | Dec 31, 2020 Restated |
|---|---|---|
| Innovative composite materials and accessories | 20,722 | 20,668 |

The valuation tests conducted on the cash generating unit (CGU) as of December 31, 2021 and 2020, based on discounted cash flows (DCF), did not show evidence of a need to write down this asset.

Changes impacting goodwill of the Group's innovative composite materials and accessories CGU as of December 31, 2021 result from fluctuations in currencies in which goodwill was recognized during the purchase price allocation procedure.

## NOTE 5 - INTANGIBLE ASSETS

Intangible assets break down as follows:

| €'000 | Dec 31, 2019 | Acq. | Disposals | Increases | Changes in exchange rates | Changes in conso. scope | Reclassification and retirement | Dec 31, 2020 restated |
|---|---|---|---|---|---|---|---|---|
| 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) | 10,769 | - | 13,663 |
| 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)** | **11,208** | **(139)** | **45,032** |
| Dev. 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)** | **11,211** | **(139)** | **22,432** |

| €'000 | Dec 31, 2020 restated | Acq. | Disposals | Increases | Changes in exchange rates | Reclassification and retirement | Dec 31, 2021 |
|---|---|---|---|---|---|---|---|
| Development costs | 15,674 | 755 | - | - | 135 | (908) | 15,655 |
| Concessions, patents & similar rights | 621 | 25 | - | - | - | 2 | 648 |
| Intangible assets in progress | 136 | 194 | - | - | - | (104) | 226 |
| Trademark, customers | 13,663 | - | - | - | 22 | - | 13,685 |
| Right-of-use assets - Software | 1,238 | 138 | - | - | - | - | 1,376 |
| Other intangible assets | 13,700 | 278 | (21) | - | 109 | 257 | 14,323 |
| **Total intangible assets** | **45,032** | **1,390** | **(21)** | **-** | **266** | **(753)** | **45,914** |
| Dev. costs amortization/impairment | (8,902) | - | - | (1,582) | (93) | 193 | (10,384) |
| Concessions, patents & similar rights amortization/impairment | (345) | - | - | (98) | - | - | (443) |
| Customers amortization/impairment | (804) | - | - | (267) | (8) | - | (1,079) |
| Amort. of right-of-use assets - Software | (649) | - | - | (392) | - | - | (1,041) |
| Other intangible assets amortization/ impairment | (11,902) | - | 21 | (701) | (129) | - | (12,711) |
| **Total intangible assets amortization/ impairment** | **(22,602)** | **-** | **21** | **(3,039)** | **(230)** | **193** | **(25,658)** |
| **Total net book value** | **22,432** | **1,390** | **(0)** | **(3,039)** | **36** | **(560)** | **20,259** |

Development expenses capitalized during the year totaled €755,000.

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.

## NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment breaks down as follows:

| €'000 | Dec 31, 2019 | Acq. | Disposals | Increases | Changes in exchange rates | Changes in conso. scope | Reclassifications 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** |

* The reclassification recorded under "Right-of-use assets – Buildings" for a total amount of €3,849,000 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.

| €'000 | Dec 31, 2020 | Acq. | Disposals | Increases | Changes in exchange rates | Reclassifications and retirement | Dec 31, 2021 |
|---|---|---|---|---|---|---|---|
| Land | 5,562 | - | - | - | 491 | - | 6,053 |
| Buildings | 45,726 | 389 | (195) | - | 1,647 | 2,049 | 49,617 |
| Plant and equipment | 138,937 | 1,566 | (657) | - | 3,309 | 5,114 | 148,269 |
| Other PP&E | 11,190 | 2,310 | (220) | - | 385 | (642) | 13,023 |
| Right-of-use assets - Buildings | 38,373 | 303 | (549) | - | 205 | | 38,332 |
| Right-of-use assets - Production facilities | 2,987 | 1,784 | (242) | - | 15 | - | 4,545 |
| Right-of-use assets - Other items | 2,882 | 1,016 | (1,054) | - | (66) | - | 2,779 |
| PP&E in progress | 6,895 | 3,632 | - | - | 22 | (6,511) | 4,038 |
| **Total property, plant and equipment** | **252,552** | **11,000** | **(2,916)** | **-** | **6,008** | **11** | **266,655** |
| Building depreciation/impairment | (33,311) | - | 164 | (1,862) | (827) | 16 | (35,818) |
| Plant and equipment depreciation/impairment | (120,799) | - | 555 | (4,586) | (3,004) | 65 | (127,768) |
| Depr./imp. of right-of-use assets - Buildings | (8,880) | - | 789 | (5,552) | (71) | - | (13,714) |
| Depr./imp. of right-of-use assets - Production facilities | (1,196) | - | 105 | (828) | (11) | - | (1,930) |
| Depr./imp. of right-of-use assets - Other | (1,617) | - | 955 | (957) | 25 | - | (1,593) |
| Other PP&E depreciation/impairment | (10,038) | - | 207 | (388) | (288) | (111) | (10,618) |
| **Total PP&E depreciation/impairment** | **(175,840)** | **-** | **2,776** | **(14,173)** | **(4,174)** | **(29)** | **(191,441)** |
| **Total net book value** | **76,713** | **11,000** | **(140)** | **(14,173)** | **1,834** | **(20)** | **75,216** |

## NOTE 7 - OTHER FINANCIAL ASSETS

| €'000 | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| Non-consolidated investments | 911 | 1,023 |
| Other loans and receivables | 1,075 | 1,093 |
| **Total other financial assets** | **1,986** | **2,116** |

## 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, 2021 | Dec 31, 2020 Restated |
|---|---|---|
| Deferred tax assets related to employee benefits | 524 | 1,632 |
| Tax loss carryforwards | 5,188 | 6,041 |
| Elimination of intercompany gains and losses | 757 | 604 |
| Research tax credit | 76 | 220 |
| Fair values of interest rate and currency hedges | (27) | 13 |
| Asset revaluation - first-time consolidation of acquired company | (656) | (324) |
| Temporary differences | 760 | (296) |
| **Total net deferred tax** | **6,622** | **7,891** |

The Group took into account the impact of the French 2021 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, 2021 | | | Dec 31, 2020 Restated | | |
|---|---|---|---|---|---|---|
| | Gross | Provisions | Net | Gross | Provisions | Net |
| Raw materials, supplies and other | 19,508 | (106) | 19,402 | 15,751 | (358) | 15,394 |
| Work in progress | 690 | | 690 | 426 | | 426 |
| Finished goods and components | 61,608 | (5,778) | 55,830 | 53,334 | (4,042) | 49,292 |
| Goods for resale | 6,629 | (96) | 6,534 | 5,558 | (40) | 5,518 |
| **Total inventories** | **88,436** | **(5,980)** | **82,456** | **75,068** | **(4439)** | **70,629** |

## NOTE 10 - TRADE RECEIVABLES AND RELATED ACCOUNTS

| €'000 | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| Trade receivables | 44,209 | 38,657 |
| Receivables sold to the factoring company | 10,692 | 10,476 |
| **Trade receivables** | **54,901** | **49,133** |
| Trade receivables impairment | (3,082) | (2,391) |
| **Net trade receivables** | **51,819** | **46,741** |

Impairment of trade receivables is presented under Note 2.12 "Financial assets".

Customer credit risks are presented in Note 29 "Information on financial risk".

## NOTE 11 - OTHER CURRENT ASSETS

| €'000 | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| Current accounts - assets | 176 | 2,430 |
| Tax receivables excl. income tax | 3,563 | 2,497 |
| Staff and related receivables | 524 | 445 |
| Supplier receivable balances | 175 | 429 |
| Other receivables | 2,950 | 2,068 |
| Prepaid expenses | 1,484 | 754 |
| Loans receivable, guarantees and other receivables | 44 | 24 |
| Advances and payments on account to suppliers | 547 | 343 |
| Receivables against suppliers (rebates, discounts, refunds and other credits) | 466 | 266 |
| Tax receivables | 385 | 1,746 |
| **Total other current assets** | **10,313** | **11,003** |

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.





## NOTE 12 - CASH AND CASH EQUIVALENTS

| €'000 | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| Cash equivalents | 15,353 | 7,222 |
| Cash | 31,517 | 38,702 |
| **Total cash and cash equivalents** | **46,871** | **45,925** |

As of December 31, 2021 term deposits amounted to €15 million. The valuation methods for cash and cash equivalents are presented in Note 2.15 "Accounting rules and methods".

## NOTE 13 - CAPITAL STOCK

The capital stock of SergeFerrari Group as of December 31, 2021 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, 2021, the Group held 262,372 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, 2021 was €2,040,000. 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 14 – BORROWINGS AND DEBT

### Presentation of net debt

| 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 liabilities | 850 | 1,598 | 2,448 | 850 | 1,598 | - |
| Operating lease 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** |

| Dec 31, 2021 - €'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 | 6,402 | 59,083 | 65,485 | 6,402 | 29,083 | 30,000 |
| Finance lease liabilities | 593 | 966 | 1,558 | 593 | 966 | |
| Operating lease liabilities | 6,616 | 21,841 | 28,456 | 6,616 | 17,369 | 4,472 |
| Factoring | 6,178 | | 6,178 | 6,178 | - | - |
| **Total borrowings and debt** | **19,788** | **81,889** | **101,677** | **19,788** | **47,417** | **34,472** |
| Cash and cash equivalents | (46,871) | - | (46,871) | (46,871) | | |
| **Net (cash)/debt** | **(27,082)** | **81,889** | **54,807** | **(27,082)** | **47,417** | **34,472** |

Bank debt as of December 31, 2021 is mainly carried by SergeFerrari Group SA.

In 2021, the Group refinanced F.I.T.'s bank debt presented under current borrowings as of December 31, 2020 in the amount of €6.2 million. Following the conversion of part of this bank debt into non-current debt, a total of €5.4 million is now presented under non-current liabilities as of December 31, 2021.

As a reminder, 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, 2021;
- 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, 2021, the main balance sheet and income statement items relating to factoring were as follows:
  - Trade receivables (Note 10): €10,692,000 of receivables sold to the factoring company;
  - Borrowings and debt (Note 14): €6,178,000 of financing advanced by the factor; €4,514,000 undrawn as of December 31, 2021.

## NOTE 15 - 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, 2021 | Dec 31, 2020 |
|---|---|---|
| Retirement age | 64 years executives / 62 years non-executives | |
| Collective bargaining agreement | Textile industry | |
| Discount rate | 0.64% | 0.30% |
| Mortality table | TH-TF 15-17 | TH-TF 14-16 |
| Salary growth rate | 2.5% | 2.5% |
| Staff turnover rate | Turnover inversely proportional to age | |
| Social security charge rate | 45% | 49% |

The main actuarial assumptions adopted for obligations in Switzerland are as follows:

| | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| Retirement age | 65 for men,<br>64 for women | |
| Discount rate | 0.40% | 0.20% |
| Mortality table | BVG2020GT | BVG2015GT |
| Salary growth rate | 1.00% | 1.00% |
| Staff turnover rate | Turnover inversely proportional to age | |

The main actuarial assumptions adopted for obligations in Germany are as follows:

| | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| Discount rate | 1.02% | 0.87% |
| Mortality table | © Richttafeln Heubeck 2018 G | |
| Salary growth rate | 2.50% | 2.50% |

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 | | | |
| **Dec 31, 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 |
| **Dec 31, 2020** | **2,110** | **5,931** | **417** | **951** | **1,604** | **11,015** |
| Cost of past services | 355 | 821 | (35) | 162 | (17) | 1,286 |
| Sustain plan impact | | (562) | (90) | | | (652) |
| Interest expense | 6 | 12 | 1 | | 14 | 33 |
| Actuarial gains/(losses) | (1,192) | (5,518) | | | (43) | (6,753) |
| Benefits paid | (41) | (464) | (66) | (162) | (20) | (753) |
| Exchange differences | | 3 | 19 | | | 22 |
| **Dec 31, 2021** | **1,238** | **224** | **246** | **951** | **1,538** | **4,198** |

The following tables analyze the provision for pensions in Switzerland:

| €'000 | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| Present value of the obligation | 35,522 | 40,280 |
| Fair value of plan assets | 35,297 | 34,348 |
| **Recognized net liability** | **225** | **5,931** |

Reconciliation of plan assets and the present value of pension obligations in previous years:

**Change in the present value of the obligation**

| €'000 | 2021 | 2020 |
|---|---|---|
| Benefit obligations at start of period | 40,280 | 37,602 |
| Interest expense | 82 | 118 |
| Cost of services rendered | 1,038 | 1,009 |
| Members' contributions | 523 | 539 |
| Benefits paid or received | 36 | 579 |
| Cost of past services | (237) | (90) |
| Administration costs | 20 | 19 |
| Actuarial gains/losses | (3,139) | 346 |
| Currency translation differences | (3,082) | 158 |
| **Benefit obligations at end of period** | **35,522** | **40,280** |

**Change in the present value of plan assets**

| €'000 | 2021 | 2020 |
|---|---|---|
| Benefit obligations at start of period | 34,348 | 31,159 |
| Return on assets recognized in the income statement | 70 | 98 |
| Employer's contributions | 464 | 746 |
| Members' contributions | 523 | 540 |
| Benefits paid | 36 | 579 |
| Return on assets recognized in OCI | 2,379 | 1,104 |
| Settlement impact (sustain) | (3,782) | - |
| Other | (279) | - |
| Currency translation differences | 1,538 | 122 |
| **Benefit obligations at end of period** | **35,297** | **34,348** |

The breakdown of plan assets for the years presented is as follows:

**Breakdown of plan assets by asset class**

| €'000 | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| Cash and cash equivalents | 530 | 653 |
| Equity instruments | 7,459 | 5,364 |
| Debt securities | 7,169 | 6,345 |
| Real estate | 8,876 | 7,336 |
| Other | 10 | 9 |
| Other assets from insurance policies | 11,254 | 14,640 |
| **Total plan assets** | **35,297** | **34,348** |

The nature of the underlying assets that constitute "Other assets from insurance policies" expresses the valuation of the rights of Serge Ferrari AG in the assets managed collectively.

Plan assets for Serge Ferrari Tersuisse comprise around 48% real estate, 25% fixed income and 26% 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, 2021 | Dec 31, 2020 |
|---|---|---|
| Change in present value of the obligation if the discount rate is reduced by 0.50% | 896 | 4,067 |
| Change in present value of the obligation if the discount rate is increased by 0.50% | (4,872) | (3,309) |
| Change in present value of the obligation if the interest rate on the retirement savings plan capital is reduced by 0.50% | (2,682) | (254) |
| Change in present value of the obligation if the interest rate on the retirement savings plan capital is increased by 0.50% | (1,557) | 997 |
| Change in present value of the obligation if the salary growth rate decreases by 0.50% | (2,382) | (264) |
| Change in present value of the obligation if the salary growth rate increases by 0.50% | (2,039) | 404 |
| Change in the present value of the obligation if life expectancy increases by 1 year | (1,129) | 1,268 |
| Change in the present value of the obligation if life expectancy decreases by 1 year | (3,273) | (1,086) |

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 2021 amounted to CHF 502,000 and the expected premium for 2022 is estimated at CHF 600,000. The estimated weighted average duration of the obligation is 16.2 years. There is no minimum funding requirement.

## NOTE 16 - OTHER NON-CURRENT LIABILITIES

| €'000 | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| Commitment to purchase shares from minority shareholders | 5,171 | 4,945 |
| Liabilities to shareholders of acquired companies | 12,289 | 17,063 |
| Current account - liabilities | - | 3,000 |
| Other | 48 | 44 |
| **Total other non-current liabilities** | **17,508** | **25,051** |

Commitments to purchase shares from minority shareholders relate to put option liabilities provided for in the acquisition agreement, which are valued on the basis of discounted future cash flows.

Liabilities to shareholders of acquired companies relate to earn-outs provided for in the Verseidag and Sunteam acquisition agreements.

