



UNIVERSAL REGISTRATION DOCUMENT

2019

**INCLUDING THE ANNUAL
FINANCIAL REPORT**

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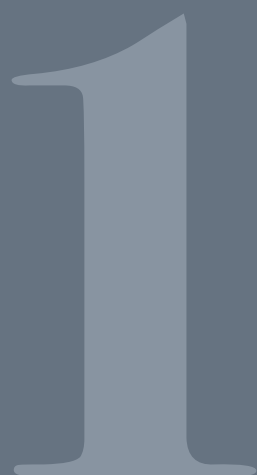
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This English version of Thermador Groupe's universal registration document contains almost the same information as the French version, but it should not be considered as completely accurate as the French version is the official one, approved by AMF.



EXTRACTS OF THE INTEGRATED ANNUAL REPORT

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1.1 Chairman's statement



Guy Vincent, founder of Thermador, resigned from his position as Director on January 28, 2020, bringing to an end an extraordinary professional commitment spanning more than 50 years. We would like to express our immense appreciation to him for having initiated this human adventure, created the foundations for our corporate culture, shared the profits of a vast collective effort and ensured the longevity of our group, which currently **employs 600 people**.

We ended FY 2019 with net growth in Q4, improving still further our cumulative performance. In spite of the dip in the French market for new house builds and protest movements which undoubtedly disrupted business at the beginning and end of the year, **the group's growth to constant scope** reached a wholly satisfactory **8.3%**. The addition of Rousseau's turnover for a full year reflects an 18.5% increase in consolidated turnover, now up to **€368.8m**.

We would like to thank our subsidiaries' staff and management teams for their commitment, professionalism, reactivity and discernment in an environment where each unforeseen event has to be converted into an opportunity.

Our export activities with Syveco, Sodeco, FGinox and Ets Édouard Rousseau accounted for **19.2%** of our 2019 turnover. We pursue our efforts to reduce the risks of our high exposure to domestic markets.

The onboarding of Ets Édouard Rousseau, acquired on 31/12/2018, continues with the appointment of Laure Empereur as CEO on January 1, 2020. We have recently welcomed the Distilabo team from Alsace, and look forward with enthusiasm to working together, ready to roll out our commercial synergies. Finally, we expect to complete the acquisition of Thermacome before the end of the first semester. The company reported turnover of €20.2m in 2018. This transaction would round off a series of acquisitions begun in 2015, and would herald the onset of a two-year period dedicated to synergies and operational efficiencies. However, we do remain open to further acquisition operations that neither exceed €5m nor take up too much time.

Our trading profit progressed 8.6% (**8.2%** to constant scope), curbed by an unfavourable euro-dollar exchange rate during

the first half of the year. We also note the sale of the French side of the Sodeco business, which had exceptionally generated €525,000 in 2018. The lower tax rate improves still further our net profit, to €32.4m.

Our teams increased their efforts to improve stock rotation, resulting in a drop of 22 inventory days (purchases consumed). On December 31, 2019, **our net cash position was €32.3m, our bank debt €41.7m**, and our equity situation €203.2m after appropriation of net income. This low level of debt allows us to look ahead with equanimity.

Our excellent commercial results in 2019 will clearly not be repeated in 2020 because of the very beneficial effects of the Tax Credit for Energy Transition on some of our business areas. This tax incentive will be notably reduced in 2020, which will

obviously have a substantial impact on our subsidiaries Thermador and Isocel. Ready to face up to unforeseen events linked to our business fields, we forecast reasonable growth over the next decade overall. We provide more detail on this objectives and strategy on page 10 of this document.

2019 was marked by a drop in trading volumes for Midcaps in general and for Thermador Groupe in particular. In spite of that, we were able to re-classify a block of 5.4% of our capital in the space of two hours (cf. our

press release of October 9th 2019). At the time of our most recent TPI (identifiable bearer share) in December 2019, **institutional investors** held **47%** of the group's capital and **private shareholders 34%**. Faithful to our distribution policy and in keeping with the long-term evolution of our results, we are offering **a dividend of €1.80**, up 2.9%.

Our Annual General Meeting will be held **in Lyon on April 6 at 5pm at Hôtel Dieu**. We count on your attendance or votes to exceed the 70% participation threshold, a symbolic indicator illustrating the vitality of this democratic body. We are also organising an information meeting **in Paris on April 21 at 4pm at Salons Hoche**.

Guillaume Robin

We forecast
reasonable
growth for
the next decade.

1.2 Our markets

Although the ‘professions’ of our different subsidiaries are fairly similar, our organisation per market ensures good risk distribution. Most of the markets where we are present are not overly exposed to economic-climate type risks. 44% of our turnover is from materials for the building sector of which only 20% are installed in new houses; the remaining 80% serves the maintenance and renovation market.

1. FLUID CIRCUITS IN CONSTRUCTION

44% OF OUR TURNOVER



80% of our sales
in maintenance and renovation



36.3 million
housing units in France



5 million
5 million private houses benefitted
from energy renovations in 2018.
Source: ADEME (French environmental agency)

We offer the private housing, collective housing and tertiary sector building markets all the accessories and equipment they need for effective water circulation in heating and sanitation facilities. We also offer comprehensive ranges to control inside air quality and temperature. Our subsidiaries respectively serve wholesalers, DIY superstores, web platforms and certain manufacturers.

Changes to the regulations which target water and energy savings, whilst ensuring comfort and security of housing and users, is stimulating innovation and has led us to propose higher value-added solutions.

Most of our business is in maintenance and renovation; these are resilient ‘needs’ markets on which we are very well placed and highly reactive.



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2. DOMESTIC PUMPS (watering - swimming pool - lifting)

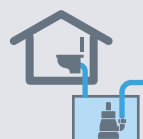
19% OF OUR TURNOVER



17 million
gardens in France, one or more
pumps per garden...



1.3 million
sunken pools in France



Domestic waste water lifting:
5 million housing units
in non-collective sanitation, 2 million
of which to be made compliant.

We are a major player on the French market for domestic pumps for professional distribution circuits and in DIY superstores. Whether it be watering, irrigation, water supply to private houses, transfer and lifting of fresh and waste water or swimming pools, the pumps market is, and will remain, important to us. Successive heatwaves and floods over recent years have contributed to increasing needs, although they do remain subservient to the vagaries of the weather. Our recent return to the swimming pool market means that we can offer a wide range of materials to professionals who renovate and build them.



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For several years, the share of turnover from industrial markets has increased, which makes us less dependent on France's new-build housing market. This progression faltered in 2019 further to the acquisition of Ets Edouard Rousseau at the end of 2018. It is however expected to return to growth over the next ten years, since our market shares in the industry sector are lower.

3. HEAVY TOOLING for public, professional and industrial customers

11% OF OUR TURNOVER



€100m

The DIY superstore market for Compressors, Generators and Welding Units



€75m

The market for High-Pressure Cleaners in DIY superstores



€100m or

110,000 compressors

The air compressor market via the pro channel

We sell air compressors, generators, welding units, chargers and high-pressure cleaners to major retail and via the Web to well-informed DIYers.

To differentiate the product offering targeting the different actors of the DIY sector, we use our own brands (Mecafer), those of our customers, and also brands used under licence by our suppliers (Michelin, Stanley).

Under the Nuair and Fini brands, we also sell our piston and screw compressor to professionals in the industry, which complete the reservoir and valve ranges already distributed to wholesalers of industrial supplies, compressed air specialists and distributors of supplies for the automotive industry.



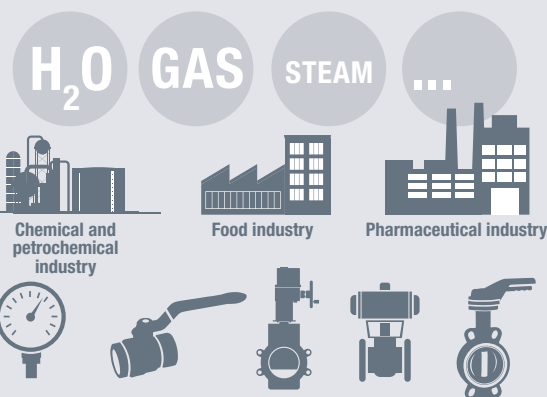
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4. FLUID CIRCUITS IN INDUSTRY

26% OF OUR TURNOVER



Fluids circulate on most industrial sites in liquid or gas form.

Six of our subsidiaries distribute manual and motorised valves, flaps, filters, connectors and regulation and control accessories for maintenance work or new installations.

We are present with almost all the specialised retailers, wholesalers in industrial valves and industrial supplies, and we are progressively building our product range.

Sodeco Valves, based in Belgium, primarily targets major industrial sites.



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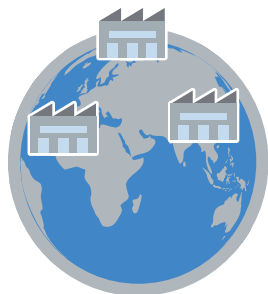
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1.3 Our businesses

Our subsidiaries are useful and efficient interfaces between a large number of manufacturers scattered throughout the world, and increasingly demanding wholesalers, superstores, factories, swimming pool professionals, commercial websites and market places.



Our suppliers

571 manufacturer-partners factories

Our subsidiaries



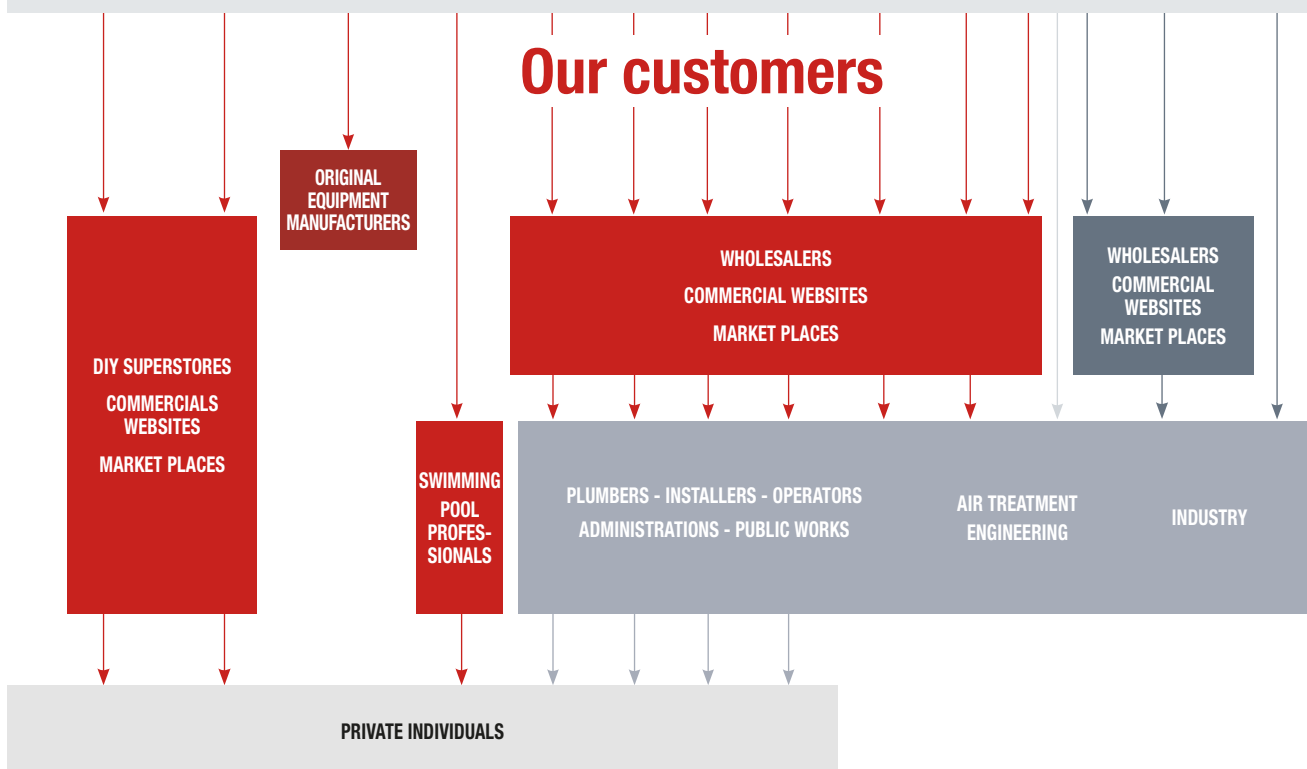
Distribution
in France



Distribution
internationally



Our customers



Expectations of our suppliers

- Market share in our trading areas
- Transparency
- Security of payment
- Regularity and scheduling of orders
- Qualitative feedback on market expectations
- Product co-development
- Brand reputation
- Simplicity in business relationships

OUR COMPETITION

Each of our commercial subsidiaries can name dozens of competitors, primarily importers or commercial subsidiaries of manufacturers. Some of these competitors are common to several of our subsidiaries but none covers all our ranges.

Amongst the best known are Watts Industry and Aalberts who both have an industrial activity, and supply French wholesalers and Eriks Econosto internationally. The very large number and great diversity of competitors who compete only with a very small portion of our products reduces our risk.

The pure-players of the Web are potential competitors of our customers. Some of our products are present on their platforms (Leroy Merlin, Amazon, Cdiscount, ManoMano, etc.). It is up to us to act and increase our skills to master and utilise this digital channel with discernment and intelligence.