## NOTE 17 – PROVISIONS FOR RISKS AND CONTINGENCIES

| €'000 | Dec 31, 2020 | Increases | Reversals | | Dec 31, 2021 |
|---|---|---|---|---|---|
| | | | Used | Not used | |
| **Current provisions** | **1,263** | **499** | **(760)** | **0** | **1,002** |
| Provisions for guarantees | 630 | 323 | (188) | 0 | 765 |
| Disputes | 633 | 176 | (572) | | 237 |

## NOTE 18 – OTHER CURRENT LIABILITIES

| €'000 | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| Current accounts - liabilities | 26 | 42 |
| Tax and social security payables | 16,076 | 12,210 |
| Customers - Advances and down payments received | 4,477 | 2,013 |
| Customers - Credits, rebates, discounts & refunds | 2,037 | 929 |
| Other payables | 1,454 | 1,644 |
| Commitment to purchase shares from minority shareholders (put option) | 4,683 | - |
| Liabilities to shareholders of acquired companies | 5,198 | 9,769 |
| Tax payables | 2,924 | 398 |
| **Total other current liabilities** | **36,876** | **27,005** |

The change in current accounts is presented in "Other cash flows from financing activities" in the cash flow statement.

Commitments to purchase shares from minority shareholders relate to put option liabilities provided for in the acquisition agreement, which are valued on the basis of discounted future cash flows.

Liabilities to shareholders of acquired companies relate to deferred payments provided for in the Verseidag and F.I.T. purchase agreements.

## NOTE 19 - REGIONAL INFORMATION

**Revenues**

| €'000 | Q4 2021 | Q4 2020 | Ch. at current scope and exchange rates | Ch. at constant scope and exchange rates | Dec 31, 2021 | Dec 31, 2020 | Ch. at current scope and exchange rates | Ch. at constant scope and exchange rates |
|---|---|---|---|---|---|---|---|---|
| North Europe | 28,381 | 22,231 | 27.7% | 27.1% | 111,395 | 73,531 | 51.5% | 25.2% |
| South Europe + Americas | 29,143 | 25,445 | 14.5% | 14.7% | 127,568 | 88,391 | 44.3% | 34.0% |
| Asia – Africa – ME – Pacific | 13,457 | 13,992 | -3.8% | -4.7% | 46,919 | 33,379 | 40.6% | 16.0% |
| **Total revenues** | **70,981** | **61,668** | **15.1%** | **14.7%** | **285,883** | **195,301** | **46.4%** | **27.6%** |

**Countries in which the Group has generated more than 10% of its consolidated revenues:**

| €'000 | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| France | 50,428 | 35,834 |
| Germany | 45,785 | 46,215 |
| Italy | 26,736 | 16,363 |
| Other countries | 162,934 | 96,889 |
| **Total revenues** | **285,883** | **195,301** |

The Group generated 9% of its revenues in Italy; for the sake of comparison, the amount for fiscal 2020 is also stated.

**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, 2021 | Dec 31, 2020 |
|---|---|---|
| **Total consolidated non-current assets** | **125,367** | **130,109** |
| France | 42,186 | 44,499 |
| Germany | 41,835 | 42,960 |
| Taiwan | 16,373 | 14,967 |
| Switzerland | 9,989 | 12,382 |
| Italy | 9,074 | 8,425 |
| Other countries | 5,910 | 6,876 |

## NOTE 20 – EXTERNAL EXPENSES

| €'000 | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| Bank charges | (652) | (558) |
| Maintenance and repairs | (5,650) | (4,978) |
| Leasing and rental costs | (1,012) | (1,171) |
| Transport | (10,685) | (7,863) |
| Fees and advertising expenses | (14,643) | (12,028) |
| Other external expenses | (13,226) | (9,097) |
| **Total external expenses** | **(45,869)** | **(35,695)** |

F.I.T. and Verseidag recorded external expenses of €8 million during the consolidated period, compared to €3 million in 2020.

The increase 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 21 - PERSONNEL EXPENSES AND EXECUTIVE REMUNERATION

**Personnel expenses**

| €'000 | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| Staff pay | (55,680) | (41,070) |
| Social security charges | (15,355) | (12,214) |
| Pension commitments | (1,286) | (1,496) |
| Other personnel expenses | (3,227) | (1,402) |
| **Total personnel expenses** | **(75,549)** | **(56,183)** |

F.I.T. and Verseidag posted total personnel expenses of €15.5 million over the consolidated period, compared to €5 million in 2020.

The headcount at period-end breaks down as follows:

| | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| **TOTAL** | **1,212** | **1,192** |
| Commercial | 343 | 293 |
| Production / Logistics | 710 | 726 |
| Support Functions - R&D | 159 | 173 |

**Executive remuneration**

| €'000 | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| Ferrari Participations (for services provided) | 884 | 670 |
| Corporate office | 132 | 132 |
| Benefits in kind | 11 | 11 |
| **Total executive remuneration** | **1,027** | **813** |

**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 €3,229,000 in 2021 and €2,280,000 in 2020, is shown in the table in Note 30 "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 22 – MISCELLANEOUS TAXES

| €'000 | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| Other miscellaneous taxes | (1,285) | (1,597) |
| Miscellaneous payroll taxes | (599) | (632) |
| **Total miscellaneous taxes** | **(1,884)** | **(2,229)** |

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".

€488,000 was recognized in 2021 in respect of the CVAE business value added tax, compared to €641,000 in 2020.

These amounts are included in the calculation of adjusted EBITDA.





## NOTE 23 - DEPRECIATION, AMORTIZATION AND IMPAIRMENT

| €'000 | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| Intangible assets | (3,312) | (3,487) |
| Property, plant and equipment | (14,471) | (12,639) |
| **Total depreciation, amortization and impairment** | **(17,784)** | **(16,126)** |

## NOTE 24 - NET PROVISIONS FOR IMPAIRMENT

| €'000 | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| Operating provisions | (474) | (398) |
| Receivables provisions | (858) | (590) |
| Provisions for inventories, WIP and finished goods | (1,450) | (1,807) |
| WIP and finished goods reversals | 861 | 2,036 |
| Reversals of receivables provisions | 232 | 134 |
| Reversals of operating provisions | 428 | 803 |
| **Net provisions for impairment** | **(1,262)** | **180** |

## NOTE 25 - OTHER RECURRING INCOME AND EXPENSES

| €'000 | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| Operating grants | 671 | 941 |
| Gains/(losses) on disposal of assets | (471) | (234) |
| Bad debt losses | (105) | (26) |
| Other | 60 | 5,845 |
| **Other recurring income and expenses** | **155** | **6,526** |

Operating grants include €648,000 of income from the research tax credit.

Bad debt losses were offset by reversals of provisions for impairment, as presented in Note 24.

In 2020, the "Other" line included income of €3.4 million in compensation for loss of revenue posted by SergeFerrari SAS, and income of €1.3 million in respect of compensation for the restoration of fixed assets destroyed during the incident on December 1, 2019.

## NOTE 26 – NON-RECURRING INCOME AND EXPENSES

| €'000 | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| Non-recurring income and expenses | (948) | (2,096) |

Non-recurring income and expenses mainly comprise non-recurring expenses relating to the implementation of the integration program for companies acquired in 2020, initiated in second half 2020 and continued in 2021 in accordance with the integration plan. The expenses relate notably to the costs of production line testing and personnel expenses relating to the departure of employees, net of gains relating to the reduction in pension liabilities.

## NOTE 27 – FINANCIAL INCOME AND EXPENSES

| | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| **Net cost of debt** | **(2,804)** | **(2,083)** |
| Income from cash and cash equivalents | 27 | 78 |
| Interest expense | (2,138) | (1,516) |
| Interest on lease liabilities | (693) | (645) |
| **Other financial income and expenses** | **(212)** | **(1,660)** |
| **Net currency gains/(losses)** | **564** | **(1,135)** |
| - USD | 134 | (320) |
| - AED | - | (118) |
| - CHF | (58) | 22 |
| - TWD | (34) | (11) |
| - INR | 335 | (348) |
| - TRY | 264 | (142) |
| - BRL | (55) | (151) |
| - Other | (22) | (67) |
| **Financial expenses on employee benefits** | **(33)** | **(27)** |
| **Dividends from non-consolidated entities** | **49** | **7** |
| **Other** | **(792)** | **(504)** |
| **Net financial expense** | **(3,016)** | **(3,742)** |

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 28 - TAX CHARGE

The notional tax charge is calculated using the French corporate tax rate of 27.37% for fiscal 2021 and 28.92% for fiscal 2020. This charge is reconciled with the recognized tax charge as follows:

| €'000 | Dec 31, 2021 | Dec 31, 2020 Restated* |
|---|---|---|
| Net income | 11,238 | 638 |
| Offset: | | |
| => Tax charge | 3,987 | 121 |
| **Income before tax** | **15,226** | **759** |
| **French statutory tax rate** | **27.37%** | **28.92%** |
| **Notional tax charge** | **4,168** | **220** |
| Reconciliation | | |
| => Tax credits | (206) | (287) |
| => Tax rate differences - France/other countries | (298) | 24 |
| => Permanent differences | 343 | 22 |
| => Other | (18) | 142 |
| **Actual tax charge** | **3,989** | **121** |
| **Effective tax rate** | **26.2%** | **15.8%** |

CVAE business value added tax has been recognized in "Miscellaneous taxes" under operating income.



## NOTE 29 - 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 recoverability of the receivable is at risk.

- Importance of main customers

In 2021, the Group's largest customer accounted for 7% of revenues from innovative composite materials and the top 5 customers accounted for 13% of total revenues. On the other hand, distributor-customers serve thousands 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. Consolidated revenues are mainly invoiced in euros.

Intercompany transactions are usually executed in the same currencies.

- Breakdown of expenses by currency

Expenses are mainly denominated in euros (80%), with the exception of raw materials (USD) and local expenses of subsidiaries and offices denominated in the local currency.

## Liquidity risk

The Group has no liquidity risk: net debt as of December 31, 2021 amounted to €54,807,000, while net debt excluding financial liabilities relating to the application of IFRS 16 amounted to €26,351,000 (see Note 14).

Moreover, the Group has the following financing means:
- a factoring agreement covering up to €15 million, €6.2 million of which had been used as of December 31, 2021;
- a €40.5 million financing agreement, not drawn as of December 31, 2021.

Bank loans taken out by the Group provide for floating interest rates indexed to 3-month Euribor. 93% 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, 2021;
- Gearing ratio: (net debt/equity): maximum 1 as of December 31, 2021.

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, 2021.

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, 2021, 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.

## Environmental risk

The Company believes it is no more exposed to climate risks than its competitors. The Company has not invested and does not intend to invest in fossil fuel companies. It also notes the initiatives undertaken to reduce waste (see non-financial performance statement) and the attention paid to these matters within the Executive Management team by Romain Ferrari (CSR Officer). For this purpose, the Company has drawn up an Environment Handbook.

To date, the Company has not identified any material impacts of climate-related risks on its financial statements, such as changes in asset useful lives, impairment testing, provisions for risks or significant capital expenditure.

# NOTE 30 – RELATED PARTY TRANSACTIONS

| €'000 | Dec 31, 2021 | | Dec 31, 2020 | |
|---|---|---|---|---|
| | Ferrari Participations | Real estate companies | Ferrari Participations | Real estate companies |
| Operating payables | 417 | 13 | 37 | 3 |
| Operating receivables | 67 | - | 210 | 187 |
| Current accounts | - | - | 2,033 | - |
| Purchases of goods and services | 3,229 | 3,135 | 2,280 | 2,986 |
| Sales of goods and services | 152 | 118 | 149 | 166 |
| Interest income | 25 | - | 21 | - |

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 21 "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 31 – 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 €21,310,000.

SergeFerrari Group has granted a joint and several guarantee to Giofex Group Srl in the amount of €1,500,000.

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 (see financial impacts in Note 18).

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;
- May 1, 2023 and January 31, 2024 for shares delivered to Jagenberg on July 29, 2022.

The SergeFerrari Group shares delivered to Jagenberg are subject to a 12-month lock-up period from the date of delivery of the shares.

SergeFerrari Group has granted a first call guarantee to HSBC Bank (Taiwan) Limited for TWD 25 million to secure all amounts due under an unconfirmed short-term facility.

SergeFerrari Group has granted a first call guarantee to HSBC India on behalf of SergeFerrari Group for USD 500,000 to secure all amounts due under an unconfirmed foreign exchange facility.

F.I.T. has pledged the land it owns to the Taiwan Business Bank as security for an TWD 185 million bank loan.

F.I.T. issued a promissory note for TWD 25 million to HSBC Bank (Taiwan) Limited as security for the unconfirmed short-term facility.

SF SAS, SFAG and Tersuisse have issued letters of credit to suppliers for a total amount payable valued at €840,500 thousand as of December 31, 2021.

## Commitments received

The F.I.T. and Verseidag group acquisition agreements provide for asset and liability guarantees 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 €100,000 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.

## NOTE 32 – STATUTORY AUDITORS' FEES

| €'000, excl. tax | KPMG | | Grant Thornton | | | | Mazars | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Amount | % | Amount | | % | | Amount | | % | |
| | 2021 | 2021 | 2021 | 2020 | 2021 | 2021 | 2021 | 2020 | 2021 | 2021 |
| **Total fees** | **143** | **100%** | **170** | **193** | **100%** | **100%** | **56** | **159** | **39%** | **100%** |
| **Statutory audit, certification, review of separate and consolidated financial statements** | **140** | **98%** | **164** | **187** | **96%** | **97%** | **53** | **153** | **37%** | **96%** |
| Parent company (recurring assignments) | 59 | | 62 | 85 | | | - | 85 | | |
| Fully consolidated subsidiaries | 81 | | 102 | 102 | | | 53 | 68 | | |
| **Non-audit services required under statutory and regulatory provisions** | **3** | **2%** | **6** | **6** | **4%** | **3%** | **3** | **6** | **2%** | **4%** |
| Parent company | 3 | | 3 | 3 | | | - | 3 | | |
| Fully consolidated subsidiaries | - | | 3 | 3 | | | 3 | 3 | | |
| **Other non-audit services** | **-** | **0%** | **-** | **-** | **0%** | **0%** | **-** | **-** | **0%** | **0%** |
| Parent company | | | | | | | | | | |
| Fully consolidated subsidiaries | | | | | | | | | | |

## NOTE 33 – IMPACT OF FINAL PURCHASE PRICE ALLOCATION FOR COMPANIES ACQUIRED IN 2020

The Group has restated the comparative financial statements for adjustments related to the final purchase price allocation for companies acquired in 2020.