Furthermore, a lot of our products are niches, and sell thanks to the technical expertise of our sales people and after-sales service. The giants of the Web do not have this type of skill and know-how.

Our strengths

- A wide range of appropriate products
- Very highly-skilled commercial teams who are omnipresent in the field
- Leading-edge marketing
- Immediately-available stock
- Extremely efficient logistics
- Delivery in 24/48 hrs, 2 to 6 days all over Europe

Customer expectations

THE BASICS

- A clear commercial policy
- A clear, coherent pricing policy
- Competitive pricing
- High-quality products
- Very broad product ranges
- Innovation
- Short, reliable deadlines
- Complete orders

THE RELATIONSHIP – THE SERVICE

- Stability of commercial teams in the field and in the offices
- Presence in the field and at regional trade shows
- Technical advice: recommendation, installation
- Simple, data-rich websites
- After-sales and spare parts service

AID TO SALES

- Strong brands, whether manufactured brands or Thermador Groupe brands.
- Distributor brands.
- Recommendation
- Good packaging
- Promotions
- Joint sales actions by phone
- Sales pitch

1.4 Company history

THE STAGES OF OUR DEVELOPMENT



1968

Thermador founded: The initial capital was FRF300,000 (€45,735). Importing and distributing central heating accessories.

Founders:

Guy Vincent, Jacques Borde, Hubert Fournier, Geneviève Boreil and Marc de Sereys.



1973

Creation of **Thely**, Property company.



1977

Creation of **Jetly**, Sale of domestic pumps and pump accessories.



1978

Creation of **Sferaco**, Sale of valves to the construction business and industry.



1992

Creation of **Isocel**, sale of parts to boiler manufacturers.



2002

Creation of **Opaline**, communications agency.



2006

Creation of **Thermador International**, distribution of the group's products on international markets.
Change of name in 2019 for



2013

Creation of **Axelair**, Specialised distribution of ventilation equipment and accessories.



Creation of a tap business, **TheWa**, within the Thermador subsidiary.



2017

Acquisition of Sodeco Valves by Thermador Groupe: industrial valves in Belgium, Holland, Germany, France and Switzerland.

Acquisition of FGinox by Thermador Groupe: sale of stainless steel connectors, flanges, valves and accessories.

Acquisition by Axelair of the Vortice France business.

Acquisition by Mecafer of Domac: sale of air compressors, generators, welding stations and battery chargers.

Acquisition of Groupe Valfit by Sferaco: sale to specialised wholesalers of a targeted range of connectors, meters and valves.



1987


robinetterie industrielle**1986**

Creation of **Dipra**,
Sale to DIY
superstores:
pumps, household
valves, plumbing.

Creation of
Thermador Groupe
Capital: FRF66,320,000
(€10,110,418).

**Thermador Groupe listed
on the stock exchange.**

1989

Creation of **Sectoriel**,
Motorised valves.

Creation of **PBtub**,
Distribution of pipes
in synthetic materials,
underfloor heating
and domestic water
distribution.

2015: the beginning of our external
growth policy

**2015**

Creation of **Aello**,
Specialised distribution
of swimming pool
equipment
and accessories.

**Acquisition of Nuair
France by Sectoriel.**
Distribution
of screw and reciprocating
compressors
for professionals
and for industry.

**Acquisition of Mecafer
by Thermador Groupe.**
Sale of air compressors,
pneumatic tools, generators,
welding stations and chargers
to DIY stores.

**2018**

**Acquisition of Rousseau
by Thermador Groupe.**
Sales to DIY superstores and
supermarket retail in France
and Spain of a range of taps for
bathrooms and kitchens.



2019

**Acquisition of Distrilabo
by Thermador Groupe.**
Distribution of technical materials
for pressure, temperature, level
and flow measurement and control
for industrial processes and air-
treatment engineering.

1.5 Our strategy

Challenges 2020-2025

- Attract and keep talent at every level of the Group.
- Continue the integration process for recently-acquired companies.
- Develop digital tools to gain in operational efficiency.
- Develop our digital skills and tools so that our products can be sold via digital channels.
- Foster and support internal initiatives to protect the environment.

Thermador Groupe owns, controls, groups together and drives companies distributing:

- materials and accessories for fluid circulation in buildings and industry,
- large tooling for the retail and pro markets.

Our objective is to pursue growth at a similar pace to that of the past ten years whilst respecting our employees, shareholders, customers, suppliers, other stakeholders and the environment. We continue to prioritise trust, transparency, simplicity, sobriety and conviviality in human relations, whilst continuing to be highly demanding and alert to the best possible efficiencies.

We ask everybody to work well and do things properly, so as not to have to do them again.

We want to offer our staff excellent working conditions and coherent, fixed earnings. Some of the profits are shared in the subsidiaries. The Thermador FCPE trust fund is the Group's incentive tool.

We expect our executives to perform highly, to be exemplary, communicate effectively and be primarily driven by the collective interest.

Our choice of opening up our capital very broadly imposes upon us the obligation of satisfying our shareholders through exemplary communication, management and behaviour, regular results and dividends, a high level of transparency and flawless accountability. We continue to pursue a determined policy to ensure that our employees and executives own a substantial share of capital.

Our model involves a high-performance information system, large amounts of stock and suitable buildings we are able to own thanks to our very solid financial structure, which we must continue to defend.

The model relies on specialist commercial subsidiaries performing sales, marketing and logistics in their geographical areas, and with the customers and distribution channels agreed with their manufacturing partners. Their purchasing price and cost control policies ensure good profitability whilst keeping them competitive.

They are differentiated by:

- The stability, quality and commitment of their staff,
- The breadth, depth and incessant adjustment of product ranges,
- Permanent, high-performance sourcing,
- Product expertise in after-sales service,
- Efficiency and consistency in after-sales service,
- The excellence of the information system, logistics and operational processes,
- The pertinence of information sent to the market to effectively feed the digital channels,
- An ability to adapt and innovate.

Executives have substantial autonomy as to the conduct of their business activities and man-management.

We can act on several levers to ensure our growth.

Organic growth. Each subsidiary acts on three levers to develop sales through:

- The development of market share for product ranges where it is below 30%,
- Price increases where market conditions allow it,
- Extension of product ranges without ever competing with another subsidiary of the Group.

International. From France, we focus on markets that are accessible to our logistics organisation and product ranges for which we have a competitive advantage. Subsidiaries physically present abroad apply the conventional levers of organic growth.

Creation of subsidiaries. This is possible in a segment that is close to what we do already, as long as we can find the men and women to lead the project and the industrial partners to provide the basic offer.

External growth. We study opportunities by fixing a number of prerequisites: distribution companies which work in a way that is compatible with our model and our market, a proven strategic interest, a reasonable price which is acceptable to our shareholders, honesty, professionalism and commitment of the executives and management teams, 100% control of capital in time, upholding of operational excellence in the medium term. We announced a break in 2020 and 2021 on operations that are time-consuming or above €5m so that our resources can be dedicated to implementing synergies and operational efficiencies.

1.6 Sales activity

52 %
of staff in
permanent contact
with our customers
in the field
or on the phone



55,917 visits to
30,734 customers,



407 customers have visited our group,
5 of whom have visited our industrial partners' facilities



704,340 calls are received per year:
Advice, prices, availability, after-sales service

The CEOs, Sales Directors, Itinerant Sales and Office Technical Sales staff have permanent contact with our customers, both in the field and on the phone. Some of our wholesaler customers can receive representatives from several of the Group's subsidiaries in the same day, without ever complaining that they are wasting their time. Indeed, our colleagues have a duty to gain an in-depth understanding of the ranges they promote and thereby demonstrate their efficiency.

Each week, training actions are led in the field or in our offices with our customers' staff members. They also consult our websites for easy access to technical information.

Our office-based technical sales teams are also contributing by telephone to process all types of requests very quickly: price, availability, after-sales, technical information, etc.



5,422,143
consulted pages
on our websites in 2019



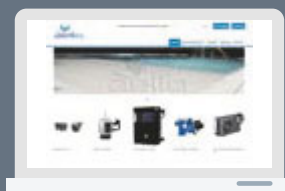
3,638
pages of catalogues
and product references

Some of our wholesale customers have developed web-based activities.

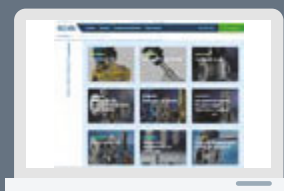
Pure web players and marketplaces have emerged on our fields. We welcome this new distribution channel as an opportunity and are investing so that our technical resources and our teams' knowhow are up to the task. Modern websites, enrichment and distribution of product data, referencing of our brands, adjustment of our pricing policies, digital marketing, online video, social networks, influencers, etc.



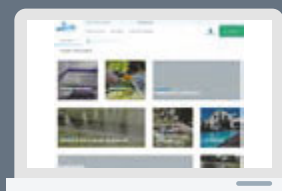
www.fginnox.com



www.aello-piscine.fr



www.sectoriel.fr



www.jetly.com

1.7 Our logistics

78,410
items in stock



37,980 tonnes of product sold



24/72 hrs for delivery in France,
2 to 6 days everywhere in Europe



98,485 m² of warehouse space

The merchandise we buy is delivered to our warehouses on trucks (29 % being delivered by container). The total volume represents the equivalent of 2,005 20-foot containers. We have 98,485 m² of storage area, with a capacity of 103,296 pallets. There are 204 forklift trucks coming from 3 hand-picked manufacturers. We keep 78,410 items in stock. Our team of 127 warehousemen have prepared and shipped 486,505 orders coming from 3,023,307 product lines. Our customers' purchasing processes are computerised: their orders are integrated into their system and then sent to us primarily by digital data exchange. 32.16% of our orders are now processed by EDI, character recognition and our commercial websites, thus reducing manual entry.

Average turnover per order is 952 euros; 37,982 tonnes or 60 millions of products have been sold!

Each of our subsidiaries has a single storage centre from whence they ship their orders to their customers in France, Europe, Africa and Asia.

They guarantee customers that their orders will be delivered complete in **98%** of cases according to the following delivery deadlines:

- **24/72 hours for France.**
- **2 to 6 days for overseas depending on the destination.**
- **Sodeco Valves, based in Belgium, can deliver in 4 hours in its trading area.**

This implies:

- Stock management ensuring 'zero stock-out', a crucial requirement for our purchasing department.
- Agreements with reliable transport companies.

OUR TRANSPORT COMPANY PARTNERS

The customers also judge us on the quality of service offered by transport companies delivering our merchandise. And even if they are neither our drivers nor our trucks, here again we want to meet customer needs exactly in terms of cost control.

Lionel Monroe leads the group that negotiates operating conditions annually with our transport company partners (courier and express delivery). We bring them considerable regular volumes from our warehouses and in return expect high-quality services and the best possible commercial conditions.

In 2019, 5 companies delivered for us by express delivery, 8 by courier and 14 freight.

Our main service providers have for several years been committed to reducing the environmental impact of their activities. They detail their approach and progress made in their own annual reports: CSR commitments, CO₂ emissions, efficiency ratios, ISO 14001 and accident rates. Some are signatories of the ADME charter (French environmental agency).

In a very quickly-changing context in terms of logistics, with the arrival of new actors and new technologies, we made the decision to create a Supply Chain director position (sourcing, storage and distribution) to identify and improve our excellence in this field.

1.8 Our suppliers

40 YEARS'
partnership for
25%
of our suppliers



61% of our purchases come from European manufacturers



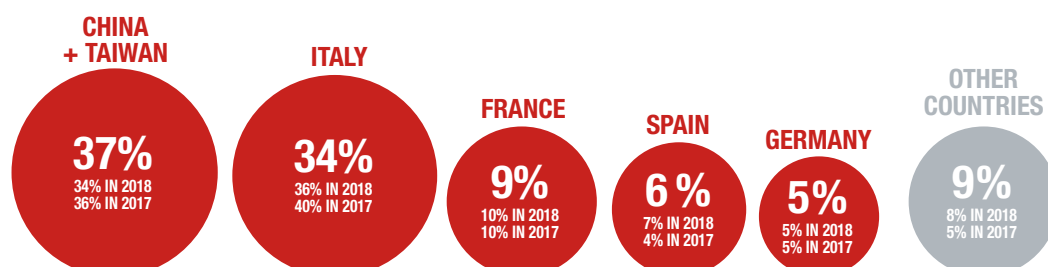
+ 570 manufacturer partners throughout the world



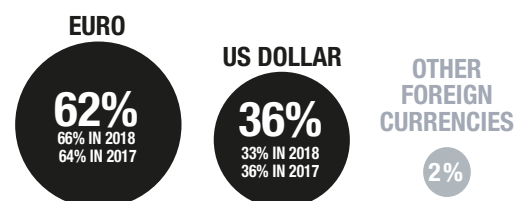
€235m: Purchases of the group in 2019
(in 2018: €197m, in 2017: €171m)

Purchases of the group in 2019

Distribution by country



Distribution by currency in 2019



It is the responsibility of the CEO of each subsidiary to choose his/her suppliers and maintain trusting relationships with them.

Although some suppliers are common to several subsidiaries, we do not feel it is useful to have a centralised Purchasing department for the group.

We prefer to ask each subsidiary to focus on its market priorities and to share information on 'Group' partners.

Our suppliers are manufacturers we have selected from amongst the best in their profession. We collaborate very closely with them, over the long term. With our suppliers, we ensure that their products meet all our prevailing technical and safety standards. From the outset the Group's development has been based on Italian industrialists who are very well known for their know-how in the valve and pump fields. Today, they represent 34% of our supplies.

For fifteen years or so, we have also developed relationships with Chinese and Taiwanese manufacturers having visited more than 570 factories working in our professions.

Today, 37% of our purchasing is from China and Taiwan, where we have around ninety regular high-quality suppliers. Each year, our teams make 20 to 30 visits to the country, often accompanied by a Chinese colleague who lives in France. She is also responsible for assisting and advising the subsidiaries to develop and facilitate relationships with our industrial partners and their managers.

Ets Edouard Rousseau has for several years had a commercial branch in Shanghai, where a very loyal team performs controls in the factories and in logistics to optimise container filling.

In general terms, these are in-depth site visits: we pay particular attention to employees' working conditions and ensure that no children are present in our partners' workshops and factories.

1.9 Our French customers

**31,000
customers**
in France
and abroad



**Our biggest customer:
5.9% of turnover**

Our customers are wholesalers in heating and sanitation, pumps, plumbing fittings, industrialists for Sodeco Valves and all DIY players for Dipra, Rousseau, Mecafer and Domac.

Some of our customers have grown through external growth operations. Others opt for organic growth.

In any event, they are very diverse:

- Independent or subsidiaries of listed or family groups.
- International, national or regional in terms of organisation and logistics.
- Grouped or independent for purchasing, marketing and communications.

They include:

Adeo, Saint-Gobain Distribution, Les Mousquetaires, Pompac Développement, Descours and Cabaud, Fransbonhomme, Mr Bricolage, Kingfisher, Qérys, Richardson, Rexel, members of Algorel and Socoda.

We have very active commercial presence at the national decision-making centres and points of sale (sales activities, training, etc.).

The organisation of our sales force with small teams of highly professional and responsive salespeople.

The biggest customer represents 5.9%

The 5 biggest represent 21.81%

The 10 biggest represent 35.81%



1.10 Customers abroad

49
countries visited

Export business:
19.2%

 **22 languages**
spoken
by our teams.



 Algeria	 Denmark	 Guinea	 Morocco	 Slovakia
 Austria	 Egypt	 Hungary	 Netherlands	 Slovenia
 Belgium	 Eire	 Italy	 North Macedonia	 Spain
 Benin	 Estonia	 Ivory Coast	 Norway	 Sweden
 Bosnia and Herzegovina	 Ethiopia	 Latvia	 Poland	 Switzerland
 Bulgaria	 Finland	 Lithuania	 Portugal	 Togo
 Cameroon	 Gabon	 Luxembourg	 Romania	 Tunisia
 Congo	 Germany	 Mali	 Rwanda	 Ukraine
 Croatia	 Ghana	 Moldova	 Senegal	 United Kingdom
 Czech Republic	 Greece	 Montenegro	 Serbia	

From the end of the 1960s through to the middle of the 2000s, the group's subsidiaries bought in Europe to sell in France. Today, they buy throughout the world to sell in Europe or Africa via our subsidiaries Syveco, Sodeco Valves, FGinox and Rousseau.

Syveco was set up in 2006 and in 2019 accounted for 38% of the group's export turnover.

Sodeco Valves and FGinox brought 33% of our international business, the rest coming from our other subsidiaries.

In 2019, the portion of our export activity as a whole increased from 17.9% to 19.2%.

It could drop slightly in 2020 because of external growth in the French market (Distrilabo and possibly Thermacome).

Syveco (formerly called Thermador International) delivers wide ranges of products perfectly suited to market needs to wholesalers from our main

stock in Saint-Quentin-Fallavier and to short deadlines. Progress with logistics and shortening in delivery times have simply pushed back our borders, since we are now able to deliver the whole of Europe in 2-6 days. For our African customers, orders are submitted in full and immediately to forwarding agents who ship the merchandise in two or three weeks to the markets concerned.

Sodeco Valves, whose head office is in Belgium, delivers in 24-48 hours to its industrial customers, mainly in Belgium, Holland, Germany and Switzerland (there is a commercial company in each country, with local sales staff).

FGinox has an export department and sells its ranges of stainless steel connectors to industrial customers and specialised wholesalers in Europe and Africa.

Ets Edouard Rousseau has a sales subsidiary in Spain which stocks and distributes tap ranges for DIY superstores in that country.

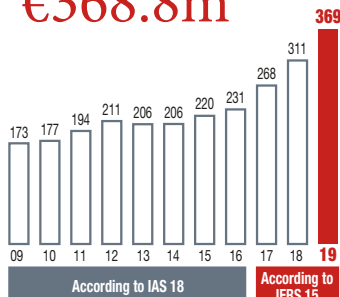
Our future potential growth margin is immense, judging by the current and future needs of high-development-potential countries and commercial synergies that are gradually emerging between the different subsidiaries concerned.

1.11 Key financial figures

REGULAR, WELL-CONTROLLED GROWTH

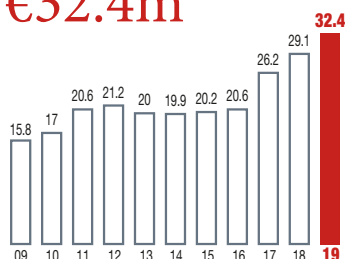
CONSOLIDATED TURNOVER

€368.8m



CONSOLIDATED NET PROFIT AS A PORTION OF THE GROUP

€32.4m



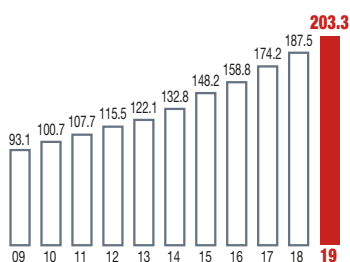
EMPLOYEES

599 people**



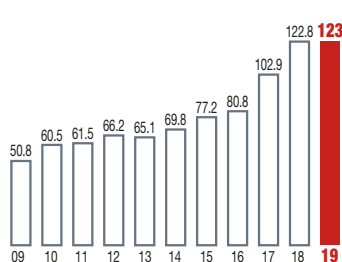
SHAREHOLDERS' EQUITY AFTER DISTRIBUTION OF NET PROFIT

€203.3m



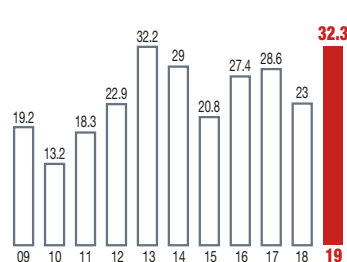
STOCK (in millions of Euros)

€123m



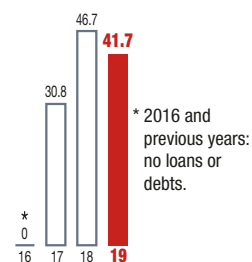
CASH

€32.3m



LOANS AND FINANCIAL DEBT

€41.7m



PROFITABILITY RATIOS (%)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Staff costs / Turnover	11.5	11.1	10.5	11.0	10.5	10.8	10.5	9.8	10.2	10.2	10.1
Operating profit / Turnover	12.8	14.0	13.9	13.7	14.1	15.2	15.4	15.7	16.2	15.0	16.2
Portion of net profit allocated to the group / Turnover	8.7	9.2	9.7	8.9	9.2	9.7	9.7	10.1	10.6	9.6	9.2
Pre-tax return on equity (ROE)	15.9	15.5	15.1	13.0	13.6	14.9	16.4	18.4	19.1	16.9	17.0
Cash flow from operations / Turnover	10.2	10.4	11.1	9.9	10.2	11.0	11.1	11.6	11.8	11.4	11.8
Return on capital employed after taxes (ROCE)	19.8	18.8	19.2	21.2	21.2	25.3	29.3	29.8	29.4	25.9	28.8

PRODUCTIVITY RATIOS (IN THOUSANDS OF EUROS)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Turnover per employee	623	662	729	725	727	740	759	819	776	751	776

FINANCIAL RATIOS AFTER DISTRIBUTION (%)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Cash flow from operations / Equity	19	17	17	14	15	17	19	21	21	20	22
Non-current assets + stock/equity	121	125	117	96	101	93	92	97	101	104	89
Long-term capital / Non-current assets	165	169	172	219	206	249	261	252	227	227	293
Long-term capital / Stocks	165	153	169	197	192	190	188	175	175	166	183

Since the key financial figures are for a 10-year period, we worked out the ratios based on a turnover level calculated according to IAS 18 (ie: before reprocessing the IFRS 15 impact).

ROCE means Return On Capital Employed, the latter being the aggregate of non-current assets including goodwill and working capital.

1.12 Key non financial figures

GROWTH THAT RESPECTS PEOPLE AND THE ENVIRONMENT



**Average service:
8.88 years in 2019**

8.85 in 2018 - 9.49 in 2017



**Management positions
held by women:
35% in 2019**

37% in 2018 - 34% in 2017



**Absenteeism:
4.0% in 2019**

3.2% in 2018 - 3.3% in 2017



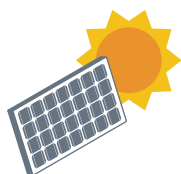
**Training was delivered to
86% of employees in 2019**

67% in 2018 - 68% in 2017



**Waste recovery:
81% in 2019**

58% in 2018 - 61% in 2017



**Share of renewables:
61% in 2019**

36% in 2018 - 0% in 2017

You will find the summary of our indicators in chapter 3.5 p76.

1.13 Real estate

296,166 m²
of land
121,452 m²
of buildings



Our real estate is the property of S.C.I. Thely which is 99.9% owned by Thermador Groupe.

It is our Group's policy to own our real estate so as to better accompany the development of our subsidiaries' businesses. This means that our buildings comply with prevailing regulations. Our office spaces are welcoming and functional and offer a pleasant working environment for our employees.

Our offices are located 25km east of Lyon in the Chesnes Tharabie in

Saint-Quentin-Fallavier business park (Isère-38).

This business park is home to the biggest terrestrial logistics platform in France and the third biggest in Europe. Further to the acquisition of Domac, Sodeco Valves and Rousseau, our real estate has expanded.

Further to the purchases of Domac, Sodeco Valves and Rousseau, our

property portfolio has grown.

Our Domac subsidiary owns a building in Vierzon of 3,857m² on a plot of 9,993m².

Sodeco Valves has a 5,340m² building in Ternat (Brussels) on a plot of 8,450m².

Etablissements Edouard Rousseau owns 9,345m² of buildings located in Etigny (Sens) of on a plot of 47,766m².

S.C.I. **THELY** Real estate company created in 1973 to manage the group's properties.

- Capital of €3,100,000 owned 99.9% by Thermador Groupe.
- Total capital as of 31/12/18: €28,825,000.
- Loans to Thermador Groupe at 31/12/2019: €16,724,000.
- Estimated value of all properties: €56,900,000 (see Note 11 chapter 6.3 Appendix to the annual consolidated accounts, p. 119).
- Net accounting value of all properties: €39,412,000.
- **2019 profit: €1,957,000 (€1,778,000 in 2018).**

Logistics platform in Saint-Quentin-Fallavier (France)



- | | | |
|--|-------------------------|---|
| 1 Jetly | 5 Sferaco | 9 Opaline |
| 2 Sectoriel, Nuair France, Fini | 6 Syveco, Isocel | 10 Aello |
| 3 Thermador | 7 PBtub, Axelair | 11 Locataire extérieur |
| 4 Thermador Groupe | 8 Dipra | 12 New building acquired in 2018 |

PROPERTY RESERVE

- A** Land on rue du Ruisseau near to Sectoriel
- B** Land on rue du Ruisseau opposite Thermador



1.14 Our Board of Directors

Our Board members are chosen for their personalities (straightforward, not self-serving, engaged) and their knowledge of distribution, e-commerce, social networks, innovation triggers and the decision-making processes of institutional and private investors. The diversity of ages, origins and careers guarantees an open-minded approach and protects us from one-track thinking. Of our 11 Board members, 5 are women, 5 are independent and one (female) member represents our employees (see pages 29 to 31).



Guillaume Robin
Chairman & CEO
since June 30, 2011.
Board member since April 12, 2010.
End of current mandate: April 2022.



Jean-François Bonnefond
Deputy CEO since April 1st, 2016.
Board member since April 2, 2007.
End of current mandate: April 2021.
Audit committee member



Patricia Mavigner
Deputy CEO since May 1st, 2016.
Secretary of the Board since 2016.



Guy Vincent
Board member not free of interests
since October 2, 1986.
End of current mandate: April 2020.



Christophe Arquillère
Board member not free of interests
since April 9, 2018
End of current mandate: April 2020.



Janis Rentrop
Board member not free of interests
since April 10, 2017.
End of current mandate: April 2021.



Mathilde Yagoubi
Independent board member
since April 8, 2019.
End of current mandate: April 2023.



Olivier de la Clergerie
Independent board member
since April 5, 2016.
End of current mandate: April 2022.
Independent audit committee member.



Karine Gaudin
Independent board member since April 4, 2011. End of current mandate: April 2022.
Chairwoman and independent member of the audit committee.



Laurence Paganini
Independent board member
since April 10, 2017.
End of current mandate: April 2021.