| Assets - €'000 | Dec 31, 2020 Reported | Final PPA for companies acquired in 2020 | Dec 31, 2020 Restated | Dec 31, 2019 |
|---|---|---|---|---|
| Goodwill | 34,821 | (14,153) | 20,668 | 10,167 |
| Other intangible assets | 11,663 | 10,769 | 22,432 | 13,596 |
| Property, plant and equipment | 76,713 | | 76,713 | 50,382 |
| Other financial assets | 2,116 | | 2,116 | 1,274 |
| Deferred tax assets | 3,836 | 4,344 | 8,180 | 4,049 |
| **Total non-current assets** | **129,149** | **960** | **130,109** | **79,469** |
| Inventories and WIP | 71,705 | (1,076) | 70,629 | 50,372 |
| Trade receivables | 46,741 | | 46,741 | 34,405 |
| Other current assets | 11,003 | | 11,003 | 13,469 |
| Cash and cash equivalents | 45,925 | | 45,925 | 26,720 |
| **Total current assets** | **175,373** | **(1,076)** | **174,298** | **124,966** |
| **Total assets** | **304,523** | **(116)** | **304,407** | **204,435** |

| Liabilities and equity - €'000 | Dec 31, 2020 Reported | Final PPA for companies acquired in 2020 | Dec 31, 2020 Restated | Dec 31, 2019 |
|---|---|---|---|---|
| Capital stock | 4,920 | | 4,920 | 4,920 |
| Additional paid-in capital | 43,868 | | 43,868 | 43,868 |
| Consolidated reserves and other reserves | 45,635 | | 45,635 | 43,111 |
| Net income for the period | 471 | (116) | 355 | 4,826 |
| **Total equity, Group share** | **94,894** | **(116)** | **94,778** | **96,724** |
| Non-controlling interests | 6,413 | | 6,413 | 305 |
| **Total equity** | **101,307** | **(116)** | **101,191** | **97,029** |
| Borrowings and debt | 87,598 | | 87,598 | 36,643 |
| Provisions for pensions and similar commitments | 11,015 | | 11,015 | 9,601 |
| Deferred tax liabilities | 289 | | 289 | 449 |
| Other non-current liabilities | 25,051 | | 25,051 | 5,405 |
| **Total non-current liabilities** | **123,954** | **0** | **123,954** | **52,098** |
| Borrowings and bank overdrafts (due in less than 1 yr) | 24,831 | | 24,831 | 12,551 |
| Current provisions | 1,263 | | 1,263 | 868 |
| Trade payables | 26,165 | | 26,165 | 25,219 |
| Other current liabilities | 27,005 | | 27,005 | 16,670 |
| **Total current liabilities** | **79,262** | **0** | **79,262** | **55,308** |
| **Total liabilities** | **203,216** | **0** | **203,216** | **107,406** |
| **Total liabilities and equity** | **304,523** | **(116)** | **304,407** | **204,435** |

| Total net income statement - €'000 | Dec 31, 2020 Reported | Final PPA for companies acquired in 2020 | Dec 31, 2020 Restated | Dec 31, 2019 |
|---|---|---|---|---|
| **Revenues** | **195,301** | | **195,301** | **189,047** |
| Purchases | (76,094) | | (76,094) | (73,598) |
| Change in inventories | (8,910) | (171) | (9,081) | (1,217) |
| External expenses | (35,695) | | (35,695) | (39,431) |
| Personnel expenses | (56,183) | | (56,183) | (54,107) |
| Miscellaneous taxes | (2,229) | | (2,229) | (2,121) |
| Total depreciation, amortization and impairment | (16,126) | | (16,126) | (14,581) |
| Net provisions for impairment | 180 | | 180 | 1,325 |
| Other recurring income and expenses | 6,526 | | 6,526 | 2,316 |
| **EBIT** | **6,769** | **(171)** | **6,598** | **7,634** |
| Non-recurring income and expenses | (2,096) | | (2,096) | |
| **Operating income** | **4,673** | **(171)** | **4,502** | **7,634** |
| Income from cash and cash equivalents | 78 | | 78 | 125 |
| Gross cost of debt | (2,161) | | (2,161) | (1,139) |
| **Net cost of debt** | **(2,083)** | **0** | **(2,083)** | **(1,014)** |
| Other financial income and expenses | (1,660) | | (1,660) | 65 |
| **Income before tax** | **931** | **(171)** | **760** | **6,685** |
| Income tax | (176) | 55 | (121) | (1,899) |
| **Total net income** | **754** | **(116)** | **638** | **4,786** |
| Group share | 471 | (116) | 355 | 4,826 |
| Non-controlling interests | 283 | | 283 | (40) |
| **Earnings per share (€)** | **0.04** | **(0.01)** | **0.03** | **0.41** |
| **Diluted earnings per share (€)** | **0.04** | **(0.01)** | **0.03** | **0.41** |

| Statement of comprehensive income - €'000 | Dec 31, 2020 Reported | Final PPA for companies acquired in 2020 | Dec 31, 2020 Restated | Dec 31, 2019 |
|---|---|---|---|---|
| **Total consolidated net income** | **754** | **(116)** | **638** | **4,786** |
| **Other comprehensive income:** | | | | |
| Revaluation of liabilities (net of assets) of defined benefit plans | 565 | | 565 | (3,308) |
| Fair value of equity instruments revalued through comprehensive income | 178 | | 178 | (298) |
| Income tax | (47) | | (47) | 621 |
| ***Subtotal - comprehensive income/(loss) not transferable to earnings*** | **696** | **0** | **696** | **(2,985)** |
| Currency translation differences | (1,704) | | (1,704) | 547 |
| Change in fair value of hedging instruments | (48) | | (48) | - |
| Income tax | 13 | | 13 | - |
| ***Subtotal - comprehensive income/(loss) transferable to earnings*** | **(1,740)** | **0** | **(1,740)** | **547** |
| **Total other comprehensive income/(loss) after tax** | **(1,044)** | **0** | **(1,044)** | **(2,438)** |
| **Total comprehensive income** | **(289)** | **(116)** | **(405)** | **2,348** |
| Group share | (286) | (116) | (402) | 2,364 |
| Non-controlling interests | (3) | | (3) | (16) |

| €'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 |
| **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) |
| **Equity at Dec 31, 2020 (reported)** | **4,920** | **43,868** | **53,159** | **(4,946)** | **(2,107)** | **94,894** | **6,413** | **101,307** |
| | | | | | | | | |
| **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 | - | - | 355 | - | - | 355 | 283 | 638 |
| Other comprehensive income | - | - | - | - | (757) | (757) | (286) | (1,043) |
| **Total comprehensive income for the period** | **-** | **-** | **355** | **-** | **(757)** | **(402)** | **(3)** | **(405)** |
| Treasury shares | - | - | | (92) | - | (92) | - | (92) |
| Parent company dividends | - | - | (1,427) | - | - | (1,427) | - | (1,427) |
| Ch. in conso. scope | - | - | - | - | - | 0 | 6,111 | 6,111 |
| Other items | - | - | (28) | - | - | (28) | - | (28) |
| **Equity at Dec 31, 2020 (restated)** | **4,920** | **43,868** | **53,043** | **(4,946)** | **(2,106)** | **94,778** | **6,413** | **101,191** |

| €'000 | Dec 31, 2020 Reported | Final PPA for companies acquired in 2020 | Dec 31, 2020 Restated | Dec 31, 2019 |
|---|---|---|---|---|
| Total consolidated net income | 754 | (116) | 638 | 4,786 |
| Amortization and provisions | 17,921 | | 17,921 | 13,427 |
| Gains/losses on disposal | 196 | | 196 | - |
| Other non-cash income and expenses | 216 | | 216 | (88) |
| Cost of debt | 2,083 | | 2,083 | 1,014 |
| Tax expense | 176 | (55) | 121 | 1,899 |
| **Free cash flow** | **21,347** | **(171)** | **21,176** | **21,038** |
| Tax paid | (772) | | (772) | (2,266) |
| Change in operating working capital | 6,322 | 171 | 6,493 | 2,652 |
| *of which Change in trade receivables* | 986 | | 986 | 2,568 |
| *of which Change in inventories* | 8,160 | 171 | 8,331 | 900 |
| *of which Change in trade payables* | (7,414) | | (7,414) | (847) |
| *of which Change in other receivables* | 5,066 | | 5,066 | (2,087) |
| *of which Change in other payables* | (476) | | (476) | 2,118 |
| **Net cash flow from operating activities** | **26,897** | **0** | **26,897** | **21,424** |
| Acquisition of PP&E and intangible assets | (7,927) | | (7,927) | (8,366) |
| Earn-out payments indexed to performance of acquired companies | 0 | | 0 | (1,362) |
| Payments received from disposal of PP&E and intangible assets (Notes 5 and 6) | 233 | | 233 | 285 |
| Payments received from disposal of financial assets | 68 | | 68 | - |
| Dividends received | 0 | | 0 | 88 |
| Change in consolidation scope | (35,549) | | (35,549) | - |
| **Net cash flow from investing activities** | **(43,175)** | **0** | **(43,175)** | **(9,355)** |
| New borrowings | 65,216 | | 65,216 | - |
| Repayment of borrowings | (26,800) | | (26,800) | (7,051) |
| *of which Payment of lease liabilities* | (6,338) | | (6,338) | (5,736) |
| Net interest expense | (1,695) | | (1,695) | (937) |
| Dividends paid | (388) | | (388) | (597) |
| Factoring | (2,099) | | (2,099) | (343) |
| Other cash flow from financing activities | 1,869 | | 1,869 | (1,832) |
| Purchase of treasury shares | (92) | | (92) | - |
| **Net cash flow from financing activities** | **36,011** | **0** | **36,011** | **(10,760)** |
| **Impact of changes in foreign exchange rates** | **(278)** | | **(278)** | **47** |
| **Change in cash and cash equivalents** | **19,455** | **0** | **19,455** | **1,356** |
| Opening cash | 26,720 | | 26,720 | 25,113 |
| Bank overdrafts at start of period | (250) | | (250) | - |
| **Net cash at start of period** | **26,470** | **0** | **26,470** | **25,113** |
| Net cash at end of period | 45,925 | | 45,925 | 26,720 |
| Bank overdrafts at end of period | 0 | | 0 | (250) |
| **Net cash at end of period** | **45,925** | **0** | **45,925** | **26,470** |
| **Change in cash and cash equivalents** | **19,455** | **0** | **19,455** | **1,357** |

| Goodwill - €'000 | Dec 31, 2020 Reported | Final PPA for companies acquired in 2020 | Dec 31, 2020 Restated | Dec 31, 2019 |
|---|---|---|---|---|
| Innovative composite materials and accessories | 34,821 | (14,153) | 20,668 | 10,167 |

| €'000 | Dec 31, 2019 | Acq. | Disposals | Increases | Changes in exchange rates | Ch. in conso. scope | Reclassification and retirement | Dec 31, 2020 Reported | Final PPA for companies acquired in 2020 | Dec 31, 2020 Restated |
|---|---|---|---|---|---|---|---|---|---|---|
| Development costs | 14,565 | 1,477 | (204) | - | 16 | - | (180) | 15,674 | | 15,674 |
| Concessions, patents & similar rights | 554 | 17 | - | - | - | 50 | - | 621 | | 621 |
| Intangible assets in progress | 16 | 129 | (8) | - | - | 8 | (9) | 136 | | 136 |
| Trademark, customers | 2,934 | - | - | - | (40) | - | - | 2,894 | 10,769 | 13,663 |
| Right-of-use assets - Software | 1,167 | 71 | - | - | - | - | - | 1,238 | | 1,238 |
| Other intangible assets | 13,211 | 90 | - | - | (31) | 381 | 49 | 13,700 | | 13,700 |
| **Total intangible assets** | **32,447** | **1,783** | **(212)** | **-** | **(55)** | **439** | **(139)** | **34,263** | **10,769** | **45,032** |
| Dev. costs amortization/ impairment | (7,169) | - | - | (1,728) | (5) | - | - | (8,902) | | (8,902) |
| Concessions, patents & similar rights amortization/ impairment | (250) | - | - | (95) | - | - | - | (345) | | (345) |
| Customers amortization/ impairment | (547) | - | - | (268) | 11 | - | - | (804) | | (804) |
| Amort. of right-of-use assets - Software | (317) | - | - | (333) | - | - | - | (649) | | (649) |
| Other intangible assets amortization/ impairment | (10,569) | - | - | (1,341) | 5 | 4 | - | (11,902) | | (11,902) |
| **Total intangible assets amortization/ impairment** | **(18,852)** | **-** | **-** | **(3,764)** | **10** | **4** | **-** | **(22,602)** | **0** | **(22,602)** |
| **Total net book value** | **13,595** | **1,783** | **(212)** | **(3,764)** | **(45)** | **442** | **(139)** | **11,663** | **10,769** | **22,432** |





| €'000 | Dec 31, 2020 Reported | Final PPA for companies acquired in 2020 | Dec 31, 2020 Restated | Dec 31, 2019 |
|---|---|---|---|---|
| Deferred tax assets related to employee benefits | 1,632 | | 1,632 | 1,432 |
| Tax losses carried forward | 2,041 | 4,000 | 6,041 | 1,079 |
| Elimination of intercompany gains and losses | 604 | | 604 | 551 |
| Research tax credit adjustment | 220 | | 220 | 428 |
| Change in fair value of interest rate and currency hedges | 13 | | 13 | - |
| Asset revaluation - first-time consolidation of acquired company | (668) | 344 | (324) | (584) |
| Temporary differences | (296) | | (296) | 693 |
| **Total net deferred tax** | **3,547** | **4,344** | **7,891** | **3,600** |

| €'000 | Dec 31, 2020 Reported | | | Final PPA for companies acquired in 2020 | Dec 31, 2020 Restated | |
|---|---|---|---|---|---|---|
| | Gross | Provisions | Net | | Gross | Net |
| Raw materials, supplies and other | 15,751 | (358) | 15,394 | | 15,751 | 15,394 |
| Work-in-progress | 426 | | 426 | | 426 | 426 |
| Finished goods and components | 54,410 | (4,042) | 50,368 | (1,076) | 53,334 | 49,292 |
| Goods for resale | 5,558 | (40) | 5,518 | | 5,558 | 5,518 |
| **Total inventories** | **76,144** | **(4,439)** | **71,705** | **(1,076)** | **75,068** | **70,629** |

| €'000 | 31 Dec, 2020 Reported | Final PPA for companies acquired in 2020 | 31 Dec, 2020 Restated | 31 Dec, 2019 |
|---|---|---|---|---|
| Net income | 754 | (116) | 638 | 4,786 |
| Offset: | | | | |
| => Tax charge | 176 | (55) | 121 | 1,899 |
| **Income before tax** | **930** | **(171)** | **759** | **6,685** |
| **French statutory tax rate** | **28.92%** | **28.92%** | **28.92%** | **32.02%** |
| **Notional tax charge** | **269** | **(49)** | **220** | **2,141** |
| Reconciliation | | | | |
| => Tax credits | (287) | | (287) | (285) |
| => Tax rate differences - France/other countries | 30 | (6) | 24 | (31) |
| => Permanent differences | 22 | | 22 | (16) |
| => Other | 142 | | 142 | 91 |
| **Actual tax charge** | **176** | **(55)** | **121** | **1,899** |
| **Effective tax rate** | **18.90%** | | **15.89%** | **28.40%** |

## NOTE 34 – IMPACT OF IFRS 16

The main impacts of the application of IFRS 16 on the financial position and income statement are presented below:

| Impact of IFRS 16 on net income (€'000) | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|
| Interest on lease liabilities | (645) | (700) |
| Total depreciation, amortization and impairment | (6,434) | (7,581) |
| Canceled rental costs | 6,786 | 8,077 |
| Other (currency gain/loss) | 16 | 7 |
| **Impact on income before tax** | **(277)** | **(197)** |
| Deferred tax | 73 | 48 |
| **Impact on income after tax** | **(204)** | **(149)** |

6.2

# Statutory auditors' report on the consolidated financial statements

**KPMG Audit**
51 rue de Saint-Cyr
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69338 Lyon Cedex 09
France

**Grant Thornton**
Cité Internationale
44 Quai Charles de Gaulle
69463 Lyon Cedex 06
France

### SergeFerrari Group

Headquarters: Zone industrielle la Tour-du-Pin, 38110 Saint-Jean-de-Soudain

### Year ended December 31, 2021

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 consolidated financial statements of SergeFerrari Group for the year ended December 31, 2021, as appended to this report.

We hereby certify that the consolidated financial statements present a true and fair view of the results of the operations of the group comprising the persons and entities included in the consolidation scope for the year ended and of said group's financial position and net assets at the end of said year, in accordance with IFRS guidelines as adopted in the European Union.

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 consolidated 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, 2021 to the date of issue of our report. 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 consolidated financial statements and to our responses with regard to these risks.

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

## Identification and fair value measurement of assets and liabilities arising from business combinations

### *Risk identified*

On July 29, 2020, your Group acquired 100% of the assets and liabilities of Verseidag-Indutex and carried out its first-time consolidation for the purposes of the December 31, 2020 year-end account closing procedures.

The final purchase price allocation was completed during the financial year ended December 31, 2021, resulting in the recognition of assets including €8.3 million goodwill, €10.8 million trademarks and €4.3 million deferred tax assets, as described in Notes 2.6 "Business combinations" and 33 "Impact of final purchase price allocation for companies acquired in 2020" to the consolidated financial statements. Note 2.6 also presents the accounting methods used for business combinations.

The final purchase price allocation for the assets comprising Verseidag-Indutex is a key audit matter in view of the materiality of this transaction in the consolidated financial statements and the fact that it involves the use of estimates and judgments by Group management in order to allocate the purchase price to the assets acquired and liabilities assumed.

### *Our response*

We have reviewed the main legal documents relating to this acquisition in order to identify specific clauses liable to impact the purchase price allocation. We have also reviewed the appraiser's final report on the final purchase price allocation.

We also consulted our own expert appraisers. Our work involved:

– assessing the competence and independence of the experts assisting your Group with its work;
– analyzing the methodology used by your Group to identify the assets acquired and liabilities assumed;
– reconciling the judgments made and key assumptions used, particularly in the valuation models for intangible assets, with industry practices for the geographical area under consideration;
– assessing the likelihood that the Group will, in the future, be able to use tax losses generated prior to the acquisition of Verseidag-Indutex, in particular with regard to the Company's ability to generate future taxable profits to absorb previous tax losses.

We also recalculated the data constituting the purchase price consideration based on the information identified by the Group.

Lastly, we assessed the appropriateness of the information provided in Notes 2.6 "Business combinations" and 33 "Impact of final purchase price allocation for companies acquired in 2020" to the consolidated financial statements.