Caroline Meignen
Independent board member
since April 10, 2017.
End of current mandate: April 2021.



Laurence Ravet
Employee Board Member
since April 5, 2016.
End of current term: April 2020.
Audit committee member.

1.15 Our Executive Committee

In all, the members
of the Executive Committee
own 837,025 shares.

9.2%
of the company's capital



Christophe
Arquillère
Chairman & CEO of Sferaco
since 2016.

Board member.



Arlette Berliocchi
CEO of Opaline
since 2002.



Philippe Bernardet
CEO of FGinox
since 2009.



Fabienne Bochet
Chairman & CEO of Isocel
since 2008.



Jean-François
Bonnefond
Deputy CEO of Thermador
Groupe since 2016
Chairman & CEO of Jetly
since 2000.
Board Member.



Philippe Bories
Chairman of Mecafer
since 2016.
Chairman of Domac
since 2017.



Jérôme Chabaudie
Chairman & CEO of Aello
since 2016.



Emmanuelle
Desecures
Chairman & CEO of Dipra
since 1999.



Laure Empereur*
CEO of Rousseau
since January 1st, 2020.



Lionel Grès
Chairman & CEO of Axelair
since 2015.



Xavier Isaac
Chairman & CEO of Sectoriel
since 2008.
Chairman of Distrilabo
since January 1st, 2020.



Éric Mantione
Chairman & CEO of PBtub
since 1995.



Patricia Mavigner
Deputy CEO of Thermador
Groupe since 2016.
**Secretary of the Board
of Directors.**



Lionel Monroe
Chairman & CEO of Syveco
since 2008.



Guillaume Robin
Chairman & CEO of
Thermador Groupe
since 2011.
Board Member.



Yves Ruget
Chairman & CEO of
Thermador
since 2014.

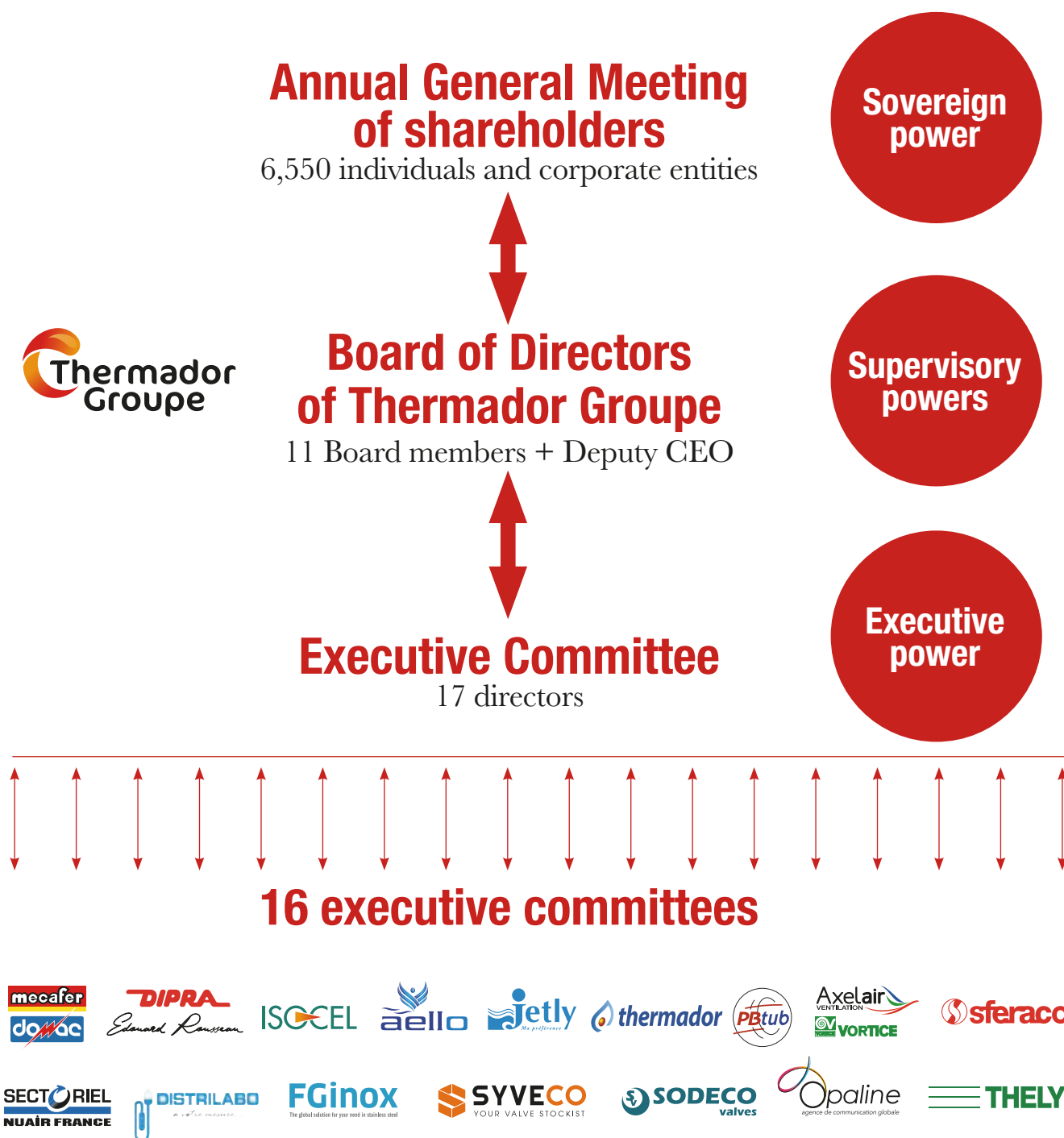


Peter Wartel
CEO of Sodeco Valves
since 2019.

* Laure Empereur was appointed CEO on January 1st, 2020, replacing Fabrice Jacquet, who left his post as CEO of Rousseau on December 31st, 2019.

1.16 Governance organisation chart

In Thermador Groupe, each and every one of us takes ownership of our rights, duties and responsibilities. Shareholders invest and vote, Board members supervise and challenge, executives create, organise and execute. A key thing about our organisation is that the subsidiary management teams take responsibility for their staff, customers, suppliers, objectives and strategies. This devolved set-up allows space for initiative and gives everyone the chance to grow in their work whilst developing their skills and their expertise.



Human capital: 599 employees

2.

REPORT ON CORPORATE GOVERNANCE

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2.1 Organisation chart



* Laure Empereur was appointed CEO on January 1st 2020, replacing Fabrice Jacquet, who left his post as CEO of Rousseau on December 31st, 2019.

2.2 Executive Committee



A working day off-site for the Executive Committee

People sometimes ask us about the suitability of our organisation chart, which depicts as many management teams as subsidiaries. Is this not overly-expensive, they ask?

We believe, on the contrary, that the proven efficiency of small, specialised and highly-motivated groups is a source of productivity and savings.

The 16 Chairman & CEOs, Managing Partners and Managers of subsidiaries indeed do have maximum freedom to develop their companies, benefiting from the support of Thermador Groupe which provides them with the financial, real estate and IT resources they need. They are in very close touch with the market, have numerous years of experience in the group and in-depth knowledge of their professions.

Day-to-day, Guillaume Robin relies on Jean-François Bonnefond and Patricia Mavigner to manage the group.

Twice per month, the managers get together during Executive Committee lunches to talk about group news from the group. Twice per year, they spend a whole day off-site to discuss and reflect on objectives, our strategy and its implementation, the environment, challenges and organisation.

The strategy and possible options are written in collaborative mode so as to obtain total buy-in and heightened operational efficiency when decisions are taken.

We meet with 100 managers and supervisors from the group in February at the 'Objectives, Projects, Strategies and Challenges' presentations made by each subsidiary. The audience – 33% women – is then invited to question the subsidiary managers on their visions, analyses, decisions and forecasts. The Board members and auditors are also involved in these events.

Finally, the Comex members run transversal groups per market (industry and DIY) and per function, in which managers and supervisors from all the group's companies can intervene.

2.2 Executive Committee



Christophe
Arquillière



- Chairman & CEO of Sferaco since 2016.
- Board member.
- Joined in 2007.
- Born in 1968.
- French nationality.
- **11,503 shares held.**

Education and professional background:

- See page 30.



Arlette
Berliocchi



- CEO of Opaline since 2002.
- Joined in 2002.
- Born in 1970.
- French nationality.
- **8,721 shares held.**

Education and professional background:

- 1993: Graduate of HEC business school.
- 1994-1996: Product Manager at Henkel France.
- 1997-2001: Marketing Manager at Joker Fruit Juices.



Philippe
Bernardet



- CEO of FGinox since 2009.
- Joined in 2017.
- Born in 1958.
- French nationality.
- **364 shares held.**

Education and professional background:

- 1981: Business School Diploma Clermont-Ferrand.
- 1987-2006: Director of subsidiaries and regions of Kloëckner Distribution Industrial (Kloëckner & Co group).
- 2006-2009: Experience in taking over companies.
- 2009-2011: CEO of FGinox and GMR (Groupe FAREX).



Fabienne
Bochet



- Chairman & CEO of since 2008.
- Joined in 2001.
- Born in 1974.
- French nationality.
- **91,264 shares held.**

Education and professional background:

- 1996: Graduate of Toulouse Business School.
- 1997-1999: Caritas Lebanon.
- 1999-2001: Sales Administration in a distribution SME.



Jean-François
Bonnefond



- Deputy CEO of Thermador Groupe since 2016.
- Chairman & CEO of Jetly depuis 2000.
- Board member.
- Joined in 1993.
- Born in 1957.
- French nationality.
- **111,133 shares held.**

Education and professional background:

- See page 29.



Philippe
Bories



- Chairman of Mecafer since 2016.
- Chairman of Domac since 2017.
- Joined in 2015.
- Born in 1961.
- French nationality.
- **47,292 shares held.**

Education and professional background:

- 1984: Graduate of EM Lyon business school.
- 1985-1989: Regional Key Accounts Manager for Cogesal (Unilever).
- 1990-1996: Marketing and Key Account Management functions at Black & Decker.
- 1996-2015: Sales Director and M.D of Mecafer.



Jérôme
Chabaudie



- Chairman & CEO of Aello since 2016.
- Joined in 2015.
- Born in 1965.
- French nationality.
- **8,890 shares held.**

Education and professional background:

- 2001: Graduate, ICG business school.
- 1993-2015: Sales and Marketing Director of CEC Piscine.



Emmanuelle
Desecures



- Chairman & CEO of Dipra since 1999.
- Joined in 1994.
- Born in 1970.
- French nationality.
- **124,718 shares held.**

Education and professional background:

- 1991: Graduate, EM Lyon business school.
- 1991-1994: Auditor at Coopers & Lybrand.



Laure
Empeur



- CEO of Rousseau since 2020.
- Joined in 2019.
- Born in 1981.
- French nationality.
- **10 shares held.**

Education and professional background:

- 2004: Graduate of Grenoble School of business.
- 2005 - 2011: Various commercial functions at Microsoft France.
- 2001 - 2014: Procurement and Supply Chain Director at Spigrap.
- 2015 - 2019: Sales and Operations Director at Addev Materials.



Lionel
Grès



- Chairman & CEO of Axelair since 2015.
- Joined in 2013.
- Born in 1967.
- French nationality.
- **5,983 shares held.**

Education and professional background:

- 1990: Graduate of ENSAM Arts et Métiers ParisTech.
- 2003: MBA graduate, EM Lyon business school.
- 1991-2005: Product marketing management: Johnson Controls France - Germany - Italy.
- 2005-2013: Executive manager: Emat France (Heating for large volumes)



Xavier
Isaac



- Chairman & CEO of Sectoriel since 2008.
- CEO of Distrilabo since 2020.
- Joined in 2000.
- Born in 1969.
- French nationality.
- **76,431 shares held.**

Education and professional background:

- 1992: Graduate of the National Polytechnic Institute in Grenoble.
- 2006: ICG Diploma.
- 1993-1996: Export Sales Engineer for Heidelberg Zement in Germany.
- 1996-2000: Plumbing and Fittings Product Manager at Spirax Sarco.



Éric
Mantione



- Chairman & CEO of PBtub since 1995.
- Joined in 1990.
- Born in 1959.
- French nationality.
- **147,035 shares held.**

Education and professional background:

- 1982: Graduate, EM Lyon business school.
- 1982-1987: Sales Manager of a subsidiary of the Descours and Cabaud group.
- 1987-1990: Regional IDF Director, Hachette Groupe livre.



Patricia
Mavigner



- Deputy CEO of Thermador Groupe since 2016.
- Secretary of Thermador Groupe's Board since 2016.
- Joined in 2000.
- Born in 1968.
- French nationality.
- **17,375 shares held.**

Education and professional background:

- See page 29.



Lionel
Monroe



- Chairman & CEO of Syveco since 2008.
- Joined in 2006.
- Born in 1967.
- French nationality.
- **80,154 shares held.**

Education and professional background:

- 1990: Graduate of ISC Business School, Paris.
- 1992-1996: Regional Sales Manager at Mars.
- 1996-2006: Director of the Export Zone for the Deveaux Textiles group (including 3 years in the US)..



Guillaume
Robin



- Chairman & CEO of Thermador Groupe since 2011.
- Board member since 2010.
- Joined in 1999.
- Born in 1965.
- French nationality.
- **101,426 shares held**

Education and professional background:

- See page 29.