## Measurement of the recoverable amount of goodwill and commitments given and received in relation to acquisitions

### *Risk identified*

As part of its development, the Group has carried out targeted acquisitions and recognized multiple items of goodwill.

The Group tests goodwill for impairment whenever a loss in value is identified and systematically at the annual balance sheet date. The recoverable amount of goodwill is defined as the higher of fair value, net of disposal costs, and the value in use calculated using the discounted future cash flow method. Impairment is recognized when the recoverable amount of goodwill falls below the book value. Notes 2.7 and 2.11 to the consolidated financial statements set out the procedures for performing impairment tests.

Furthermore, as described in Note 31 to the consolidated financial statements, in connection with these acquisitions, SergeFerrari Group has given and received a number of commitments, such as earn-outs indexed to the future performance of acquired companies and put options over minority interests. The Group measures these commitments as liabilities on the basis of their fair value, which takes into account the settlement horizon among other things. As of December 31, 2021, minority interest put option commitments totaled €9.9 million, while earn-out liabilities indexed to the future performance of companies acquired stood at €12.8 million, as described in Notes 16 "Other non-current liabilities" and 18 "Other current liabilities" to the consolidated financial statements.

We considered the measurement of the recoverable amount of goodwill and the valuation of commitments given and received in relation to acquisitions to be a key audit matter for the following reasons:

– measurement of the recoverable amount of goodwill requires the Serge Ferrari Group to make a number of estimates and judgments, including the probability of future cash flow forecasts materializing,
– measurement of the fair value of the commitments related to these acquisitions also requires the Serge Ferrari Group to make a number of estimates and judgments, including the probability of the events planned at the time of the acquisition for earn-outs, and the assumptions used to calculate the put options over minority interests.

### *Our response*

We carried out a critical analysis of the methods used by the Group to determine the recoverable amount of goodwill and the fair value of liabilities related to the purchase of non-controlling interests and earn-outs indexed to the future performance of acquired companies.

We assessed the compliance of the methodology applied by the Company with applicable accounting standards.

We also consulted our own expert appraisers. Our work involved:

– reviewing the impairment tests prepared by the Group,
– assessing the reasonableness of the cash flow forecasts by means of interviews with management and by comparison with the year's performance, by:
  ■ comparing the 2022 cash flows used in the tests with the Group's 2022 budgets,
  ■ assessing the reasonableness of the main assumptions used (including growth rate and discount rate) in relation to global economic data available at the closing date,
  ■ performing our own sensitivity tests in relation to the discount rate and main operational assumptions,
– examining the methods used to determine recoverable amounts and corroborate the mathematical accuracy of the calculations made,
– assessing the reasonableness of the assumptions used in estimating earn-outs indexed to the future performance of acquired companies,
– assessing the compliance of the calculation of minority interest put option clauses with the related acquisition agreements.

Lastly, we verified the appropriateness of the information provided in Notes 2.6, 2.7, 2.11.1, 16 and 18 to the consolidated financial statements in respect of goodwill and commitments given and received in relation to acquisitions.

## Specific testing

We also carried out the specific testing required by statutory and regulatory provisions on the information regarding the Group presented in the management report, in accordance with professional standards applicable in France.

We have no comment to make on the fair presentation of that information or on its consistency with the consolidated financial statements.

### *Non-financial performance statement*

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

## Other verifications and disclosures required by statutory and regulatory provisions

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

We have also verified, in accordance with the professional standard applicable to the statutory auditors' review of the parent company and consolidated financial statements presented under the European single electronic reporting format, that this format defined by European Delegated Regulation 2019/815 of December 17, 2018 was adhered to in the presentation of the consolidated financial statements to be included in the annual financial report mentioned in Article L. 451-1-2 I of the French Monetary and Financial Code, prepared under the responsibility of the Chairman of the Executive Board. In the case of the consolidated financial statements, our procedures included checking that these financial statements were marked up according to the format defined by the aforementioned regulation.

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

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

### *Appointment of statutory auditors*

We were appointed as statutory auditors of SergeFerrari Group SA by the General Meeting on May 16, 2019 in the case of Grant Thornton and May 19, 2021 in the case of KPMG.

As of December 31, 2021, Grant Thornton was in the third consecutive year of its assignment and KPMG in the first year.

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

It is management's responsibility to prepare consolidated financial statements presenting a true and fair view in accordance with IFRS guidelines as adopted in the European Union and to establish the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatements, whether due to fraud or error.

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

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

These consolidated financial statements have been approved by the Executive Board.

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

### *Audit objective and approach*

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

As specified in Article L. 823-10-1 of the French Commercial Code, our 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. In addition:

- the auditor identifies and assesses the risks that the consolidated financial statements contain material misstatements, whether resulting from fraud or error, defines and implements audit procedures to address these risks, and gathers the elements the auditor deems necessary and appropriate upon which to base the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is more serious than the risk of not detecting a material misstatement resulting from error, since fraud may involve collusion, falsification, deliberate omission, false representations or the circumvention of internal control;
- the auditor examines the aspects of the internal control system that are relevant to the audit, in order to define the audit procedures appropriate in the circumstances but not for the purpose of expressing an opinion on the efficacy of the internal control system;
- the auditor assesses the appropriateness of the accounting methods adopted and the reasonableness of the accounting estimates made by management, as well as the related information provided in the consolidated financial statements;
- the auditor assesses the appropriateness of management's application of the going concern principle and, according to the information gathered, the existence or absence of material uncertainty regarding events or circumstances liable to 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 consolidated financial statements regarding this uncertainty or, if such information is not provided or is irrelevant, issues certification with reservations or refuses to certify;
- the auditor assesses the presentation of the consolidated financial statements, taken as a whole, and assesses whether they reflect the underlying transactions and events in such a way as to give a true and fair view thereof;
- the auditor obtains sufficient appropriate audit evidence regarding the financial information of the persons or entities included in the consolidation scope to express an opinion on the consolidated financial statements. The auditor is responsible for the management, supervision and performance of the audit of the consolidated financial statements as well as the opinion expressed on these financial statements.





### *Report to the Audit Committee*

We submit to the Audit Committee a report 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 consolidated financial statements and which therefore constitute key audit matters, which we are required to set out herein.

We also submit to the Audit Committee the declaration 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.

***The Statutory Auditors***

| | |
|---|---|
| Lyon, March 4, 2022 | Lyon, March 4, 2022 |
| KPMG Audit | Grant Thornton |
| *Department of KPMG S.A.* | *French member of Grant Thornton International* |
| Sara Righenzi de Villers | Frédéric Jentellet |
| *Partner* | *Partner* |

6.3

# Parent company financial statements for the year ended December 31, 2021

## Balance sheet - Assets

| | Presentation currency: euros | Dec 31, 2021 | | | Dec 31, 2020 |
|---|---|---|---|---|---|
| | | Gross | Depr. & imp. | Net | 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 | | | | |
| | Advances and down payments | | | | |
| | **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 | 90,722,594 | 13,052,017 | 77,670,577 | 77,362,702 |
| | Loans to affiliates | 1,842,152 | | 1,842,152 | 3,272,047 |
| | Other long-term investments | | | | |
| | Loans | | | | |
| | Other financial assets | 612,771 | | 612,771 | 461,861 |
| | **TOTAL (II)** | **93,177,518** | **13,052,017** | **80,125,500** | **81,096,610** |
| 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** | | | | |
| | **RECEIVABLES [3]** | | | | |
| | Trade receivables and related accounts | 93,498 | 163,074 | 93,498 | 41,592 |
| | Other receivables | 45,622,818 | | 45,459,744 | 53,251,970 |
| | Subscribed, called-up but unpaid capital | | | | |
| | **MARKETABLE SECURITIES** | 1,735,244 | 1,515 | 1,733,729 | 2,589,455 |
| | **CASH & CASH EQUIVALENTS** | 16,957,460 | | 16,957,460 | 18,785,350 |
| | Prepaid expenses | 25,675 | | 25,675 | 21,661 |
| | **TOTAL (III)** | **64,434,696** | **164,589** | **64,270,107** | **74,690,028** |
| ACCRUALS AND EQUIVALENT | Deferred debt issuance costs (IV) | | | | |
| | Bond redemption premiums (V) | | | | |
| | Unrealized foreign currency losses (VI) | 333,733 | | 333,733 | 188,979 |
| | **TOTAL ASSETS (I to VI)** | **157,945,947** | **13,216,606** | **144,729,340** | **155,975,617** |
| | (1) o/w leasehold rights | | | | |
| | (2) o/w financial assets < 1yr | | 2,276,504 | | 511,100 |
| | (3) o/w receivables > 1 yr | | 21,936,126 | | 22,020,987 |

## Balance sheet - Liabilities & Equity

| | Presentation currency: euros | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|---|
| 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** | | |
| | Legal reserve | 491,970 | 491,970 |
| | Voluntary and contractual reserves | | |
| | Regulated reserves | | |
| | Other reserves | 11,225,527 | 10,788,407 |
| | Retained earnings | | |
| | **Net income for the period** | **8,123,125** | **437,120** |
| | Investment subsidies | | |
| | Regulated provisions | | |
| | **Total equity** | **68,627,973** | **60,504,848** |
| OTHER EQUITY | Proceeds from issue of equity loans | | |
| | Conditional advances | | |
| | **Total other equity** | | |
| PROVISIONS | Provision for risks<br>Provisions for contingencies | 609,214 | 664,528 |
| | **Total provisions** | **609,214** | **664,528** |
| LIABILITIES [1] | **FINANCIAL LIABILITIES** | | |
| | Convertible bonds | | |
| | Other bonds | 30,536,041 | 30,584,409 |
| | Borrowings from credit institutions [2] | 29,359,650 | 34,585,294 |
| | Other borrowings and debt | | |
| | Advances and down payments received on current orders | | |
| | **OPERATING LIABILITIES** | | |
| | Trade payables | 270,122 | 461,416 |
| | Tax and social security payables | 2,404,237 | 89,616 |
| | **OTHER LIABILITIES** | | |
| | Payables for non-current assets | | |
| | Other payables | 12,881,808 | 29,008,394 |
| | Deferred income [1] | | |
| | **Total liabilities** | **75,451,859** | **94,729,128** |
| | Unrealized foreign currency gains | 40,295 | 77,113 |
| | **TOTAL EQUITY & LIABILITIES** | **144,729,340** | **155,975,617** |
| | Net income for the period (in euros and cents) | 8,123,124.67 | 437,120.42 |
| | [1] Liabilities and deferred income < 1yr | 21,406,404 | 19,684,531 |
| | [2] Of which current bank loans and overdrafts | 86,923 | 85,294 |

## Income statement

| | | Presentation currency: euros | | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|---|---|---|
| | | France | Exports | 12 months | 12 months |
| OPERATING INCOME | Sales of traded goods | | | | |
| | Production sold - goods | | | | |
| | Production sold - works and services | 959,352 | 379,216 | 1,338,568 | 1,123,456 |
| | **Net revenues** | **959,352** | **379,216** | **1,338,568** | **1,123,456** |
| | Production transferred to inventories | | | | |
| | Capitalized production | | | | |
| | Operating grants | | | | |
| | Write-back of provisions and depreciation, expense transfers | | | 317,531 | 40,444 |
| | Other income | | | 5,088 | 8,138 |
| | **Total operating income (1)** | | | **1,661,187** | **1,172,038** |
| OPERATING EXPENSES | Purchase of traded goods | | | | |
| | Change in inventories | | | | |
| | Purchase of raw materials and other supplies | | | | |
| | Change in inventories | | | | |
| | Other purchases and external expenses | | | 1,294,701 | 3,289,309 |
| | Taxes, duties and levies | | | 35,889 | 1,044 |
| | Wages and salaries | | | 36,000 | 36,000 |
| | Social security charges | | | 53,000 | 46,799 |
| | Operator's contribution | | | | |
| | Depreciation and amortization:<br>- of non-current assets<br>- deferred operating expenses | | | | |
| | Impairment:<br>- of non-current assets<br>- of current assets | | | 1,000 | 71,913 |
| | Provisions | | | 45,550 | 334,287 |
| | Other expenses | | | 158,292 | 174,510 |
| | **Total operating expenses (2)** | | | **1,624,432** | **3,953,862** |
| | **NET OPERATING INCOME/(LOSS)** | | | **36,755** | **(2,781,824)** |



## Income statement (cont.)

| | Presentation currency: euros | Dec 31, 2021 | Dec 31, 2020 |
|---|---|---|---|
| | **NET OPERATING INCOME/(LOSS)** | **36,755** | **(2,781,824)** |
| JOINT OPS | Profit transferred in/loss transferred out | | |
| | Loss transferred in/profit transferred out | | |
| FINANCIAL INCOME | From equity investments [3] | 9,075,232 | 4,018,754 |
| | Other marketable securities and fixed-asset receivables [3] | | |
| | Other interest and similar income [3] | 748,197 | 582,117 |
| | Write-back of provisions and impairment, expense transfers | 2,353,943 | 237,680 |
| | Currency gains | 5,452 | 8,429 |
| | Net gains on sale of marketable securities | 281,172 | |
| | **Total financial income** | **12,463,995** | **4,846,981** |
| FINANCIAL EXPENSES | Depreciation, amortization, impairment and provisions | 2,102,827 | 525,877 |
| | Interest and similar expense [4] | 2,081,475 | 1,394,481 |
| | Currency losses | 34,264 | 7,959 |
| | Net losses on sale of marketable securities | 894,987 | |
| | **Total financial expenses** | **5,113,553** | **1,928,317** |
| | **NET FINANCIAL INCOME/(EXPENSE)** | **7,350,443** | **2,918,663** |
| | **NET INCOME BEFORE TAX & NON-RECURRING ITEMS** | **7,387,198** | **136,839** |
| NON-RECURRING INCOME | On operating transactions | | |
| | On capital transactions | | |
| | Write-back of provisions and impairment, expense transfers | | |
| | **Total non-recurring income** | | |
| NON-RECURRING EXPENSES | On operating transactions | | |
| | On capital transactions | | |
| | Depreciation, amortization and impairment charges, provisions | | |
| | **Total non-recurring income** | | |
| | **NET NON-RECURRING ITEMS** | | |
| | STAFF PROFIT SHARE | | |
| | INCOME TAX | (735,927) | (300,281) |
| | **TOTAL INCOME** | **14,125,182** | **6,019,019** |
| | **TOTAL EXPENSES** | **6,002,058** | **5,581,899** |
| | **NET INCOME FOR THE PERIOD** | **8,123,125** | **437,120** |
| | (1) of which income from prior years | | |
| | (2) of which expenses from prior years | | |
| | (3) of which income from affiliated companies | 9,753,209 | 4,513,152 |
| | (4) of which interest from affiliated companies | 85,541 | 85,189 |

# Accounting Rules and Methods

Presentation currency: **euros**

## Introduction

The balance sheet total at year-end amounted to **€144,729,340**.

The income statement, presented in the form of a list, includes total **income** of **€14,125,182** and total **expenses** of **€6,002,058**, resulting in **net income** of **€8,123,125**.

These notes form an integral part of the financial statements for the **12**-month period beginning **January 1, 2021** and ending **December 31, 2021**.

These company financial statements were approved by the Executive Board on March 3, 2022.

## 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 as of December 31, 2021 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

- **Changes in governance**

The Board of Directors of SergeFerrari Group met on December 8, 2021 and voted to call a Combined General Meeting on January 25, 2022, which approved the proposals of the Chairman of the Board of Directors presented below.

On January 25, 2022, SergeFerrari Group took the form of a company with an Executive Board and Supervisory Board. The Company was previously organized under a single-tier governance structure with a Board of Directors.

The Supervisory Board is chaired by Sébastien Ferrari (Chairman) and also includes as members Romain Ferrari (Vice-Chairman), Félicie Ferrari, Caroline Weber, Carole Delteil de Chilly, Bertrand Neuschwander, Bertrand Chammas and Christophe Graffin, all existing directors of SergeFerrari Group under its previous governance structure. Joelle Barreto joined the Supervisory Board on the recommendation of the Chairman and as approved by the General Meeting. The Executive Board proposed by the Chairman and approved by the General Meeting comprises Sébastien Baril as Chairman of the Executive Board and Philippe Brun as member of the Executive Board.

This model, which has proved successful in many international family groups, should allow the Group to combine efficient short-term decision-making with sustainable long-term performance in a fast-changing and complex world.





# Accounting Rules and Methods (cont.)

Presentation currency: **euros**

- **COVID-19 pandemic**

SergeFerrari Group was only indirectly impacted by the health crisis, which did not have a material impact on the Company's 2021 financial performance.