Yves
Ruget



- Chairman & CEO of Thermador since 2014.
- Joined in 2012.
- Born in 1971.
- French nationality.
- **4,531 shares held.**

Education and professional background:

- 1995: UTC Engineering Graduate
- 1997: MBA Graduate, EM Lyon business school.
- 1998-2005: Development department, Forsym Groupe.
- 2005-2012: Sales management, Group JBT.



Peter
Wartel



- CEO of Sodeco since 2019.
- Joined in 2017.
- Born in 1968.
- Belgium nationality.
- **195 shares held.**

Education and professional background:

- 1989: Bachelor in Marketing, Honim, Brussels.
- 1993: Masters in Industrial Psychology, VUB, Brussels.
- 1993 - 2012: Career in various sales sectors.
- 2012 - 2019: Commercial Director at Sodeco Valves.

2.3 Board of Directors

**Female
representation
45%**



A meeting of the Board

2.3.1 Principle of governance and constitution

In writing this report, the Chairman referred to the Middelnext corporate governance code published in December 2009 and updated in September 2016. All Board members are aware of the vigilance points appearing in this code.

The quality and beneficial effects of this code were emphasized by the AMF in a report published in November 2013.

It has now been adopted by over 200 listed and unlisted companies and freely accessible on the Middelnext website, in French and in English.

In-house regulations of the Board of Directors are available on the group's website.

From the outset, towards the end of the 1960s, the five founding directors (G. Vincent, J. Borde, H. Fournier, M. de Sereys and G. Boreil) decided that their children would not have

positions of responsibility within the company. Thermador Holding was created in 1986 with a view to a listing on the Stock Exchange in 1987 on Lyon's second market. The main objectives going public were:

- to ensure the durability and development of the group's companies,
- to facilitate the liquidity of the founders' equity for the present and moving forward,
- to satisfy and incentivize a large number of outside shareholders to allow a suitable degree of independence to the minority directors.

Today, according to Euronext, our float represents 70% of the group's capital.

The 17 operational CEOs who make up the Executive Committee own 9.2%. Excepting unusual circumstances, we expect that this share will continue to fall with the departure of the old guard and the arrival of younger CEOs.

Employees own 4.4% of the capital directly and via the FCPE Mutual Fund, investors 47.3%, and individual shareholders 33.7%.

This distribution of capital and the rapid development of our professions encouraged us to change our Board of Directors in 2016 and 2017. The Board members who have arrived during the period have been chosen for their personalities (straightforward, unselfish, committed) and for their knowledge of the distribution, e-commerce, social media, innovation

catalysts and decision processes in institutional and individual investment fields. Their diversity of ages, origins and careers guarantee greater openness and protect us from the dangers of one-track thinking on the Board of Directors. Amongst the 11 Board members, 5 are women, 5 are independent.

Seats on the Board are distributed as follows:

- One Board member and Chairman and CEO of Thermador Groupe.
- One Board member and Deputy CEO of Thermador Groupe.
- One Secretary of the Board and Deputy CEO of Thermador Groupe.
- One Board member not free of interest, proposed by our biggest shareholder and representing institutional investors more generally.
- One Board member not free of interests, founder of the group.
- One Board member not free of interests, operational manager of a subsidiary of the group.
- One Board member not free of interests representing the employees.
- Four independent Board members.
- One independent Board member representing individual shareholders.

This balance will give all shareholders the assurance of permanent surveillance of orientations and strategic decisions proposed by the operational managers and the proper functioning of the Board of Directors.

So as to maintain permanent contact with the reality of business on the ground, Board members will be involved in the "issues and projects" day during February, during which the subsidiary CEOs outline their vision for the year ahead.

Each month, they receive reports written by each subsidiary CEO and can question the management of the group on their content.

For the same reason, we organize direct meetings between Board members and members of the Executive Committee, concurrent with Board meetings.

2.3.2 Make-up of our Board of Directors



- Born in 1968
- French nationality
- **Number of shares held: 17,375**

Patricia Mavigner

- Deputy CEO of Thermador Groupe since May 1st, 2016.
- **Secretary of the Board since 2016.**
- Joined the group in 2000 as Sferaco's Administrative Director.
- Managing partner of SCI Thely, Tagest, Deco Holding BVBA and Sodalis Investment COMM VA.
- Board Member of PB tub.
- No other mandate is exercised outside the group.

Education and professional background:

- 1991: Graduate of EM Lyon Management School.
- 1996: DECF (chartered accountant).
- 1991-2000: Auditor and Senior Manager at PriceWaterhouseCoopers.

Board members not free of interests



- Born in 1965
- French nationality
- **Number of shares held: 101,426**

Guillaume Robin

- CEO of Thermador Groupe from April 13, 2010 to June 30, 2011.
- Board member since April 12, 2010. End of current mandate: April 2022.
- Joined the group in 1999 as Sales Manager at PBtub.
- Board member of Dipra, PBtub, Isocel and Syveco.
- Permanent representative of Thermador Groupe on the Boards of Aello, Jetly, Sferaco, Thermador, Sectoriel and Axelair.
- Chairman of FGinox.
- Representative of Thermador Groupe, Chairman of Rousseau and Opaline.
- Representative of Thermador Groupe, unique board member of Rousseau SA (Spain).
- General representative of Etablissements Edouard Rousseau's branch in Shanghai.
- Representative of Thermador Groupe for Tagest.
- Board member of Middlednext.
- Chairman of Lyon Pôle Bourse association.
- No other mandate is exercised outside the group.

Education and professional background:

- 1989: Graduate of the UTC Compiègne Engineering School, specialising in mechanical engineering.
- 1991: CESMA MBA graduate, EM Lyon.
- 1991-1998: Sales Manager for a subsidiary of the Descours and Cabaud group.



- Born in 1957
- French nationality
- **Number of shares held: 111,133**

Jean-François Bonnefond

- Deputy CEO of Thermador Groupe since April 1st, 2016.
- Board member since April 2, 2007. End of current mandate: April 2021
- **Audit committee member**
- Joined the group in 1993 as SalesManager of Jetly.
- Chairman & CEO of Jetly since 2000.
- Board member of Aello.
- Permanent representative of Thermador Groupe on the boards of Dipra and Isocel.
- No other mandate is exercised outside the group.

Education and professional background:

- 1980: Graduate of EM Lyon Management School.
- 1982-1985: Finance Director of Schneider group's Prodipact.
- 1986-1988: High intensity, low voltage product manager for Schneider group.
- 1989-1992: Sales director of Schneider group's company Crouzet.

2.3 Board of Directors

Board members not free of interests



- Born in 1930
- French nationality
- **Number of shares held: 487,488**

Guy Vincent

- Board member since October 2, 1986. End of current mandate: January 2020.
- Founder of Thermador in 1968.
- Chairman & CEO of Thermador Groupe from 1986 to 2011.
- No other mandate is exercised outside the group.

Education and professional background:

- 1952: HEC Business School graduate, Law graduate.
- Until 1968: Sales Director of a pump manufacturing company.



- Born in 1968
- French nationality
- **Number of shares held: 11,503**

Christophe Arquillière

- Board member since April 9, 2018. End of current mandate: April 2020.
- Joined the group in 2007 as Sales Manager at Sferaco.
- Chairman & CEO of Sferaco since 2016.

Education and professional background:

- 1992: Graduate of EM Lyon business school.
- 1994-2005: Site Director, Darty.
- 2005-2007: Site Director, Lapeyre Saint-Gobain.



- Born in 1989
- German nationality
- **Number of shares held: 300**

Janis Rentrop

- Board member since April 10, 2017. End of current mandate: April 2021.
- Since 2018: Legal courses in preparation for the Second State exam at the regional court of Cologne, within Germany's permanent representative's office to the EU in Brussels and at Allen & Overy LLP in Düsseldorf.
- Since 2015: Research assistant at Cologne University.
- Since 2012: Appointed representative of Investmentaktiengesellschaft für langfristige Investoren TGV at several European companies' AGMs.
- No other mandate is exercised outside the group.

Education and professional background:

- 2010-2014: Masters in law from the University of Paris I Panthéon-Sorbonne and LL.B from Cologne University.
- 2016: First State Exam for legal professions in Cologne.

Salaried board member



- Born in 1971
- French nationality
- **Number of shares held: 330**

Laurence Ravet

- Employee Board Member since April 5, 2016. End of current term: April 2020.
- **Audit committee member.**
- Joined the group in 1997 as customers accountant of Jetly.
- 2012 - 2018: accountant at Jetly
- Administrative Director of FGinox since 2018.
- Elected as employee representative of Thermador Groupe's FCPE (mutual fund) in 2013 and 2016.
- No other mandate is exercised outside the group.

Education and professional background:

- 1991: Graduate of IUT GEA Grenoble, major in finance and accounting.
- 1991-1997: Accounting manager for a trading company.

Independent board members



- Born in 1972
- French nationality
- **Number of shares held: 614**

Olivier de la Clergerie

- Board member since April 5, 2016. End of current mandate: April 2022.
- **Independent audit committee member.**

Education and professional background:

- 1994: Graduate, ECAM engineering school.
- 1996: Graduate, EM Lyon business school.
- Since 2001: CEO of Groupe LDLC.



- Born in 1966
- French nationality
- **Number of shares held: 1,044**

Karine Gaudin

- Board member since April 4, 2011. End of current mandate: April 2022.
- **President and independent member of the audit committee.**
- Mandate exercise outside the group: board member of Serge Ferrari group.

Education and professional background:

- Graduate of Audencia, Nantes Business School.
- Qualified chartered accountant.
- Director Norimagerie.



- Born in 1961
- French nationality
- **Number of shares held: 374**

Caroline Meignen

- Board member since April 10, 2017. End of current mandate: April 2021.
- Since 2006: active management of a stock exchange portfolio of around 100 lines, including Thermador Groupe and a member of private shareholders' consultative committees at Schneider Electric and Casino Groupe. Attendance at thirty or so Annual General Meetings, private shareholder meetings and SFAF meetings.
- No other mandate is exercised outside the group.

Education and professional background:

- 1983: Master's degree in Economic Sciences, University of Paris II Assas.
- 1983-2006: Banque de France, 24-year career in different departments (stock, accounting, over-indebtedness, etc.). Trainer in economics for the internal accounting secretary competitive exam.



- Born in 1964
- French nationality
- **Number of shares held: 450**

Laurence Paganini

- Board member since April 10, 2017. End of current mandate: April 2021.
- Current board member of Procos, a specialist trading federation and elected member of Marseille - Provence Chamber of Commerce and Industry.
- Since 2013: CEO of Kaporal Groupe, a French clothing brand founded in 2004.

Education and professional background:

- 1985: Graduate of University Paris Dauphine, Masters degree in Finance and Strategy.
- 1987: Graduate of ESSEC Business School.
- 1997-2006: Career at Carrefour in different executive director positions, including group Marketing Director.
- 2006-2008: CEO of Marionnaud.
- 2009-2012: CEO of 3 Suisses.
- 2019: 'Woman Executive of the Year' trophy



- Born in 1987
- French nationality
- **Number of shares held: 0***

Mathilde Yagoubi

- Board member since April 8, 2019. End of current mandate: April 2023.

Education and professional background:

- 2010: Graduate of Lyon's school of political science - Management of Institutions.
- 2011 à 2015: Expert consultant in private fund-raising - Aklea law firm.
- 2016 à 2019: Founder and Chairman of Fundy, a pioneering start-up in phygital sales of innovative products.
- Since 2017: Lecturer in market surveys and business plans - Ecole Supérieure du Digital.
- Since 2020: Digital strategy consultant for various companies.

* Mathilde constantly had access to inside information from April 9, 2019 to December 31, 2019. She has therefore not been able to acquire any Thermador Groupe shares.

2.3 Board of Directors

Board members'
physical attendance
rate
96.1%



2.3.3 Work of the Board of Directors in 2019

During the financial year, the Board met **6 times**, for the following reasons:

- Attending the 'challenges and projects' day on February 1, 2019 in the presence of the auditors and 94 group employees.
- 6 Board meetings:
 - To talk about the suitability of certain development projects with a high potential impact on assets (acquisitions, founding of companies, extension to the property portfolio, etc.). Where appropriate, the operational implementation of some of those projects was authorised.
 - To close quarterly turnovers and the annual and half-year consolidated financial statements.
 - To authorise the negotiation and signature of bank loans and their conditions.
 - To validate the nomination of members of the ethics committee, introduced further to the Sapin 2 law, and the committee's charter defining its functioning.
 - To emphasise the 18 vigilance points of the 2016 Middlednext governance code and invite the Board members to formulate their remarks on their content.
 - To reiterate Board of Directors rules. These company regulations are available on our website: www.thermador-groupe.fr.
 - To identify and manage possible conflicts of interest between Board members, Thermador Groupe and shareholders. **No conflict of interest was identified.** (The only business link identified was a €3,902 purchase from Groupe LDLC).
 - To confirm the **succession process** in case of a sudden accident or unavailability of the Chairman & CEO.
 - Propose new Board members to replace mandates arriving at term.
- To self-assess the operations of the Board of Directors via a written questionnaire and to produce a summary of answers from its members.
- To modify the monthly salaries of Patricia Mavigner and Guillaume Robin, and to decide on the variable part of Patricia Mavigner's and Guillaume Robin's earnings (cf. page 35).
- To define the amount invoiced on for Jean-François Bonnefond's earnings and to establish the variable part of his earnings.
- To authorise the payment of attendance fees to Karine Gaudin, Caroline Meignen, Laurence Paganini, Janis Rentrop, Laurence Verdickt, Olivier Villemonte de la Clergerie, Mathilde Yagoubi and Guy Vincent.
- To increase the payment per Board meeting by 2%, on condition that external Board members are present, as of January 1, 2020, to €2,120.
- To authorise the signing of a lease amendment to implement a 2.77% rent increase as of January 1, 2020.
- To give power of attorney to the CEO to implement an increase in capital, reserved to employees, for a maximum of 91,098 shares.