- **Borrowings**

Two annual repayments were made in 2021 under acquisition and investment loans for a total amount of €5,227,272.72.

- **Loans**

On July 28, 2021, SergeFerrari Group granted a new €500,000 loan to Serge Ferrari Spa, bringing the total loan amount to €1,600,000 due to be repaid on January 29, 2022.

On June 23, 2021, SergeFerrari AG repaid the entire loan from SergeFerrari Group in the amount of CHF 2,019,341.

- **Dividends**

No dividend was distributed by SergeFerrari Group this year.

On May 19, 2021 and September 30, 2021, the Company received dividend payments totaling €9,032,166 from Serge Ferrari SAS.

On September 6, 2021, the Company received a €5,565.57 dividend from SIBAC.

On November 1, 2021, the Company received a €37,500 dividend from MTB Group.

## 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:

- the 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 19, 2021, the Company subscribed to a capital increase by CI2M for an amount of €750,000 by offsetting liquid and payable receivables held by SergeFerrari Group.

## Other information

Statutory auditors' fees amounted to €156,500.

On June 17, 2021, the Company repaid the first installment of its debt to F.I.T. in the amount of €875,000.

On July 29, 2021, the Company made an earn-out payment to the Verseidag group's former shareholders via a cash payment of €4,383,333 and the delivery of 585,417 SergeFerrari Group shares, as provided for in the acquisition agreement.

# 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 €110,000 were recognized under expenses.

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 at Dec 31, 2021 |
|---|---|---|---|---|---|---|---|
| | | | 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<br>on land owned by third parties<br>fixtures, fittings & equipment | | | | | | |
| | Plant, machinery, tools and equipment | | | | | | |
| | Other fixtures, fittings & equipment | | | | | | |
| | Transport equipment | | | | | | |
| | Office equipment/furniture | | | | | | |
| | Recoverable packaging, miscellaneous | | | | | | |
| | PP&E in progress | | | | | | |
| | Advances and down payments | | | | | | |
| | **TOTAL PROPERTY, PLANT & EQUIPMENT** | | | | | | |
| FINANCIAL | Interests accounted for by the equity method | | | | | | |
| | Other interests | 92,190,304 | | 2,304,338 | | 1,929,894 | 92,564,747 |
| | Other long-term investments | | | | | | |
| | Loans and other financial assets | 462,650 | | 150,121 | | | 612,771 |
| | **TOTAL FINANCIAL ASSETS** | **92,652,953** | | **2,454,459** | | **1,929,894** | **93,177,518** |
| | **TOTAL** | **92,652,953** | | **2,454,459** | | **1,929,894** | **93,177,518** |

## Amort. & depr.

| Presentation currency: euros | | Amort. & depr. b/fwd | Changes during the period: Provisions | Changes during the period: Decrease | Amort. & depr. at Dec 31, 2021 |
|---|---|---|---|---|---|
| INTANGIBLE | Start-up and development costs | | | | |
| | Other | | | | |
| | **TOTAL INTANGIBLE ASSETS** | | | | |
| PROPERTY, PLANT & EQUIPMENT | Land | | | | |
| | Buildings on own land<br>on land owned by third parties<br>fixtures, fittings & equipment | | | | |
| | Plant, machinery, tools and equipment | | | | |
| | Other items Other fixtures, fittings & equipment<br>Transport equipment<br>Office equipment/furniture<br>Recoverable packaging, miscellaneous | | | | |
| | **TOTAL PROPERTY, PLANT & EQUIPMENT** | | | | |
| | **TOTAL** | | | | |

| Presentation currency: euros | 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<br>on own land<br>on land owned by third parties<br>fixtures, fittings & equipment | | | | | | | |
| Plant, machinery, tools and equipment | | | | | | | |
| General fixtures<br>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, 2021 |
|---|---|---|---|---|---|---|
| REGULATED PROVISIONS | Reconstruction of mining 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 given to customers | | | | | |
| | For losses on futures markets | | | | | |
| | For fines and penalties | | | | | |
| | For foreign exchange losses | | 188,979 | 333,733 | 188,979 | 333,733 |
| | For pensions and similar commitments | | | | | |
| | For taxes | | | | | |
| | For renewal of assets | | | | | |
| | For major works and repairs | | | | | |
| | For vacation pay soc. sec. & tax charges | | | | | |
| | Other | | 475,549 | 45,550 | 245,618 | 275,481 |
| | **PROVISIONS FOR RISKS & CONTINGENCIES** | | **664,528** | **379,283** | **434,597** | **609,214** |
| PROVISIONS FOR IMPAIRMENT | Non-current assets | intangible assets | | | | |
| | | PP&E | | | | |
| | | investments in equity affiliates | | | | |
| | | equity investments | 11,555,555 | 1,767,579 | 271,117 | 13,052,017 |
| | | other financial assets | 789 | | 789 | |
| | Inventories and work-in-progress | | | | | |
| | Trade receivables | | | | | |
| | Other | | 2,127,046 | 2,515 | 1,964,972 | 164,589 |
| | **PROVISIONS FOR IMPAIRMENT** | | **13,683,389** | **1,770,094** | **2,236,877** | **13,216,606** |
| | **OVERALL TOTAL** | | **14,347,917** | **2,149,377** | **2,671,474** | **13,825,821** |
| | O/w charges and reversals | - operating | | 46,550 | 317,531 | |
| | | - financial | | 2,102,827 | 2,353,943 | |
| | | - non-recurring | | | | |
| | Investments in equity affiliates: impairment carried forward calculated according to the rules outlined under Article 39-1 5e of the French General Tax Code | | | | | |

## Receivables and Payables

| | Presentation currency: euros | Dec 31, 2021 | ≤ 1 year | > 1 yr |
|---|---|---|---|---|
| RECEIVABLES | Loans to affiliates | 1,842,152 | 1,663,733 | 178,419 |
| | Loans [1] [2] | | | |
| | Other financial assets | 612,771 | 612,771 | |
| | Doubtful or disputed receivables | | | |
| | Other trade receivables | 93,498 | 93,498 | |
| | Receivables - securities lent | | | |
| | Personnel and related payables | 5,294 | 5,294 | |
| | Social security and other welfare organizations | | | |
| | Income tax | 70,333 | 70,333 | |
| | Value-added tax | 119,218 | 119,218 | |
| | Other taxes, duties and levies | | | |
| | Sundry | | | |
| | Group and associates [2] | 45,416,633 | 23,480,507 | 21,936,126 |
| | Miscellaneous debtors | 11,340 | 11,340 | |
| | Prepaid expenses | 25,675 | 25,675 | |
| | **TOTAL RECEIVABLES** | **48,196,915** | **26,082,370** | **22,114,545** |
| (1) | Loans granted during the year | 500,000 | | |
| (1) | Repayments received during the year | 1,917,864 | | |
| (2) | Loans and advances granted to associates (natural persons) | | | |

| | Presentation currency: euros | Dec 31, 2021 | ≤ 1 year | 1 to 5 yrs | > 5 years |
|---|---|---|---|---|---|
| PAYABLES | Convertible bonds [1] | | | | |
| | Other bonds [1] | 30,536,041 | 536,041 | | 30,000,000 |
| | Borrowings from credit institutions originally due in up to 1 yr [1] | 86,923 | 86,923 | | |
| | Borrowings from credit institutions originally due in more than 1 yr [1] | 29,272,727 | 5,227,272 | 24,045,455 | |
| | Other borrowings and debt [1] [2] | | | | |
| | Trade payables | 270,122 | 270,122 | | |
| | Personnel and related payables | | | | |
| | Social security and other welfare organizations | 35,396 | 35,396 | | |
| | Income tax | 2,312,419 | 2,312,419 | | |
| | Value-added tax | 7,177 | 7,177 | | |
| | Secured bonds | | | | |
| | Other taxes, duties and levies | 49,245 | 49,245 | | |
| | Payables for non-current assets | | | | |
| | Group and associates [2] | | | | |
| | Other payables | 12,881,808 | 12,881,808 | | |
| | Borrowed securities | | | | |
| | Deferred income | | | | |
| | **TOTAL PAYABLES** | **75,451,859** | **21,406,404** | **24,045,455** | **30,000,000** |
| (1) | Borrowings taken out during the year | | | | |
| (1) | Borrowings repaid during the year | 5,227,273 | | | |
| (2) | Borrowings from associates (natural persons) | | | | |



## Accrued income

| Presentation currency: euros | Dec 31, 2021 | |
|---|---|---|
| **Total accrued income** | | **270,324** |
| **Loans to affiliates** | | 14,523 |
| *accrued interest on loans to affiliates* | *14,523* | |
| **Other receivables** | | 255,801 |
| *supplier discounts, rebates, returns receivable* | *11,340* | |
| *accrued interest on current accounts* | *188,435* | |
| *accrued income/interest* | *56,026* | |

## Accrued expenses payable

| Presentation currency: euros | Dec 31, 2021 | |
|---|---|---|
| **Total accrued expenses payable** | | **395,016** |
| **Borrowings from credit institutions** | | 86,923 |
| *accrued interest* | *86,923* | |
| **Trade payables** | | 229,522 |
| *pending invoices* | *229,522* | |
| **Tax and social security payables** | | 78,571 |
| *soc. sec. charges/Pr reser-Bonus* | *31,429* | |
| *tax payable* | *47,143* | |

## Prepaid expenses

| Presentation currency: euros | Period | Amount | Dec 31, 2021 |
|---|---|---|---|
| **Prepaid expenses - OPERATIONS** | | | **25,675** |
| ANNUAL INSIDERLOG CONTRACT IN SWEDEN | 1/1/2022-9/30/2022 | 3,951 | |
| INSURANCE | 1/1/2022-7/30/2022 | 9,701 | |
| INSURANCE | 1/1/2022-8/30/2022 | 10,987 | |
| CONSULTING | 1/1/2022-9/30/2022 | 1,036 | |
| Prepaid expenses - FINANCIAL | | | |
| Prepaid expenses - NON-RECURRING | | | |
| | | **TOTAL** | **25,675** |
| | | | |
| | | | |

## Capital stock

| | Presentation currency: euros | Dec 31, 2021 | Number | Par value | Amount |
|---|---|---|---|---|---|
| SHARES/UNITS | Capital stock b/fwd | | 12,299,259 | 0.40 | 4,919,703.60 |
| | Issued during the fiscal year | | | 0.00 | |
| | Redeemed during the year | | | 0.00 | |
| | **Capital stock c/fwd** | | **12,299,259** | **0.40** | **4,919,703.60** |

## Currency translation differences

| Presentation currency: euros | Amount | Dec 31, 2021 |
|---|---|---|
| **Unrealized foreign currency LOSSES** | | **333,733** |
| Unrealized loss on current accounts | 333,733 | |
| **Unrealized foreign currency GAINS** | | **40,295** |
| Unrealized gain on current accounts | 40,295 | |
| **TOTAL** | | **293,438** |

## Financial commitments

| Presentation currency: euros | Dec 31, 2021 | Commitments granted | Commitments received |
|---|---|---|---|
| **Discounted bills not yet due** | | | |
| **Endorsements, sureties and guarantees** | | | |
| First ranking pledge of Serge Ferrari SAS securities: 45,617 shares | | 86,772,727 | |
| Corporate guarantee to Giofex France | | 1,500,000 | |
| Pledge of current account receivable related to Verseidag | | 21,936,126 | |
| | | **110,208,853** | |
| **Finance lease commitments** | | | |
| **Pension and retirement commitments** | | | |
| **Other commitments** | | | |
| Liability on Verseidag group future performance: between €0 and €5,000,000 | | | |
| Revolving credit facility | | | 15,000,000 |
| Investment credit facility | | | 25,500,000 |
| Interest rate hedges (notional + variable rate and cap) | | | 21,272,727 |
| | | | **61,772,727** |
| **Total financial commitments (1)** | | **110,208,853** | **61,772,727** |
| (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 acquisition 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 and December 31, 2021 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 to be 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, 2021 | Capital stock | Shareholders' equity | % of capital held | Book value of shares held – Gross | Book value of shares held – Net |
|---|---|---|---|---|---|---|
| **A. Detailed information** | | | | | | |
| **1. Subsidiaries (> 50%)** | | | | | | |
| Serge Ferrari SAS | | 14,169,170 | 47,285,889 | 99.80 | 14,690,638 | 14,690,638 |
| Texyloop | | 1,101,000 | (508,069) | 100.00 | 10,787,500 | |
| CI2M | | 400,000 | 29,756 | 100.00 | 1,085,245 | 36,000 |
| Tersuisse (in CHF except for shares and advances in EUR) | | 1,000,000 | 17,358,896 | 100.00 | 623,789 | 623,789 |
| Serge Ferrari Brasil (in BRL except for shares and advances in EUR) | | 854,164 | 2,313,206 | 83.12 | 271,117 | 264,265 |
| Giofex Srl | | 4,000,000 | 10,448,896 | 51.00 | 7,765,000 | 7,765,000 |
| Ferramat (in TRY except for shares and advances in EUR) | | 9,167,400 | 19,880,602 | 100.00 | 1,834,695 | 1,270,575 |
| **2. Equity interests (10 to 50%)** | | | | | | |
| Sibac at Dec 31, 2020 (in TND except for shares in EUR) | | 600,000 | 1,475,669 | 17.53 | 102,269 | 38,707 |
| VR Développement at Dec 31, 2020 (except for loans & advances and shares) | | 1,072,370 | 947,166 | 35.00 | 450,079 | 241,680 |

| | Loans and advances granted | Sureties and endorsements granted | Revenues | Net income for year ended | Dividends received |
|---|---|---|---|---|---|
| **1. Subsidiaries (> 50%)** | | | | | |
| Serge Ferrari SAS | 21,388,590 | | 158,138,423 | 8,414,368 | 9,032,166 |
| Texyloop | 164,392 | | | (109,457) | |
| CI2M | 277,213 | | 1,361,987 | (389,289) | |
| Tersuisse (in CHF except for shares and advances in EUR) | 13,868 | | 19,753,804 | 330,293 | |
| Serge Ferrari Brasil (in BRL except for shares and advances in EUR) | 279,267 | | 17,235,430 | 685,331 | |
| Giofex Srl | 820,000 | | 308,315 | 1,400 | |
| Ferramat (in TRY except for shares and advances in EUR) | 283,178 | | 24,288,248 | 6,870,087 | |
| **2. Equity interests (10 to 50%)** | | | | | |
| Sibac at Dec 31, 2020 (in TND except for shares in EUR) | | | 467,128 | 217,085 | 5,566 |
| VR Développement at Dec 31, 2020 (except for loans & advances and shares) | 150,935 | | 158,231 | (27,572) | |

| 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 | | | 13,281,062 | |
| % 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 | | | | |
| Revenues | | | 3,559,097 | |
| Net income for year ended | | | 2,555,436 | |
| Dividends received | | | 37,500 | |

**Part B - General information:**

The information in Part B relates to 2020, excluding loans and advances.





## Subsidiaries and equity interests

| Presentation currency: euros | Dec 31, 2021 | Capital stock | Shareholders' equity | % of capital held | Book value of shares held – Gross | Book value of shares held – Net |
|---|---|---|---|---|---|---|
| **A. Detailed information** | | | | | | |
| **1. Subsidiaries (> 50%)** | | | | | | |
| Plastitex | | 500,000 | 2,653,239 | 100.00 | 7,285,241 | 7,285,241 |
| Serge Ferrari AB (in SEK except for shares and advances in EUR) | | 4,235,863 | 4,744,130 | 100.00 | 394,763 | 394,763 |
| F.I.T. (in TWD except for shares and advances in EUR) | | 235,500,000 | 280,335,718 | 55.00 | 9,658,919 | 9,658,919 |
| Verseidag-Indutex | | 2,560,000 | 15,688,052 | 100.00 | 35,300,000 | 35,300,000 |
| Cubutex | | 100,000 | (331,081) | 100.00 | 1 | 1 |
| Verseidag US (in USD except for shares and advances in EUR) | | 569,870 | 19,342 | 100.00 | 372,339 | |
| **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 | | | 10,016,010 | 195,406 | |
| Serge Ferrari AB (in SEK except for shares and advances in EUR) | | | 14,168,649 | 229,167 | |
| F.I.T. (in TWD except for shares and advances in EUR) | | | 412,691,865 | 36,769,849 | |
| Verseidag-Indutex | 21,936,126 | | 58,885,294 | (1,381,052) | |
| Cubutex | | | | (7,188) | |
| Verseidag US (in USD except for shares and advances in EUR) | | | | | |
| **2. Equity interests (10 to 50%)** | | | | | |

| B. General information | Subsidiaries not included in A | | Equity interests not included in A | |
|---|---|---|---|---|
| | French | Overseas | French | Overseas |
| Capital stock | | | 2,000,000 | |
| Shareholders' equity | | | 13,281,062 | |
| % 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 | | | | |
| Revenues | | | 3,559,097 | |
| Net income for year ended | | | 2,555,436 | |
| Dividends received | | | 37,500 | |

**Part B - General information:**

The information in Part B relates to 2020, excluding loans and advances.

## Treasury shares

| | Number | Book value |
|---|---|---|
| January 1, 2021 | 485,071 | 4,768,560 |
| Purchases | 604,953 | 4,591,068 |
| Sales | (242,235) | (1,740,948) |
| delivered under Jagenberg SPA | (585,417) | (5,578,319) |
| **Dec 31, 2021** | **262,372** | **2,040,361** |

6.4

# Results of the last five fiscal years

| (€) | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| **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 | 1,298,586 | 1,288,072 | 1,341,407 | 1,123,456 | 1,338,568 |
| b. Earnings before tax, employee profit-share, depreciation and provisions | 3,787,831 | 1,394,827 | 2,268,556 | 790,792 | 6,865,101 |
| c. Income tax | 72,937 | 170,780 | (580,266) | 300,281 | 735,927 |
| d. Employee profit share due for period | ---- | ---- | ---- | ---- | ---- |
| e. Earnings after tax, employee profit-share, depreciation and provisions | 1,577,006 | 324,763 | 2,054,779 | 437,120 | 8,123,125 |
| f. Distributed earnings | 943,888 | 592,037 | 1,475,911 | 0 | 3,566,785 |
| **3. Earnings per share** | | | | | |
| a. Earnings after tax and employee profit-share, but before depreciation and provisions | 0.31 | 0.13 | 0.23 | 0.09 | 0.09 |
| b. Earnings after tax, employee profit-share, depreciation and provisions | 0.13 | 0.03 | 0.17 | 0.04 | 0.66 |
| c. Dividend per share | 0.08 | 0.05 | 0.12 | 0.00 | 0.29 |
| **4. Personnel** | | | | | |
| a. Average headcount (full-time equivalent) during the period | ---- | ---- | ---- | ---- | ---- |
| b. Total payroll | 48,000 | 576,640 | 42,580 | 36,000 | 36,000 |
| c. Social security, employee services and benefits, etc. | 58,267 | 124,489 | 38,550 | 46,799 | 53,000 |

6.5

# Statutory auditors' report on the Company financial statements

**KPMG Audit**
51 rue de Saint-Cyr
CS 60409
69338 Lyon Cedex 09
France

**Grant Thornton**
Cité Internationale
44 Quai Charles de Gaulle
69463 Lyon Cedex 06
France

### SergeFerrari Group

Headquarters: Zone industrielle la Tour-du-Pin, 38110 Saint-Jean-de-Soudain

### Year ended December 31, 2021

To the General Meeting of SergeFerrari Group SA,

## Opinion

In accordance with the engagement entrusted to us, we have audited the Company financial statements of SergeFerrari Group for the year ended December 31, 2021, 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. 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, 2021 balance sheet at a net amount of €77.7 million, constitute one of the most significant balance sheet items.

As explained in the note to the financial statements on "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.

In this context and due to the inherent uncertainty of certain items, in particular the probability of forecasts materializing, we considered that the correct valuation of equity investments, related receivables and provisions for contingencies was a key audit matter.

### *Audit procedures implemented to address identified risks*

In order to assess the reasonableness of estimates of the present value of equity investments, based on the information provided to us, our work consisted mainly in verifying that the estimates of these values made by management were based on an appropriate justification of the valuation method and figures used. We also conducted the following checks and verifications depending on the securities concerned:

For valuations based on historical data:

- we reconciled the amounts of shareholders' equity used with the financial statements of entities that had been audited or subject to analytical procedures and we verified that any adjustments made to shareholders' equity were corroborated by adequate supporting documentation.

For valuations based on forecasts:

- we obtained cash flow and operating forecasts for the activities of the entities in question prepared by their operating departments and we assessed their overall consistency;
- we verified the consistency of the assumptions adopted with the economic environment at the financial statements closing and preparation dates;
- we compared the forecasts used in previous periods with the corresponding actual figures in order to assess the achievement of past objectives;
- we checked that the value resulting from cash flow forecasts had been adjusted by the amount of the entity's debt.

In addition to assessing the present value of equity investments, our work also consisted in:

- assessing the recoverability of loans to affiliates in light of the analyses performed on equity investments;
- verifying 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 on "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 Executive Board 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 Executive Board 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 Company financial statements to be included in the annual financial report*

We have also verified, in accordance with the professional standard applicable to the statutory auditors' work on the parent company and consolidated financial statements presented under the European single electronic reporting format, that this format defined by European Delegated Regulation 2019/815 of December 17, 2018 was adhered to in the presentation of the Company financial statements to be included in the annual financial report mentioned in Article L. 451-1-2 I of the French Monetary and Financial Code, prepared under the responsibility of the Chairman of the Executive Board.

Based on our work, we find that the presentation of the Company financial statements to be included in the annual financial report complies, in all material aspects, with the European single electronic format.

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

### *Appointment of statutory auditors*

We were appointed as statutory auditors of SergeFerrari Group SA by the General Meeting on May 16, 2019 in the case of Grant Thornton and May 19, 2021 in the case of KPMG.

As of December 31, 2021, Grant Thornton was in the third consecutive year of its assignment and KPMG in the first year.

## 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.

These Company financial statements have been approved by the Executive Board.

## 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. In addition:

- the auditor identifies and assesses the risks that the Company financial statements contain material misstatements, whether resulting from fraud or error, defines and implements audit procedures to address these risks, and gathers the elements the auditor deems necessary and appropriate upon which to base the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is more serious than the risk of not detecting a material misstatement resulting from error, since fraud may involve collusion, falsification, deliberate omission, false representations or the circumvention of internal control;
- the auditor examines the aspects of the internal control system that are relevant to the audit, in order to define the audit procedures appropriate in the circumstances but not for the purpose of expressing an opinion on the efficacy of the internal control system;
- the auditor assesses the appropriateness of the accounting methods adopted and the reasonableness of the accounting estimates made by management, as well as the related information provided in the Company financial statements;
- the auditor assesses the appropriateness of management's application of the going concern principle and, according to the information gathered, the existence or absence of material uncertainty regarding events or circumstances liable to 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 to the Audit Committee a report 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.

***The Statutory Auditors***

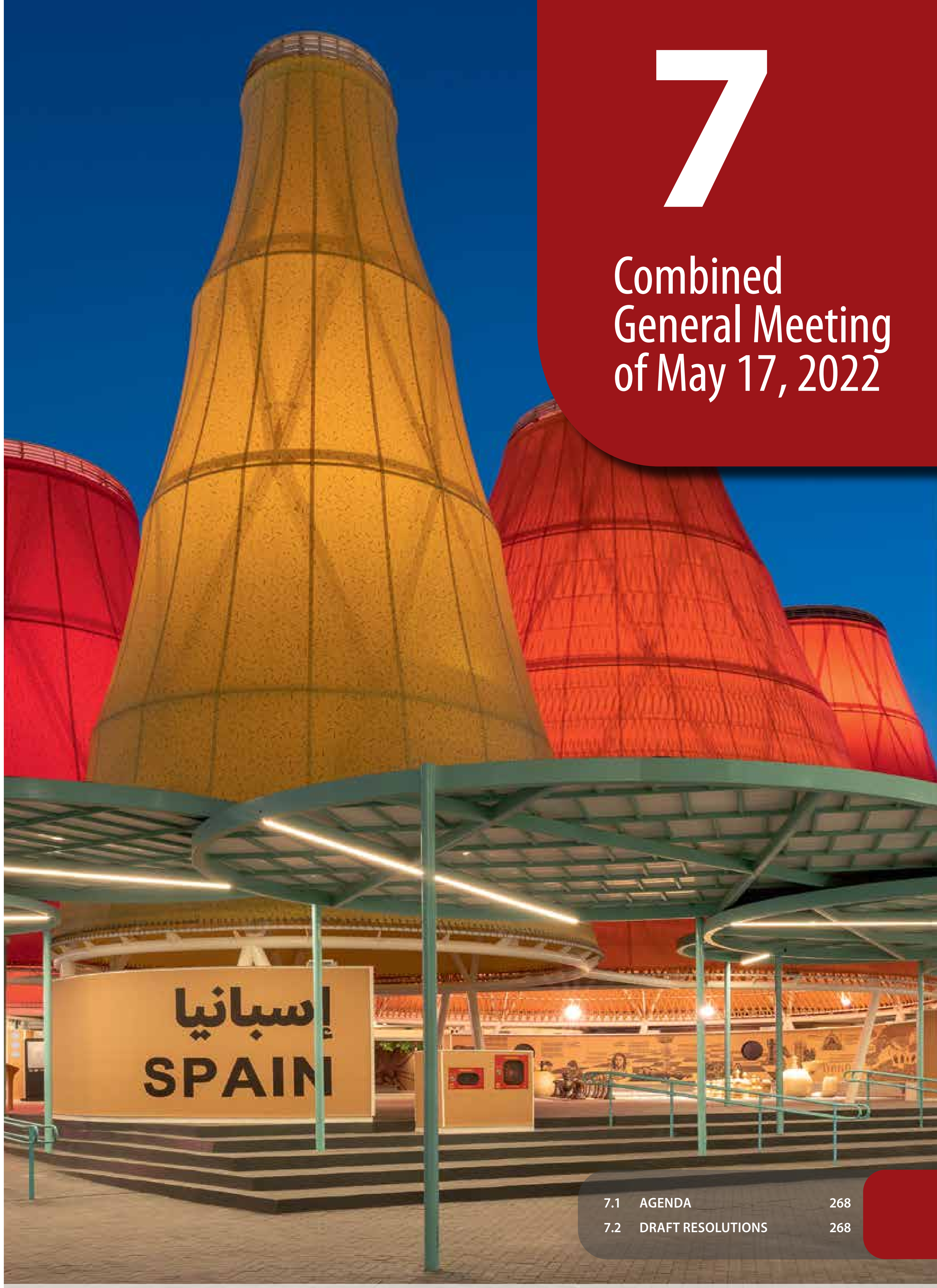
Lyon, March 4, 2022
KPMG Audit
*Department of KPMG S.A.*

Lyon, March 4, 2022
Grant Thornton
*French member of Grant Thornton International*

Sara Righenzi de Villers
*Partner*

Frédéric Jentellet
*Partner*






# 7 Combined General Meeting of May 17, 2022



SPAIN PAVILION DUBAI EXPO 2020| UNITED ARAB EMIRATES | TENSILE ARCHITECTURE

# 7.1 Agenda

## Ordinary resolutions

- Review of the management and Group report.
- Review of the statutory auditors' report on the parent company and consolidated financial statements for the fiscal year ended December 31, 2021.
- Review of the report on corporate governance.
- Review of the statutory auditors' report on the report on corporate governance.
- Review of the non-financial performance statement and the related certificate issued by an independent third-party body.
- Approval of the parent company financial statements for the fiscal year ended December 31, 2021 (*1st* resolution).
- Approval of the consolidated financial statements for the fiscal year ended December 31, 2021 (*2nd* resolution).
- Appropriation of earnings for the fiscal year (*3rd* resolution).
- Regulated agreements (*4th* resolution).
- Approval of the components of remuneration paid or awarded in respect of the fiscal year ended December 31, 2021 to Sébastien Ferrari, as Chairman of the Board of Directors and Chief Executive Officer of the Company (*5th resolution*).
- Approval of the components of remuneration paid or awarded in respect of the fiscal year ended December 31, 2021 to Romain Ferrari, as Chief Operating Officer of the Company (*6th resolution*).
- Approval of the components of remuneration paid or awarded in respect of the fiscal year ended December 31, 2021 to Philippe Brun, as Chief Financial Officer of the Company (*7th resolution*).
- Approval of the information on corporate officer remuneration referred to in Article L. 22-10-9 of the French Commercial Code (*8th resolution*).
- Authorization for the Company to buy back its own shares (*9th resolution*).

## Extraordinary resolutions

- Authorization for the Executive Board to reduce the capital stock by canceling treasury shares purchased under the Company share buyback plan (*10th resolution*).
- Powers for formalities (*11th resolution*).

# 7.2 Draft resolutions

## Ordinary General Meeting

### *First resolution – Approval of the parent company financial statements for 2021*

The General Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings and having reviewed the reports of the Executive Board and the statutory auditors, hereby approves the Executive Board's report and the parent company financial statements for the 2021 fiscal year, as presented to the meeting, together with all the transactions reflected in said financial statements and summarized in said reports, showing a net profit of €8,123,125.

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 2021 fiscal year*

The General Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings and having reviewed the reports of the Executive Board and the statutory auditors, hereby approves the consolidated financial statements for the 2021 fiscal year, together with all the transactions reflected in said financial statements and summarized in said reports.

### *Third resolution – Appropriation of earnings for the fiscal year*

The General Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, at the recommendation of the Executive Board, hereby resolves to appropriate:

| | | |
|---|---|---|
| net profit for the fiscal year ended December 31, 2021, | | €8,123,124.67 |
| plus retained earnings | | €0 |
| giving a total distributable amount of | | €8,123,124.67 |
| as follows: | ■ dividend paid to shareholders | €3,566,785.11 |
| | ■ allocation to the legal reserve | €0 |
| | ■ other reserves | €4,556,339.56 |

The aforementioned amount is calculated on the basis of the number of shares comprising the Company's capital stock as of December 31, 2021 and will be adjusted in accordance with the number of shares issued between January 1, 2022 and the dividend payment date.

Dividends attached to treasury shares held as of the ex-dividend date, which do not grant entitlement to dividends, will be added to the "Other reserves" account, which will be increased accordingly.

Consequently, for the fiscal year ended December 31, 2021, the General Meeting hereby sets the dividend to be paid at €0.29 per share. When paid to shareholders who are natural persons domiciled for tax purposes in France, the dividend is paid after withholding at source of PFU flat tax at 12.8% and social security deductions at 17.2% of the gross dividend amount. PFU flat tax is exempt from income tax, unless the shareholder opts to apply the income tax sliding scale to all investment income and capital gains falling within the scope of the PFU. If this option is exercised, the dividend is eligible for the 40% allowance provided for in Article 158-3.2° of the French General Tax Code.

The option to tax dividends on the income tax sliding scale must be exercised by the individual shareholder when submitting the tax return on their entire income.

Shares will go ex-dividend at zero hour Paris time on May 23, 2022 and dividends will be paid out on May 23, 2022.

Dividends paid to shareholders in respect of the last three fiscal years were as follows:

| | 2018 | 2019 | 2020 |
|---|---|---|---|
| Dividend per share | €0.05 | €0.12 | €0 |

### *Fourth resolution – Regulated agreements*

The General Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings and having reviewed the statutory auditors' special report provided for by Article L. 225-88 of the French Commercial Code on the agreements referred to in Articles L. 225-86 et seq. of the French Commercial Code, hereby approves the regulated agreements referred to in said report.

### *Fifth resolution – Approval of the components of remuneration paid or awarded in respect of the fiscal year ended December 31, 2021 to Sébastien Ferrari, as Chairman and Chief Executive Officer of the Company*

The General Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, hereby approves the fixed, variable and exceptional components of the total remuneration and benefits of all kinds paid or awarded for the fiscal year ended to Sébastien Ferrari in respect of his appointment as Chairman of the Board of Directors and Chief Executive Officer, as presented in the report on corporate governance included in the 2021 Universal Registration Document.

### *Sixth resolution – Approval of the components of remuneration paid or awarded in respect of the fiscal year ended December 31, 2021 to Romain Ferrari, as Chief Operating Officer of the Company*

The General Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, hereby approves the fixed, variable and exceptional components of the total remuneration and benefits of all kinds paid or awarded for the fiscal year ended to Romain Ferrari in respect of his appointment as Chief Operating Officer, as presented in the report on corporate governance included in the 2021 Universal Registration Document.