Board members' physical **attendance rate** at Board meetings was **96.1%**.

2.4 Audit committee

**Female
representation
50%**



In compliance with the Mollenex Code's recommendation n° 6, the Board decided to set up an audit committee in 2018. It was created on July 25, 2018 at the time of closing the half-year accounts.

The audit committee meets twice to four times per year, upon invitation from its Chairman, or at the request of the Chairman of the Board of Directors, to address procedures for preparing financial information, efficiency of information systems, and periodic controls of accounting and financial information.

In 2019, the committee met three times, with 100% attendance and lasting for 2-3 hours. The audit committee is comprised of four members, two of whom are considered independent in the sense of the enterprise governance code, having specific skills in accounting and finance and/or communications in a listed company.

The audit committee's four members are Karine Gaudin (Chairman and independent member), Laurence Ravet (salaried member), Olivier de la Clergerie (independent member) and Jean-François Bonnefond.

The Deputy CEO responsible for finance and information systems in his capacity as financial director, the Financial Controller, and any other group employee whose functions can contribute to internal control can be heard by the committee. Audit committee members receive the conclusions of the auditors' work on the interim and end-of-year accounts. To fulfill its mission, it has access to all forms of information and documents and can call upon any manager of the company. The audit committee reports on its missions to the Board of Directors.

The audit committee met on **February 15, 2019** to discuss the following topics:

- Examination of the annual consolidated and corporate accounts for 2018.
- The auditors' presentation of a summary of their investigations, as well as their audit approach.
- Review of the certification of the third-party body relating to the Extra-Financial Performance report.
- Review of the quality of accounts closure and processes.

The audit committee met on **July 22, 2019** to discuss the following topics:

- Examination of the half-year accounts to June 30, 2019.
- Presentation of a summary of the auditor's works.
- Review of the implementation of new IFRS standards.
- A progress report on the implementation of GRDP.

The audit committee met on **November 6, 2019** to discuss the following topics:

- The financial situation on September 30, 2019 presented by the finance department.
- Accounting statements and options for the financial year and regulatory changes.
- The works of our auditors and the procedure review issues to be performed by them during their interim review.
- Within the framework of the anti-corruption plan, a mechanism and alert review and drawing up of Thermador Groupe's gift policy, the audit committee's review of the CEO's and Deputy Managing Director's expenses, retrospective review of the subsidiary CEO's expenses by Thermador Groupe's financial management.
- The major areas of risks and the internal control system.

The accounts were presented to the audit committee. They are prepared by their accounting department supervised by an Administrative Director (higher education + many years' experience of financial audits).

They are inspected by an Auditor.

They are then checked and consolidated by Thermador Groupe's Deputy CEO in charge of finance who has a top-level accounting, finance and law background.

He checks both the accuracy of the accounts and their coherence with group accounting. Thermador Groupe accounts are then inspected by our two auditors: Mazars and Cabinet Royet.

Besides, the AMF (french stock exchange regulator) carries out its own controls.

At this stage, we already have three levels of control, one of which is independent from the company (Auditors).

The Board of Directors, according to these controls, acts as guarantor for the Annual General Meeting of shareholders, which is the legally sovereign body.

2.5 CEOs' earnings



2.5.1 Earnings policy

At the end of each year, the Board meets under the auspices of the earnings committee to review directors' salaries – both fixed and variable parts – with the final decision for subsidiary CEOs being made by the Board of Directors of the subsidiaries concerned.

Guillaume Robin and Patricia Mavigner leave the Board meeting when their fixed and variable earnings are discussed to allow the Board members to discuss freely.

In 2019, the total of gross earnings including all direct and indirect benefits for each corporate officer of the group (consolidating company and controlled companies included, according to the definition of article 357-1 of the law on commercial companies) allocated to members of the Board for the financial year on account of their functions, was €1,150,800 divided up as outlined on page 35. These directors received no fringe benefits. The earnings indicated in the table on page 35 are therefore salary alone. The variable part can under no circumstances exceed the fixed part of their earnings.

Jean-François Bonnefond is CEO of the Jetly subsidiary as well as Deputy CEO of Thermador Groupe. He has an employment contract with Jetly, which has been suspended. For his role as Deputy CEO of Thermador Groupe, Jetly invoices on a fixed amount of €26,000 per year to Thermador Groupe. This amount did not change in 2019.

MODIFICATION OF THE FIXED PART OF EARNINGS:

The fixed portion of Guillaume Robin's and Jean-François Bonnefond's earnings rise 2%, and those of Patricia Mavigner 3.1%, as of January 1, 2020.

SETTING OF VARIABLE COMPONENTS

A new rule has been adopted unanimously by the Board of Directors:

The increase in the variable part of Guillaume Robin's and Patricia Mavigner's earnings cannot exceed the increase in consolidated operating profit, to comparable scope.

Quantitative criteria

- For Guillaume Robin, it was set at more than 60% on the basis of the group's 2019 consolidated operational profit.
- For Patricia Mavigner, it was set at more than 60% on the basis of the group's 2019 consolidated operational profit.
- For Jean-François Bonnefond, set at more than 60% on the basis of Jetly's 2019 estimated pre-tax result.

Critères qualitatifs

For the three directors who are also Board members, the other criteria are qualitative, which are precisely pre-established and pre-defined. They cannot be made public for reasons of confidentiality.

In his role as Chairman and CEO of Thermador Groupe, Guillaume Robin is assessed according to 5 qualitative criteria, 1 of which on social aspects and 4 on governance.

In her role as Deputy CEO responsible for finance and the IT system, Patricia Mavigner is assessed on the basis of 5 qualitative criteria, 1 of which on social aspects and 1 on governance.

In his role as Jetly's CEO, Jean-François Bonnefond is assessed on 12 qualitative criteria corresponding to the definition of the position of subsidiary manager. Jean-François Bonnefond receives no variable earnings for his role as Deputy CEO of Thermador Groupe.

2.5.2 Table of earnings

Earnings correspond to a corporate mandate.

Values in thousands of euros.

Operational Board members Chairman & CEO and Deputy CEO	Earnings fixed and variable (due and paid)								
	Fixed part			Variable part			Total earnings		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Christophe Arquillière ⁽³⁾ , Board member	141	139	137	88	78	80	229	217	217
Jean François Bonnefond ⁽²⁾ , Board member, audit committee member and Deputy CEO									
- Earnings as CEO of Jetly	163	160	156	89	82	82	252	242	238
- Earnings as Deputy CEO of Thermador Groupe	26	26	26				26	26	26
Patricia Mavigner ⁽¹⁾ , secretary of the Board of Directors and Deputy CEO since May 1, 2016	141	139	124	91	88	82	232	227	206
Guillaume Robin ⁽¹⁾ , Chairman & CEO	197	194	190	111	108	101	308	302	291
Subtotal	668	658	633	379	356	345	1,047	1,014	978
External Board members		Attendance fees (due and paid)							
Marylène Boyer ⁽⁴⁾			4				0		4
Guy Vincent	10.4	12.2	12				10.4	12.2	12
Hervé Le Guillerm ⁽⁵⁾		4.1	18				0	4.1	18
Janis Rentrop	11.4	12.2	10				11.4	12.2	10
Independent Board members		Attendance fees (due and paid)							
Karine Gaudin, audit committee chairman	20.5	17.4	14				20.5	17.4	14
Caroline Meignen	15	13.8	11.5				15	13.8	11.5
Laurence Paganini	13.4	12.2	10				13.4	12.2	10
Laurence Verdickt ⁽⁶⁾	2	12.2	14				2	12.2	14
Olivier V. de la Clergerie, audit committee member	19.7	12.2	14				19.7	12.2	14
Mathilde Yagoubi	11.4						11.4	0	
Subtotal	103.8	96.3	107.5	0	0	0	103.8	96.3	107.5
Total	771.8	754.3	740.5	379	356	345	1,150.8	1,110.3	1,086

Earnings of operational Board members, CEO and Deputy CEOs:

- (1) The variable earnings of Guillaume Robin and Patricia Mavigner will be subject to the AGM's approval on April 6, 2020. In the event of a favourable vote by the AGM on April 6, 2020, their variable remuneration will be paid in April 2020.
- (2) The variable component of Jean-François Bonnefond's earnings is based on Jetly's result and is therefore linked to the position of CEO of Jetly only. As a result, it will not be voted on at the AGM on April 6, 2020. It is due on December 31, 2019 and will be paid in 2020.
- (3) The variable component of Christophe Arquillière's earnings is based on Sferaco's result and is therefore linked to the position of CEO of Sferaco only. As a result, it will not be voted on at the AGM on April 6, 2020. It is due on December 31, 2019 and will be paid in 2020.

Earnings of external Board members:

- (4) Marylène Boyer's mandate was not renewed at the AGM of April 4, 2016. She retired on April 30, 2016.
- (5) The Board member mandate of Hervé Le Guillerm's was not reviewed at the Annual General Meeting of April 9, 2018. He retired on March 31, 2016.

Earnings of independent Board members:

- (6) The Board member mandate of Laurence Verdickt was not reviewed at the Annual General Meeting of April 8, 2019.



Corporate officers receive no fringe benefit or stock options based on performance.

There are no golden parachutes or golden handshakes for corporate officers. Corporate officers have no special retirement plan. They do not receive any compensation linked to non-competition clauses or termination compensation.

2.5 CEOs' earnings

2.5.3 Fairness Ratio

We measure a fairness ratio between the earnings of the CEO, the two Deputy CEOs of Thermador Groupe, and the average and median earnings of Thermador Groupe employees, **the holding of the Thermador group of companies**.

Article 187 of the Pacte law requires listed companies to include a 'fairness ratio' in the Board of Directors' management report to the Annual General Meeting. The ratio is between executives' earnings and the average earnings of full-time employees of the company, and between executives' earnings and median earnings of full-time employees and corporate representatives. Trends of the ratio over the past five financial years must also be indicated for the purpose of comparison.

For Thermador Groupe (holding)	2019	2018	2017	2016	2015
Fairness ratio, with average earnings					
Guillaume Robin, Chairman & CEO of Thermador Groupe	4.33	4.31	4.1	3.81	3.16
Patricia Mavigner, Deputy CEO of Thermador Groupe since May 1, 2016	3.34	3.24	2.89	2.51	
Jean François Bonnefond, Deputy CEO of Thermador Groupe since April 1, 2016	4.0	3.83	3.67	3.63	
Marylène Boyer, Deputy CEO of Thermador Groupe until March 31, 2016					2.93
Hervé Le Guillerm, Deputy CEO of Thermador Groupe until March 31, 2016					2.9
For Thermador Groupe (holding)	2019	2018	2017	2016	2015
Fairness ratio, with median earnings					
Guillaume Robin, Chairman & CEO of Thermador Groupe	4.72	4.72	4.7	3.75	3.16
Patricia Mavigner, Deputy CEO of Thermador Groupe since May 1, 2016	3.56	3.55	3.32	2.47	
Jean François Bonnefond, Deputy CEO of Thermador Groupe since April 1, 2016	4.27	4.2	4.21	3.56	
Marylène Boyer, Deputy CEO of Thermador Groupe until March 31, 2016					2.93
Hervé Le Guillerm, Deputy CEO of Thermador Groupe until March 31, 2016					2.91

Fairness ratio between the earnings of the CEO, the two Deputy CEOs of **Thermador Groupe** and the average and median earnings of all employees of the Thermador group of companies (with the exception of employees of Rousseau France and Spain and Distrilabo).

For the entire Thermador group of companies	Guillaume Robin, Chairman & CEO of Thermador Groupe	Patricia Mavigner, Deputy CEO of Thermador Groupe	Jean-François Bonnefond, Deputy CEO of de Thermador Groupe
Financial year 2019			
Ratio, with average earnings	6.26	4.73	5.67
Ratio, with median earnings	7.47	5.64	6.76

We only calculated this fairness ratio for 2019 because salary data for previous years are not available on a comparable basis.

2.5.4 Allocated earnings (formerly attendance fees)

The corporate representative Board members and executives do not receive allocated earnings.

In 2019, independent Board members received €2,040 per Board meeting on condition that they were present.

The amounts due and paid in allocated earnings are mentioned on page 35. Their attendance rate was 96.1%.

In addition to the time spent at the Board meetings, they studied detailed reports of all the subsidiaries every month, and attended

the annual presentation of projects, so as to keep their fingers on the pulse of what is really going on in our companies.

The Annual General Meeting of April 10, 2017 voted an overall maximum annual amount of €136,000 in attendance fees. The same overall maximum annual amount was maintained in 2019.