### *Seventh resolution – Approval of the components of remuneration paid or awarded in respect of the fiscal year ended December 31, 2021 to Philippe Brun, as Chief Financial Officer of the Company*

The General Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, hereby approves the fixed, variable and exceptional components of the total remuneration and benefits of all kinds paid or awarded for the fiscal year ended to Philippe Brun in respect of his appointment as Chief Financial Officer, as presented in the report on corporate governance included in the 2021 Universal Registration Document.

### *Eighth resolution – Approval of the information on corporate officer remuneration referred to in Article L. 22-10-9 of the French Commercial Code*

The General Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings, hereby approves, in accordance with Article L. 22-10-34 of the French Commercial Code, the information listed in Article L. 22-10-9 of the French Commercial Code, as presented in the report on corporate governance included in the 2021 Universal Registration Document.

### *Ninth resolution – Authorization for the Company to buy back its own shares*

The General Meeting, voting under the quorum and majority conditions required for Ordinary General Meetings and having reviewed the Executive Board's report, hereby authorizes the Executive Board, with the option to sub-delegate that authorization, to purchase Company shares up to an amount representing 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 all 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 twenty-two euros (€22), 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 Executive Board 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 twenty-seven million, fifty-eight thousand, three hundred and sixty-nine euros and eighty cents (€27,058,369.80).

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 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 service provider under a liquidity contract in compliance with the ethics charter recognized by the French Financial Markets Authority (AMF);
– allotting or selling shares to employees or corporate officers of the Company and of French or foreign companies or groups related to it in accordance with the applicable statutory and regulatory conditions, including as part of sharing the profits of business expansion, employee shareholding plans, company savings plans, stock option plans or bonus share allotments 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.

In accordance with regulatory limitations, the transactions may be carried out by the Executive Board pursuant to this authorization at any time, on one or more occasions, throughout the duration of the share buyback plan, on the understanding that the Executive Board cannot exercise this authority and the Company cannot pursue the execution of a share buyback plan once a third party has filed a proposed public tender offer to purchase the Company's shares and until the end of the offer period.

The General Meeting hereby grants full powers to the Executive Board 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 pursuant to applicable laws.

This authorization cancels, for the remaining period and in respect of the unused portion, the authorization granted by the General Meeting of January 25, 2022 under its 15th resolution.

## Extraordinary General Meeting

### *Tenth resolution – Authorization for the Executive Board to reduce the capital stock by canceling treasury shares held by the Company*

The General Meeting, voting under the quorum and majority conditions required for Extraordinary General Meetings and having reviewed the Executive Board's report and the statutory auditors' special report and subject to the adoption of the 9th resolution, hereby authorizes the Executive Board, with the option to sub-delegate that authorization, in accordance with Articles L. 22-10-62 et seq. of the French Commercial Code, for a period of twenty-four (24) months as from the date of this General Meeting, in such proportions and at such times as it shall see fit:

– *to cancel the shares purchased by the Company in exercise of the authorization granted in the* 9th *resolution*, within a limit of ten per cent (10%) of the total number of shares comprising the capital stock, as adjusted in accordance with transactions that may affect it subsequently to this resolution, for each period of twenty-four (24) months;
– to reduce the capital stock accordingly by deducting the difference between the net book value and the par value of the shares thus canceled from the additional paid-in capital or available reserves account, in accordance with the procedures determined by the Executive Board; and
– to amend the Articles of Association accordingly and complete any formalities required.

The General Meeting notes that this authorization cancels any previous authorization for the same purpose.

The General Meeting hereby resolves that the Executive Board shall have full powers to exercise this authorization and, in particular, to set all of the terms and conditions of such share cancellations, in accordance with applicable statutory and regulatory provisions and the aforementioned caps, to record the completion of the resulting capital reductions, amend the Company's Articles of Association accordingly and, in general, do all that is useful or necessary to implement this authorization.

This authorization cancels, for the remaining period, the authorization granted by the General Meeting of January 25, 2022 under its 16th resolution.

Any shareholder, regardless of the number of shares he or she holds, is entitled to attend this meeting or be represented in accordance with the conditions and procedures laid down by law and regulations.

*

## A) Formalities for attending the General Meeting

The General Meeting consists of all bearer and registered shareholders irrespective of the number of shares they hold. Any shareholder may be represented at the General Meeting by another shareholder or by their spouse or common-law partner. Shareholders may also be represented by any other natural person or legal entity of their choosing (Articles L. 225-106 and L. 22-10-39, French Commercial Code).

In accordance with Article R. 22-10-28 of the French Commercial Code, a shareholder is automatically entitled to attend the General Meeting if their shares are recorded in a securities account registered in the name of the shareholder or intermediary acting on their behalf (in application of Article L. 228-1 paragraph 7 of the French Commercial Code) at zero hour Paris time on the second business day preceding the General Meeting, i.e. May 13, 2022, either in the shareholder register held by the Company (or its representative) or in a bearer securities account held by the authorized intermediary.

The registration or accounting entry of shares in the bearer securities accounts held by a financial intermediary is duly evidenced by a shareholding certificate issued by the intermediary, where applicable by email in accordance with the conditions of Article R. 225-61 of the French Commercial Code, attached to:

- the postal voting form;
- the proxy voting form;
- the application for an admission card issued in the shareholder's name or on behalf of the shareholder represented by the registered intermediary.

A certificate is also issued to shareholders wishing to attend the meeting in person who have not received their admission card by zero hour Paris time on the second business day preceding the meeting, i.e. May 13, 2022.

## B) General Meeting attendance procedures

### 1. Physical attendance

Shareholders wishing to attend the General Meeting in person must proceed as follows:

- Registered shareholders must present themselves on the day of the meeting at the counter specifically set up for this purpose carrying proof of identity, or request an admission card from CIC Service Assemblées, 6 avenue de Provence, 75452 Paris Cedex 09;
- Bearer shareholders must ask the authorized intermediary managing their securities account to send them an admission card. This admission card is sufficient to attend the General Meeting in person; bearer shareholders who have not received their admission card in time or have mislaid it may have their shareholding certificate issued directly by their authorized intermediary and may present themselves at the meeting with this certificate.

Bearer and registered shareholders must be able to prove their identity in order to attend the General Meeting.

### 2. Voting by post or by proxy

Shareholders not personally attending the meeting and wishing to vote by post or by proxy granted to the chairman of the meeting, their spouse or common-law partner or any other person may proceed as follows:

- Registered shareholders must return the single postal or proxy voting form sent to them by the intermediary managing their securities along with the convening notice to the following address: CIC Service Assemblées, 6 avenue de Provence, 75452 Paris Cedex 09.
- Bearer shareholders must request the single postal or proxy voting form from the intermediary managing their securities once the General Meeting has been convened. The single postal or proxy voting form must be sent together with a shareholding certificate issued by the financial intermediary to the following address: CIC Service Assemblées, 6 avenue de Provence, 75452 Paris Cedex 09.

The single "postal/proxy voting" form may be downloaded from the Company's website at www.sergeferrari.com, under the heading "General Meeting of shareholders".

To be valid, postal voting forms must be received by CIC Service Assemblées, 6 avenue de Provence, 75452 Paris Cedex 09 no later than three days before the meeting is held, i.e. by zero hour Paris time on May 14, 2022.

Within the statutory time limits, shareholders may obtain the documents provided for by Articles R. 225-81 and R. 225-83 of the French Commercial Code by writing to CIC Service Assemblées, 6 avenue de Provence, 75452 Paris Cedex 09.

### 3. Designation of proxies by email

In accordance with Articles R. 225-79 and R. 22-10-24 of the French Commercial Code, notification of the appointment and revocation of a proxy may also be carried out by email, as follows:

#### Directly registered shares

- Shareholders must send an email to the following addresses: investor@sergeferrari.com and serviceproxy@cic.fr. This email must contain the following information: Name of the Company concerned, date of the General Meeting, the full name, address and registered securities account number of the grantor, where applicable, and the full name and, if possible, address of the proxy;
- Shareholders must send written confirmation to CIC Service Assemblées, 6 avenue de Provence, 75452 Paris Cedex 09.

#### Bearer and administered registered shares

- Shareholders must send an email to the following addresses: investor@sergeferrari.com and serviceproxy@cic.fr. This email must contain the following information: Name of the Company concerned, date of the General Meeting, the full name, address and bank details of the grantor and the full name and, if possible, address of the proxy;
- Shareholders must ask the financial intermediary managing their securities account to send written confirmation to CIC Service Assemblées, 6 avenue de Provence, 75452 Paris Cedex 09.

Only notifications of proxy appointments and revocations may be sent to the aforementioned email address; no other request or notification relating to another matter will be taken into account or processed.

In order for proxy appointments or revocations notified by email to be valid, the confirmations must be received no later than 3 pm Paris time on the day before the meeting. Proxy appointments and revocations sent by post must be received no later than three calendar days before the date of the meeting.

## C) Written questions and shareholder requests for the inclusion of agenda items or draft resolutions

In accordance with Article R. 225-84 of the French Commercial Code, each shareholder has the right to send any written questions of their choosing to the Executive Board, which will reply to those questions during the meeting.

Questions must be sent by registered mail with return receipt requested to the following address: SergeFerrari Group, Assemblée générale 2022, ATTN: Chairman of the Executive Board, Zone Industrielle de La Tour du Pin, Saint-Jean-de-Soudain, 38110, La Tour du Pin, France.

The letter must be sent no later than the fourth business day preceding the date of the General Meeting, i.e. May 11, 2022. Only written questions within the meaning of Article R. 225-84 above may be sent to the Company; no other request or notification relating to another matter will be taken into account or processed.

Requests must be sent together with a certificate of registration either in the registered securities accounts held by the Company or in the bearer securities accounts held by the authorized intermediary. Requests for inclusion of items or draft resolutions on the agenda by shareholders fulfilling the conditions set out in Article R. 225-71 of the French Commercial Code must be sent to the registered office by registered mail with return receipt requested to the following address: SergeFerrari Group, Assemblée générale 2022, ATTN: Chairman of the Executive Board, Zone Industrielle de La Tour du Pin, Saint-Jean-de-Soudain, 38110, La Tour du Pin, France, no later than 25 calendar days before the General Meeting and no later than twenty days after the date of this notice of meeting, in accordance with Articles R. 225-73 and R. 22-10-22 of the French Commercial Code. The request to include an item on the agenda must be accompanied by a brief explanation of the reasons why it is being proposed. 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.

In accordance with applicable legislation, a joint reply may be provided to questions that present the same content or address the same subject.

At the date of the request, the originators of the request must prove that they hold or represent the required fraction of the capital stock by the registration of the corresponding shares either in the registered securities accounts held by the Company or in the bearer securities accounts held by an authorized intermediary. They must enclose a share registration certificate with their request.

The agenda item or resolution will be raised at the meeting only if the originators of the request send a further certificate proving the registration of their shares in the same accounts at zero hour Paris time on the second business day preceding the date of the General Meeting, i.e. May 13, 2022.

## D) Shareholders' right to information

All the documents and information provided for by Article R. 22-10-23 of the French Commercial Code may be consulted on the Company's website (www.sergeferrari.com) no later than the twenty-first day preceding the meeting, i.e. April 26, 2022.

All documents referred to in Articles R. 225-81 and R. 225-83 of the French Commercial Code will be made available to shareholders at the Company's registered office as from publication of the notice of meeting or on the fifteenth day preceding the General Meeting at the latest, depending on the document in question.



# 8 Additional information in the Universal Registration Document



LIGNE ROSET FURNITURE

## 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 163 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 Baril**
Chairman of the Executive Board
March 15, 2022

## 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 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

KPMG SA was appointed statutory auditor to replace MAZARS at the Extraordinary General Meeting of May 19, 2021 for a six-year term ending at the close of the Ordinary General Meeting called in 2027 to approve the financial statements for the fiscal year ending December 31, 2026.

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 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

Salustro Reydel audit firm was appointed alternate statutory auditor to replace Philippe Galofaro at the Extraordinary General Meeting of May 19, 2021 for a six-year term ending at the close of the Ordinary General Meeting called in 2027 to approve the financial statements for the fiscal year ending December 31, 2026.

### Information regarding resignations and non-reappointment of statutory auditors

The May 19, 2021 General Meeting appointed KPMG to replace Mazars, on the recommendation of the Audit Committee.

## 8.3 Fees paid to statutory auditors and members of their network

Information on fees paid to statutory auditors is set out in Note 32 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 Societes 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 General Meeting of shareholders, then into a company with an Executive Board and Supervisory Board by the General Meeting of shareholders held on January 25, 2022.

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 the family succession plan, 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 La 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 Serge Ferrari SpA
Acquisition of the business operations of FERRATEKS (Turkey) and Milton (UK)
Start of operations at Serge Ferrari Shanghai (China), Serge Ferrari India

**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.

**2021** Sales and industrial integration of 2020 acquisitions and decision to change the governance model to a dual structure with Executive Board and Supervisory Board

# 8.5 Information on the capital stock

## 8.5.1 Shareholder structure at December 31, 2021 and during the prior two fiscal years

Ferrari Participations and Serge Ferrari Industries are ultimately controlled by Sébastien Ferrari and Romain Ferrari.

| | Dec 31, 2021 | | | Dec 31, 2020 | | | Dec 31, 2019 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Shares | Capital | Voting rights | Shares | Capital | Voting rights | Shares | Capital | Voting rights |
| Ferrari Participations | 6,615,688 | 53.79% | 63.0% | 7,075,015 | 57.52% | 59.2% | 7,075,015 | 57.52% | 66.8% |
| Serge Ferrari Industries | 1,229,926 | 10.00% | 11.7% | 1,229,926 | 10.00% | 13.1% | 1,229,926 | 10.00% | 5.9% |
| Sébastien Ferrari | 39,791 | 0.32% | 0.2% | 39,791 | 0.32% | 0.4% | 99,791 | 0.81% | 0.96% |
| Romain Ferrari | 313,443 | 2.55% | 3.0% | 313,443 | 2.55% | 3.3% | 353,443 | 2.87% | 3.42% |
| One Team Investments | 620,000 | 5.04% | 3.0% | - | - | - | - | - | - |
| Victoire Ferrari (1) | 8,650 | 0.07% | 0.1% | - | - | - | - | - | - |
| ***Ferrari concert subtotal*** | ***8,827,498*** | ***71.8%*** | ***81.1%*** | ***8,658,175*** | ***70.4%*** | ***76.0%*** | ***8,758,175*** | ***71.2%*** | ***77.2%*** |
| Board members (2) | 600 | 0.0% | 1.0% | 144,140 | 1.2% | 1.0% | 44,140 | 0.36% | 0.3% |
| Other shareholders | 3,208,789 | 26.1% | 18.9% | 3,011,873 | 24.5% | 23.0% | 3,028,917 | 24.63% | 22.5% |
| Other treasury shares | 262,372 | 2.1% | 0.0% | 485,071 | 3.9% | 0.0% | 468,027 | 3.81% | 0.0% |
| **Total** | **12,299,259** | **100.0%** | **100.0%** | **12,299,259** | **100.0%** | **100.0%** | **12,299,259** | **100.0%** | **100.0%** |

(1) Victoire Ferrari has been included in the Ferrari concert subtotal since December 8, 2021. As of December 31, 2019 and December 31, 2020, the shares held by Victoire Ferrari were reported under the "Board members" line item. The number of shares held by Victoire Ferrari did not change during the period.

(2) The "Board members" line item shows shares held by the members of the Board of Directors as of December 31, 2019 and December 31, 2020. The shares reported as of December 31, 2021 are those held by the Supervisory Board members appointed by the General Meeting of January 25, 2022.

To the Company's knowledge, excluding family shareholders and shareholders controlled by family shareholders, the following shareholders held over or around 5% of the capital stock as of December 31, 2021:

– FCP ETI 2020 (Bpifrance): 670,000 shares (5.45% of capital stock);

– JAGENBERG AG: 585,417 shares (4.76% of capital stock).

## Shareholding threshold crossing disclosures and declaration of intent (Article L. 233-7, French Commercial Code) made on October 20, 22 and 25, 2021

By letter received on October 20, 2021, supplemented inter alia by a letter received on October 25, the French Financial Markets Authority (AMF) was notified of the following threshold crossings occurring on June 18, 2018:

– by way of rectification, Serge Ferrari Industries (Zone industrielle de la Tour du Pin, 38110 Saint-Jean-de-Soudain) stated that it had individually exceeded the thresholds of 5% of the capital stock and voting rights and 10% of the capital stock of SergeFerrari Group and that, individually as of said date, it held 1,229,926 SergeFerrari Group shares carrying as many voting rights and representing 10.00% of the capital stock and 5.69% of the voting rights of said company;

– by way of rectification, Romain Ferrari declared that he had individually crossed below the threshold of 5% of the capital stock and voting rights of SergeFerrari Group and that, individually as of said date, he held 423,143 SergeFerrari Group shares carrying 846,277 voting rights and representing 3.44% of the capital stock and 3.92% of the voting rights of said company.

The aforementioned threshold crossings resulted from the in-kind contribution of 1,229,926 SergeFerrari Group shares to Serge Ferrari Industries, of which 860,948 were contributed by Ferrari Participations and 368,978 by Romain Ferrari.

On this occasion, the concert comprising Sébastien and Romain Ferrari, Ferrari Participations SAS and Serge Ferrari Industries did not cross any thresholds and held, as of June 18, 2018, 8,513,175 SergeFerrari Group shares carrying 14,945,352 voting rights and representing 69.22% of the capital stock and 69.18% of the voting rights of said company.

By way of rectification, by letter received on October 22, 2021, the simplified joint-stock company Serge Ferrari Industries (Zone industrielle de la Tour du Pin, 38110 Saint-Jean-de-Soudain) declared that on June 18, 2020 it had individually exceeded the threshold of 10% of the capital stock and voting rights of SergeFerrari Group and that, individually as of said date, it held 1,229,926 SergeFerrari Group shares carrying 2,459,852 voting rights and representing 10.00% of the capital stock and 11.13% of the voting rights of said company.

The aforementioned threshold crossing resulted from the allocation of double voting rights to Serge Ferrari Industries.

On this occasion, the concert comprising Sébastien and Romain Ferrari, Ferrari Participations SAS and Serge Ferrari Industries[1] did not cross any thresholds and held, as of June 18, 2020, 8,508,166 SergeFerrari Group shares carrying 16,946,632 voting rights and representing 69.18% of the capital stock and 76.67% of the voting rights of said company.

In the same letters, the following declaration of intent was made:

"Serge Ferrari Industries makes the following representations:

In accordance with the provisions of Article L. 233-7 VII of the French Commercial Code, Serge Ferrari Industries declares the following intentions for the next six months following the rectification of the threshold crossings disclosed in this notice:

Serge Ferrari Industries, which is controlled by Ferrari Participations and Romain Ferrari, acts in concert with Sébastien Ferrari and Ferrari Participations, a company he controls. The first threshold crossing resulted from a reclassification carried out on June 18, 2018, whereby Romain Ferrari and Ferrari Participations respectively contributed 368,978 and 860,948 SergeFerrari Group shares to Serge Ferrari Industries. This reclassification within the Ferrari concert did not lead to any change in the percentage of capital stock held by the Ferrari concert. A second threshold crossing resulted from the allocation of double voting rights to Serge Ferrari Industries on June 18, 2020.





Ferrari Participations holds 70% of the capital stock of Serge Ferrari Industries, the remainder being held by Romain Ferrari.

Neither the company nor the concert to which it belongs intends to continue the acquisitions.

The Ferrari concert, of which Serge Ferrari Industries is an integral part, controls SergeFerrari Group.

Serge Ferrari Industries has no defined strategy with regard to SergeFerrari Group and neither Serge Ferrari Industries nor the concert to which it belongs has any intention of carrying out the transactions referred to in Article 223-17 I 6° of the AMF General Regulation; neither Serge Ferrari Industries nor the concert to which it belongs is bound by any of the agreements or instruments referred to in Article L. 233-9 I 4° and 4° bis of the Commercial Code. Neither Serge Ferrari Industries nor the concert to which it belongs has signed a temporary disposal agreement in respect of SergeFerrari Group shares and voting rights.

Sébastien and Romain Ferrari, who are natural persons and beneficial owners of Serge Ferrari Industries, are already members of the SergeFerrari Group Board of Directors.

## On October 26, 2021, the Company announced the creation of investment company One Team Investments by family shareholders and members of the SergeFerrari Group Executive Committee

In order to strengthen the governance of SergeFerrari Group and as part of the preparation of its SF 2025 strategic plan, the family shareholders, together with the members of the Group's Executive Committee, have created a new investment vehicle named One Team Investments. The new company, which holds 620,000 SergeFerrari Group shares representing approximately 5% of the Company's capital stock and 3.4% of the voting rights, is 83% owned by Ferrari Participations, the Ferrari family holding company. The remaining shares in One Team Investments are held by ten senior Group executives. This investment by management, for an initial term of five years, was made through a combination of contributions in cash and previously owned SergeFerrari Group shares. These transactions were completed on November 5, 2021. The new investment reflects the strong long-term commitment of the SergeFerrari Group's family and management team. The Group will benefit from the financial involvement of its key managers, who are fully committed to implementing its strategy and achieving its objectives. To this end, Ferrari Participations contributed 183,086 and sold 426,241 SergeFerrari Group shares to One Team Investments based on the average price of €9.75 per share over the 20 trading days preceding the transaction.

On November 8, 2021, the company declared that it had exceeded the threshold of 5% of the capital stock of SergeFerrari Group.

## In a press release dated December 8, 2021, the Company communicated on the continuation of the generational transmission to Sébastien Ferrari's children

As part of the family succession plan, Sébastien and Romain Ferrari have transferred 45% of their shares in Ferrari Participations, by donation to the direct descendants of Sébastien Ferrari, partly under full ownership and partly under bare ownership. This leaves Sébastien and Romain Ferrari retaining control of Ordinary General Meetings of Ferrari Participations: they can therefore jointly appoint the legal representative of Ferrari Participations. It has been decided to expand membership of the existing family concert, which comprises Sebastien Ferrari, Romain Ferrari, and the companies Ferrari Participations, Serge Ferrari Industries and One Team Investments, to include the four children of Sébastien Ferrari, heirs under the family succession plan, and the company FFH in which they are shareholders.

Prior to these transactions, the capital stock of Ferrari Participations was broken down as follows:

| | Before transactions | | |
|---|---|---|---|
| | **Full ownership** | **Bare ownership** | **Beneficial ownership** |
| Sébastien Ferrari | 54.70% | 4.00% | 12.00% |
| Romain Ferrari | 29.30% | 0.00% | 4.00% |
| FFH | 0 | 12.00% | 0.00% |
| | **84.00%** | **16.00%** | **16.00%** |

Following the succession transactions, the capital stock is held as follows:

| | After transactions | | |
|---|---|---|---|
| | Full ownership | Bare ownership | Beneficial ownership |
| Sébastien Ferrari | 38.70% | 0.00% | 14.67% |
| Romain Ferrari | 4.30% | 0.00% | 22.33% |
| FFH (1) | 0.00% | 12.00% | 0.00% |
| Victoire Ferrari | 5.00% | 6.25% | 0.00% |
| Félicie Ferrari | 5.00% | 6.25% | 0.00% |
| Adélie Ferrari | 5.00% | 6.25% | 0.00% |
| Jules Ferrari | 5.00% | 6.25% | 0.00% |
| | **63.00%** | **37.00%** | **37.00%** |

(1) Sébastien and Romain hold 75% of the voting rights in FFH. They therefore jointly control the Ordinary General Meetings of Ferrari Participations, appoint at their sole discretion the legal representative of Ferrari Participations empowered to vote at the General Meetings of the issuer, SergeFerrari Group, and, more generally, still jointly control Ferrari Participations, Serge Ferrari Industries and One Team Investments.

## Pledges

### Pledges of Company shares

To the Company's knowledge, at the date of registration of this Universal Registration Document the only pledge of SergeFerrari Group shares granted to a financial institution concerns 2,599,119 SergeFerrari Group shares in application of the contractual provisions of a financing agreement. One Team Investments pledged 400,000 SergeFerrari Group shares in favor of banking establishments as collateral for a loan.

### 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 he controls, Serge Ferrari Industries controlled by Ferrari Participations, Romain Ferrari, One Team Investments, FFH, Victoire Ferrari, Félicie Ferrari, Adélie Ferrari, Jules Ferrari and the companies they control have declared that they act 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 members of the Board of Directors 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, 2021.

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 cast by the two executives Sébastien Ferrari and Romain Ferrari and the companies they control. As such, at the General Meetings held on May 19, 2021 and January 22, 2022, the majority of minority shareholders voted in favor of the resolutions submitted for their approval in accordance with the Board's recommendations.

## 8.5.3 Capital stock

The capital stock, fully subscribed and paid up, amounted to €4,919,703.60 at December 31, 2021. 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, 2021 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. At the date of registration of this Universal Registration Document, 8,760 SergeFerrari Group shares were covered by the two-year vesting period referred to in the bonus share plan rules.

### Changes in capital stock since the Company's foundation

| Date | Nature of the transactions (in euros unless otherwise specified ) | Transaction amount | Issue premium | Number of shares created | Number of shares comprising the capital stock | Par value | Amount of capital stock following transaction |
|---|---|---|---|---|---|---|---|
| 9/2/1991 | Incorporation (in FRF) | 17,184,000 | --- | 171,840 | 171,840 | 100.00 | 17,184,000 |
| 5/10/1991 | Cancellation of shares following merger with SEROM (in FRF) | (5,900,000) | --- | (59,000) | 112,840 | 100.00 | 11,284,000 |
| 5/10/1991 | Capital increase (in FRF) | 5,650,000 | --- | 56,500 | 169,340 | 100.00 | 16,934,000 |
| 4/25/2001 | Capital increase by capitalization of reserves (in FRF) | 66,000 | --- | 660 | 170,000 | 100.00 | 17,000,000 |
| 4/25/2001 | Increase in par value by capitalization of reserves (in FRF) | 5,302,538 | --- | 0 | 170,000 | 131.19 | 22,302,538 |
| 4/25/2001 | Translation into euros | --- | --- | 0 | 170,000 | 20.00 | 3,400,000 |
| 6/9/2008 | Capital increase | 69,380.00 | 1,930,602.57 | 3,469 | 173,469 | 20.00 | 3,469,380 |
| 4/30/2014 | 50-for-1 par value split | --- | --- | 8,499,981 | 8,673,450 | 0.40 | 3,469,380 |
| June 24, 2014 | Capital increase (retail public offering and global placement) | 1,101,068.80 | 31,930,995.20 | 2,752,672 | 11,426,122 | 0.40 | 4,570,488.80 |
| June 24, 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 |
| 7/18/2014 | Capital increase (over-allotment option) | 162,198.40 | 4,703,753.60 | 405,496 | 12,248,284 | 0.40 | 4,899,313.60 |
| 7/28/2014 | 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;
- purchase, sale and management of any securities;
- management, control and coordination of its subsidiaries and equity interests;
- 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;
- management of financial investments and any interests in any companies;
- and, more generally, any commercial, industrial, financial, investment or real estate transactions that may relate directly or indirectly to the corporate purpose.

### 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

#### ■ Share form - Identifiable bearer securities (Article 11)

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.

They are registered in an individual account in the name of the shareholder under the terms and conditions provided for by applicable laws and regulations.

The Company is entitled to request identification of the holders of securities conferring voting rights, immediately or at a later date, at its General Meetings, as well as the quantities held, under the conditions provided for by applicable legislation.

In addition to statutory and regulatory threshold crossing disclosure requirements, any natural person or legal entity acting alone or in concert that comes to hold, directly or indirectly, in any manner whatsoever, within the meaning of Article L. 233-7 of the French Commercial Code, a number of shares representing more than one fortieth (2.5%) of the capital stock or voting rights must notify the Company of the total number of shares or voting rights they hold by a deadline equivalent to the deadline applicable to statutory threshold crossing disclosures, counting from the date on which the threshold was crossed. This information shall also be disclosed within the same time limits when the number of shares or voting rights falls below the aforementioned thresholds.

If a shareholder fails to disclose the fact 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 General Meeting of shareholders, provided that his/her shareholding represents at least five per cent (5%) of the capital stock or that he/she is requested to do so by one or more shareholders satisfying the same condition.

The natural person or legal entity concerned shall also inform the French Financial Markets Authority (AMF), in accordance with the procedures and timeframes set out in the AMF General Regulation, as from the crossing of the shareholding threshold. This information is disclosed to the public under the conditions set out in the AMF General Regulation.

#### ■ Rights and obligations attached to shares (Article 9)

Each share confers a right to the Company's profits, assets and liquidation surplus in proportion to the fraction of capital that it represents.

Each share also grants the right to vote and be represented at General Meetings, as well as the right to be informed of the Company's operations and to receive certain corporate documents at the times and under the conditions provided for by law and the Articles of Association.

Shareholders are only liable for the Company's liabilities up to the amount of their contributions.

Rights and obligations shall remain attached to the share irrespective of the holder.

Ownership of a share automatically entails adherence to the Company's Articles of Association and the resolutions of the General Meeting of shareholders.

Whenever it is necessary to hold a specific number of shares in order to exercise a given right, shareholders who do not hold said number of shares shall make specific efforts to pool together and, where applicable, to purchase or sell the required number of shares.

#### ■ Participation in General Meetings - voting rights (Article 17)

General Meetings of shareholders are convened under the conditions laid down by law. They are held at the registered office or at any other place specified in the notice of meeting.

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 Executive Board has the option to decide that shareholders may vote remotely via an electronic ballot or by an electronically signed proxy, under the conditions and limitations set out in the applicable regulations.

A double voting right is attached to all fully paid-up shares demonstrably held in registered form for at two (2) years in the name of a given shareholder, counting from the date the Company shares were first listed on a regulated market or 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.

General Meetings are chaired by the Chairman of the Supervisory Board or, in their absence, by a member of the Supervisory Board previously appointed by the Board.

Ordinary, Extraordinary and Special General Meetings deliberate under the quorum and majority conditions provided for by law.

The powers of Ordinary, Extraordinary and Special General Meetings are those provided for by law.

#### ■ Limitation on voting rights

None.

#### ■ 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.

### 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 11)

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 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 |
| January 2021 | 7.22 | 6.00 | 6.36 | 541,695 | 3,518 | 6.49 |
| February 2021 | 7.58 | 6.36 | 6.90 | 591,084 | 4,273 | 7.23 |
| March 2021 | 7.34 | 6.82 | 6.92 | 199,634 | 1,403 | 7.03 |
| April 2021 | 7.39 | 6.81 | 7.19 | 179,895 | 1,265 | 7.03 |
| May 2021 | 7.19 | 6.36 | 6.99 | 288,649 | 1,961 | 6.79 |
| June 2021 | 7.22 | 6.62 | 6.75 | 71,130 | 495 | 6.96 |
| July 2021 | 7.64 | 5.97 | 7.48 | 330,558 | 2,335 | 7.06 |
| August 2021 | 8.49 | 7.40 | 8.40 | 177,583 | 1,424 | 8.02 |
| September 2021 | 10.00 | 8.30 | 9.22 | 553,062 | 5,200 | 9.40 |
| October 2021 | 11.18 | 8.62 | 10.78 | 372,664 | 3,800 | 10.20 |
| November 2021 | 11.90 | 9.94 | 10.60 | 356,449 | 3,912 | 10.98 |
| December 2021 | 12.70 | 10.56 | 12.48 | 230,091 | 2,662 | 11.57 |

### 8.5.7 Supervisory board member shareholdings and stock options

The following table shows the Company shares directly held by Supervisory Board members at the date of registration of this Universal Registration Document. Note that as of December 31, 2021 no other securities exist giving access to Company capital:

| Directors | Number of shares | Capital | Voting rights |
|---|---|---|---|
| Sébastien Ferrari | 39,791 | 0.3% | 0.4% |
| Romain Ferrari | 313,434 | 2.5% | 3.3% |
| Bertrand Neuschwander | 0 | 0.0% | 0.0% |
| Christophe Graffin | 0 | 0.0% | 0.0% |
| Carole Delteil de Chilly | 0 | 0.0% | 0.0% |
| Caroline Weber | 600 | 0.0% | 0.0% |
| Bertrand Chammas | 0 | 0.0% | 0.0% |
| Félicie Ferrari | 0 | 0.0% | 0.0% |
| Joelle Barreto | 0 | 0.0% | 0.0% |

### 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 savings plan 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.

32,480 SergeFerrari Group shares were held by the Company employee mutual fund (FCPE) at the date of registration 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 to the public

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 17, 2021 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 196 onward and from pages 223 onward of the registration document filed with the AMF on March 24, 2021.

– 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.

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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.

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