2.5.5 Shareholders' pacts

The 2010-2020 shareholders pact:

The 9 directors who benefited from the distribution of 87,000 free shares in June 2010 signed a pact obliging them to keep the shares for 10 years, or, if they left the group in the meantime, to sell them to Thermador Groupe or to one or more directors at a 30% discount on the Stock Exchange price. For more detail about these allocations, the relevant information has already been communicated (page 15 of our 2008 annual report).

Hervé Le Guillerm and Marylène Boyer retired at the end of March and the end of April 2016 respectively. In compliance with the commitments made in 2008, they sold the 37,643 shares that they owned as part of the 2010-2020 shareholders pact, at a 30% discount. These shares were taken up by 19 directors and managers from the group, accounting for 71% of those shares, and the remaining 29% were put into the company savings scheme. A new 10-year shareholders' pact was drawn up as part of this operation, whereby the 19 signatories undertook to sell their shares at a 30% discount if they were to leave the group. We will henceforth refer to it as the "2016-2026 shareholders' pact"

2010-2020 Pact	Number of shares on December 31, 2018	Reinvestment in 2019	Number of shares on December 31, 2019
Fabienne Bochet	76,674	1,814	78,488
Jean-François Bonnefond	40,680	962	41,642
Emmanuelle Desecures	39,228	928	40,156
Xavier Isaac	74,664	1,767	76,431
Eric Mantione	39,120	925	40,045
Lionel Monroe	75,652	1,790	77,442
Guillaume Robin	73,532	1,740	75,272
Total	419,550	9,926	429,476

It should be noted that in the first pact the signatories had to reinvest any dividends, net of tax, which is not the case for the second.

2016-2026 Pact	Subsidiaries	Fonctions	Number of shares on April 5, 2016	Number of shares* on May 9, 2018
Christophe Arquillière	Sferaco	Chairman & CEO	2,662	5,324
Arlette Berliocchi	Opaline	CEO	532	1,064
Nicolas Billiard	Sferaco	Purchasing Manager	887	1,774
Philippe Bories	Mecafer	Chairman	355	710
Delphine Bourdin	Syveco	Administrative Manager	532	1,064
Frank Bourgois	Jetly	Deputy CEO	1,420	2,840
Loïc Brossat	Sectoriel	Sales manager	355	710
Jérôme Chabaudie	Aello	Chairman & CEO	3,994	7,988
Charlotte Deguerry-Fraisse	Sferaco	Administrative Manager	2,662	5,324
Isabelle Giraud	Mecafer	Administrative Manager	355	710
Lionel Grès	Axelair	Chairman & CEO	2,183	4,366
Cyrille Javault	Isocel	Sales Engineer	745	1,490
Bertrand Kinche	Dipra	Sales manager	958	1,916
Myriam Mathon	Aello	Administrative Manager	532	1,064
Patricia Mavigner	Th. Groupe	Deputy CEO	3,550	7,100
François Nanson	Jetly	Sales manager	355	710
Jean-Philippe Paul	Sferaco	Sales manager	2,662	5,324
Yves Ruget	Thermador	Chairman & CEO	1,420	2,840
Frédéric Watine	Axelair	Sales manager	710	1,420
Total			26,869	53,738

* Taking into account the nominal division of the share by 2.

2.5 CEOs' earnings

2.5.6 Valid delegation for a possible increase in capital

Two delegations are valid. The first follows the adoption of the thirteenth resolution at the AGM of April 9, 2018 and has not been used to date. The second, following the adoption of the twelfth resolution at the Annual General Meeting of April 8, 2019 has not been used to date.

The AGM, voting according to the conditions of quorum and majority voting required for extraordinary general meetings, having heard the Board of Directors' report and the auditors' report, in compliance with the provisions of articles L. 225-129-6 and L. 225-138-1 of the Commercial Code and articles L. 3332-18 et seq. of the Employment Code:

- Authorises the Board, for a period of 18 months starting on the day of this AGM, to proceed with an increase in capital, reserved to employees, as part of the collective management approach of at least 45,549 shares, i.e. 0.5% of the capital

with a nominal value of €4 per share for a total of €182,196 and not more than 91,098 shares, i.e. 1% of the capital at a nominal value of €4 per share for €364,392 under the conditions that it shall define.

- Decides to delete shareholders' preferential drawing rights over new shares issued for employees of the company / companies who are characterised as members of a company savings plan or similar (such as the current PEE) according to prevailing regulations, and according to conditions decided by the Board of Directors under the conditions described in articles L. 225-138-1 et seq. of the Employment Code and any relevant law or regulation which would allow an increase in capital to be restricted under equivalent conditions.

2.5.7 Share-related operations performed by Board members and Executive Committee members in 2019

Declaring individual	POSITION	Acquisitions	Disposals	Average purchase price in €	Average sale price in €
Peter Wartel	Member of the Executive Committee and CEO of Sodeco	195		51.03	

Jean-François Bonnefond, Fabienne Bochet, Emmanuelle Desecures, Xavier Isaac, Eric Mantione, Lionel Monroe and Guillaume Robin reinvested their share dividends from the shareholder's pact, buying new shares (cf. page 37).

2.5.8 Commitments to executives

The retirement commitment concerns the payment of a retirement bonus authorised by the Board meeting of December 19, 2003. This bonus is calculated in the same way as that paid to a manager according to the conventions of article 5 of amendment I of the industry-wide agreement for the wholesale business.

On December 31, 2019, the total of the commitment corresponding to this bonus for Board members and corporate

representatives was €328,000: €104,000 for Guillaume Robin, €69,000 for Patricia Mavigner and €115,000 for Jean-François Bonnefond.

No pension compensation was paid to executives.

There is no commitment concerning separation compensation for executives.

2.5.9 Conditions for attendance at the Annual General Meeting

We invite all our shareholders to attend the Annual General Meeting by post, on the basis of a complete identifiable shareholder data done annually on November 30. The conditions attached to attendance are described on page 45 of this report.

At the Annual General Meeting of April 4, 2016, we adopted the principle of one share, one vote.

2.5.10 Other information

2.5.10.1. Termination of employment contracts for corporate officers

Corporate representatives whose mandate renewal or appointment is approved by the Board of Directors at the AGM of April 6, 2020 are not bound by employment contracts. The recommendation to terminate the employment contract when the Board member becomes a corporate officer does not apply.

2.5.10.2. Information on operations carried out with the members of the administrative and management bodies

Conventions subject to authorisations are those described in the special auditors' report on conventions and commitments for the financial year ending December 31, 2019. Existing conventions appear in a list drawn up by the company for the financial year ending December 31, 2019 and sent to the auditors in compliance with the provisions of articles L 225-39 and L 225-87 of the Commercial Code.

2.5.10.3. Loans and guarantees allocated or created in favour of administrative and management bodies

The company did not allocate any loan or guarantee in favour of members of the Board.

2.5.10.4. Non fiscally deductible charges as per article 39.4 of the French General Tax Code: none.



A working day off-site for the Executive Committee

2.6 Share performance

The Thermador Groupe share appears in the CAC ALL SHARE and ENT PEA PME 150.

We are currently listed on Euronext Paris in **compartment B** and accepted by the **S.R.D.***

* Since 2008, we have been included in the Service de Règlement Différé which allows shareholders to pay for their transactions on Thermador stock at the end of the month. We would remind you that compartment B includes shares in companies whose stock market capitalization value is between €150m and €1,000m.

The Thermador Groupe share was listed on the stock exchange on June 24, 1987 at 240 french francs I.E., €2.99 according to the €/FF exchange rate and taking into account the different free share distributions made since then.

Key figures

DIVIDENDS

For 2018, we propose a dividend of €1.80 per share.

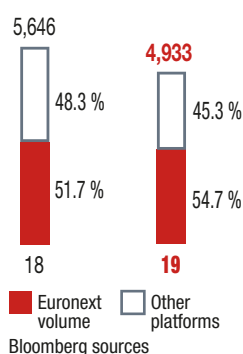
This represents 50.6% of consolidated net profit. On the basis of the average price (€53.10), the yield is 3.39%.

Reminder of dividends over the last three financial years.		
In euros	Dividend per share	Total amount
2015	1.60	14,208,992
2016	1.60	14,397,654
2017	1.70	15,486,578
2018	1.75	15,939,966
2019	1.80	16,397,554

DAILY AVERAGE TRADING VOLUME IN 2019

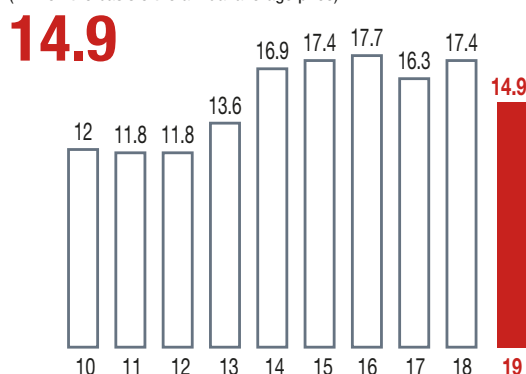
Liquidity: the large number of floating investors (estimated at 70%) and the number of shareholders ensure good liquidity.

We used to communicate on share trading on Euronext, which is visible to the market. We recently observed that a significant volume of shares was exchanged without those transactions being visible, and that another volume of shares was traded on platforms in competition with Euronext. We therefore decided to give you more overall information. A milestone: On October 8, 2019, Financière Borde sold 511,852 shares after the closure of the stock exchange. Cf. our press release of October 9, 2019.



PER IN 2019

(PER on the basis of the annual average price)



** Stock exchange data figures are adjusted to take into account allocations of free shares (one for six in November 2011), the nominal division of the share by 2 in May 2012 and the nominal division of the share by 2 in May 2018.

LISTING

Identification of the Thermador Groupe share:

Code ISIN FR0013333432

Mnemonic code THEP

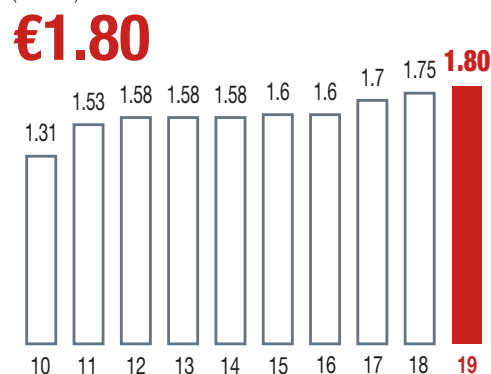
Number of shares: 9,109,752

Capital: €36,439,008

LEI: 969500SSIGMAGT008F11

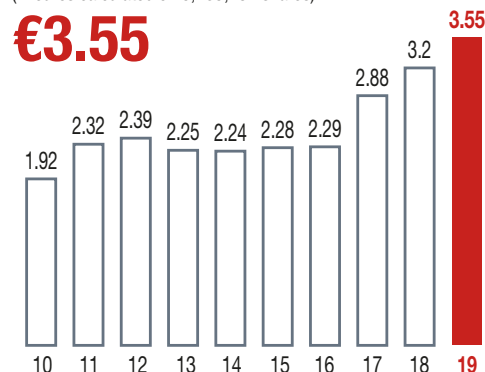
NET DIVIDEND PER SHARE** IN 2019

(in euros)



CONSOLIDATED NET PROFIT PER SHARE** IN 2019

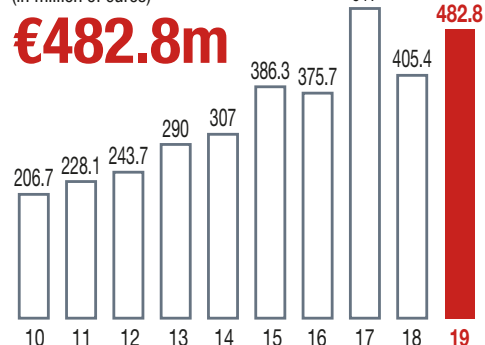
(in euros calculated on 9,109,752 shares)



MARKET CAPITALISATION

AT DECEMBER 31, 2019

(in million of euros)



Thermador groupe share price trends



** Stock exchange data figures are adjusted to take into account allocations of free shares (one-for-six in November 2011), the nominal division of the share by 2 in May 2012 and the nominal division of the share by 2 in May 2018.

Share price trend	Trading volume on Euronext	Capital (in thousands of euros) on Euronext	Lowest trading price in euros	Highest trading price in euros	Last trading price in euros
2008	2,033,896	47,058	16.43	29.40	18.42
2009	1,315,832	29,222	16.88	22.25	20.58
2010	1,226,100	32,608	19.72	26.14	24.24
2011	1,099,652	34,570	24.03	34.18	26.74
2012	1,184,137	34,340	25.16	33.00	28.57
2013	1,058,274	32,255	27.93	34.60	34.00
2014	1,089,080	40,510	32.50	42.16	35.51
2015	841,670	32,982	35.06	44.98	43.50
2016	782,672	31,774	37.79	45.93	41.75
2017	1,123,584	52,000	40.53	57.00	56.75
July 2018	67,711	3,812	55.00	57.60	56.60
August 2018	42,090	2,394	55.20	59.80	58.20
September 2018	42,947	2,384	54.20	57.40	54.40
October 2018	92,729	4,561	45.80	51.60	47.60
November 2018	53,114	2,437	42.50	49.50	47.10
December 2018	79,673	3,535	43.10	45.90	44.50
2018	872,897	48,943	42.50	65.00	44.50
January 2019	77,277	3,714	43.00	51.40	49.60
February 2019	47,466	2,306	45.60	49.80	49.80
March 2019	68,821	3,439	47.70	51.00	50.00
April 2019	79,878	4,182	50.60	54.40	50.80
May 2019	52,090	2,694	50.20	52.60	51.60
June 2019	51,893	2,833	50.60	57.20	57.20
July 2019	23,879	1,357	55.80	57.80	57.40
August 2019	28,017	1,597	56.00	58.20	57.80
September 2019	30,969	1,744	54.00	57.80	55.20
October 2019	50,488	2,746	53.00	56.80	55.40
November 2019	34,034	1,858	53.20	56.60	53.60
December 2019	64,512	3,462	52.60	54.40	53.00
2019	609,324	31,932	43.00	58.20	53.00

The figures are taken from Euronext.

2.7 Make-up of capital

6,106
individual
shareholders



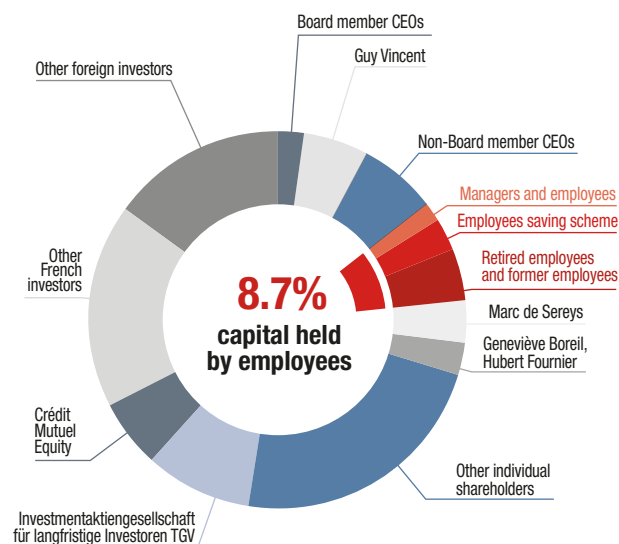
Meeting of Parisian shareholders on April 11, 2019

2.7.1 Breakdown of capital

We have an exceptionally high number of individual shareholders for a company of our size: over 6,000, who represent 33.7% of capital.

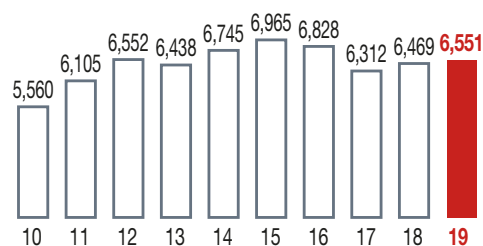
In 2019, 1,102 new shareholders joined us and 1,020 left (temporarily perhaps...).

With your approval (12th resolution of the 2019 AGM), and thanks to new possibilities that have emerged with the PACTE law, in 2020 we will lead an exceptional operation via the employees saving scheme to go above the symbolic threshold of 10% of capital owned by employees and retired employees.



Number of shareholders	2017	2018	2019
CEOs and managers	41	40	46
Board members	8	8	7
Employees	88	112	127
Former directors	3	3	3
Family of founders	32	28	29
French investors	160	176	165
Foreign investors	86	80	68
Individual shareholders	5,894	6,022	6,106
Total	6,312	6,469	6,551

Number of shareholders in 2019



2.7.1 Breakdown of shares and voting rights

The figures are from identifiable shareholder data requests made on November 30, 2018 and November 29, 2019.



The nominal division of the share by 2 in May 2018

	2017		2018		2019	
	Number of shares held	Capital / Voting rights	Number of shares held	Capital / Voting rights	Number of shares held	Capital / Voting rights
Executives, Board members and personnel	878,699	19.3%	1,722,932	18.9%	1,732,492	19.0%
Board member CEOs	103,370	2.3%	220,943	2.4%	224,062	2.5%
Guy Vincent, Board member not free of interests	243,744	5.4%	487,488	5.4%	487,488	5.4%
Board members not free of interests	30,153	0.6%	390	NS**	630	NS**
Independent Board members	1,125	NS**	2,782	NS**	2,482	NS**
Non-Board member CEOs	314,488	6.9%	606,659	6.7%	612,963	6.7%
Managers and employees	75,905	1.7%	173,470	1.9%	153,667	1.7%
Thermador Groupe's collective employee shareholding plan	109,914	2.4%	230,000	2.5%	250,000	2.7%
Thermador Groupe owning its own shares	-	-	1,200	NS**	1,200	NS**
Individual shareholders	1,414,748	31.1%	3,122,987	34.3%	3,073,494	33.7%
Including retired employees and former employees	166,832	3.7%	383,163	4.2%	391,570	4.3%
Including Marc de Sereys*	176,758	3.9%	348,060	3.8%	353,516	3.9%
Including Geneviève Boreil and Hubert Fournier*	122,060	2.7%	244,120	2.7%	244,120	2.7%
Institutional investors	2,261,429	49.6%	4,263,833	46.8%	4,303,766	47.3%
Investmentaktiengesellschaft für langfristige Investoren TGV	413,834	9.1%	827,668	9.1%	827,668	9.1%
Crédit Mutuel Equity					518,202	5.7%
Financière Borde	255,926	5.6%	511,852	5.6%		
Other French investors	1,137,186	24.9%	1,965,646	21.6%	1,613,726	17.7%
Other foreign investors	454,483	10.0%	958,667	10.5%	1,344,170	14.8%
OVERALL TOTAL	4,554,876	100%	9,109,752	100%	9,109,752	100%

Capital owned by employees.

* Not bound by any shareholder pact. ** NS: Non Significant.

There is no family link between the founders and the current directors.

The use of the **TPI** procedure (identifiable bearer share) must be authorised by an Extraordinary General Meeting. The Extraordinary General Meeting of June 27th 1988 gave us this authorisation, and it was incorporated into the company's by-laws. This means that by approaching the centralising body EUROCLEAR we can – at a cost – obtain the name, address and shareholding of every French shareholder.

The number of shares was closed on December 30, 2020. No substantial variation was observed in terms of registered shares between December 30 and December 31, 2019.

The AGM of April 4, 2016 opted for the principle of one share, one vote. On December 31, 2018 and 2019, capital and voting rights percentages were identical.

To the company's knowledge, no other shareholder than those mentioned above has a shareholding greater than 5%.

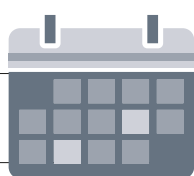
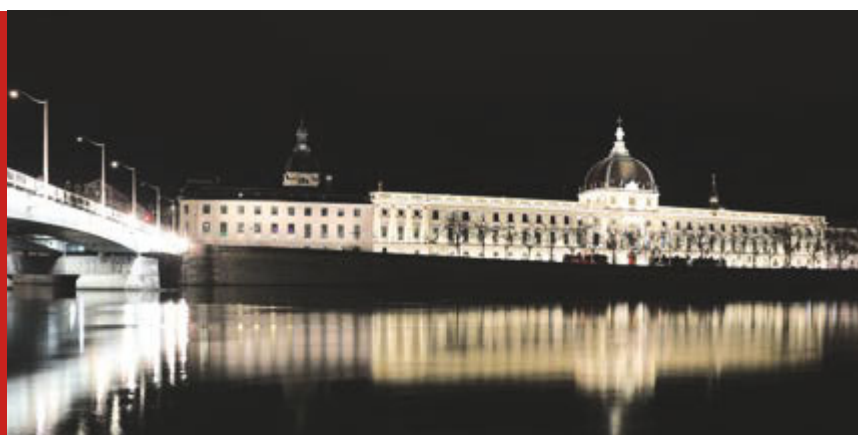
2019 milestones:

On 08/10/2019, la Financière Borde sold 511,852 shares after stock exchange closing (cf: our press release of 09/10/2019). This meant that the lower threshold was reached. We would like to thank group founder Jacques Borde's children for sticking with us since the passing of their father in 2008. Simultaneously, **Crédit Mutuel Equity*** reported that the lower threshold had been reached, and informed the market that it owned 5.69% of Thermador Groupe's capital. We would like to thank Crédit Mutuel Equity's staff for the trust they have once again shown in us through this exchange of share blocks. Indeed, this investment bank has been at our side for more than 20 years, fulfilling its role as shareholder of reference to perfection.

* Crédit Mutuel Equity combines all the Capital Investment activities of Crédit Mutuel Alliance Fédérale.
<https://www.creditmutuelequity.com>

2.8 Looking forward to 2020

Annual General Meeting
April 6
5pm
at Intercontinental
Lyon - Hôtel Dieu



Agenda

Annual General Meeting	April 6, 2020 at 5pm at Intercontinental Lyon - Hôtel Dieu.
Shareholders meeting in Paris	April 21, 2020 at 6pm at Salons Hoche in Paris.
Payment of dividends	The dividend will be detached on April 9, 2020 and made available for payment on April 15, 2020.
Announcement of quarterly turnover	April 16, 2020, July 17, 2020, October 16, 2020, and January 15, 2021.
Announcement of mid-term results	July 31, 2020.
Publication of annual results	February 22, 2021.

The publication of annual and half-year results will be preceded by an embargo period of one month; the publication of quarterly turnover will be preceded by an embargo period of 15 days, in compliance with the guide to permanent information and management of inside information (DOC-2016-08) and article 19.11 of MAR.

Dividends not claimed within 5 years as of the date of payment are subject to prescription (civil code art. 2277). They are then paid over to the State.

Our new website: www.thermador-groupe.fr

Write us: actionnaires@thermador-groupe.fr



Regularly updated in French and English, it presents the group's activities, financial information and stock exchange news.

Our financial publications appear in the "news" section and "regulated information" section. They are also relayed on stock exchange information sites, in French and in English, on LinkedIn and on Twitter.

A shareholder space is available so that you can update your details and express your wishes as to how you want our documents to be sent (mail and/or email).

Studies

We would like to thank the analysts who take an interest in our group. Studies are carried out regularly on our stock by:

- Portzamparc in Nantes - tel. +33(0)2 40 44 94 09.
- CM-CIC Securities in Paris - tel. +33(0)1 45 96 77 00.
- Financière d'Uzès in Lyon - tel. +33(0)4 78 42 51 18.

- IDMidCaps in Paris - tel. +33(0)1 80 48 80 12.
- Giraff Equity in Paris - www.giraffequity.com

Guillaume Robin is legally responsible for financial information.

2.9 2019 Annual General meeting

70.29%
of voting rights



Annual General Meeting at the Lumière Institute in Lyon on April 8, 2019

Running of our AGM

Our Annual General Meeting was held in Lyon on April 8, 2019. It brought together 188 people, of which 167 voters representing 6,403,429 shares, i.e. 70.29% of voting rights (69.66% in 2018).

This increase in the percentage of voting rights used is a source of great

satisfaction, since it reflects the affectio societatis of our shareholders and shows that the AGM is well run.

For the second consecutive year, the adoption of the VOTACCESS system to vote simply and remotely was undoubtedly another contributing factor to this excellent result.

The 13 resolutions proposed were adopted on the basis of majority of votes, with an average of 95.38% (minimum 89.67% - maximum 99.92%).

For the second time, our AGM could be seen in full on YouTube a few days after it took place. The video recorded 501 hits!

Shares can be bearer, directly registered or administered.

- 1) Bearer shareholders entrust management of their shares to their financial representative who receives custody fees. In our case, they are known to our company only through the annual TPI census.
- 2) In the case of registered shareholding, the holder fulfils the formality of depositing his shares in a share account managed by the issuer or by a financial intermediary authorised by the issuer. In our case the intermediary chosen by us is: Securities CM-CIC / Middle Office Emetteur - 6, avenue de Provence 75441 Paris cedex 09.

To transfer shares to registered format, application must be made by letter to the financial intermediary giving the contact details of the above-mentioned representatives.

Registered shares are permanently identifiable to the issuer. They are not subject to custody fees.

- 3) You can also opt for administered shares. You keep your shares account – or your PEA (savings plan in shares) – with your financial intermediary who undertakes to keep us permanently informed of your position.



Remote voting

If you cannot attend the Annual General Meeting, you can entrust powers to the Chairman or any other shareholder of your choice. You can also vote by mail. In both cases, we invite you to use a single form that is available upon request.

For pure or administered registered shareholders and bearer shareholders whose financial intermediary has signed up to the VOTACCESS system, electronic voting by VOTACCESS has been possible as of the Annual General Meeting of 2017.

2.10 Relationship with our shareholders

18
events per year
to the meeting
shareholders



2.10.1 Webconferences

Our communications agency Opaline is equipped to organise webconferences for shareholders wishing to use this form of communication.

We schedule them a few days after the dates of our publications, allowing us to answer questions in real time.

A replay was proposed for each webinar so that those who missed it first time

round were able to catch up. Participants included private shareholders, institutional investors and employees.

Satisfied with our first audience figures, we will be continuing this in 2020.

2.10.2 Institutional investors

To meet institutional investors (47.3% of capital), we attend trade shows each year, with an average of ten interviews per day.

- 2 days at the **Forum Oddo Midcap** in January in Lyon.
- 1 **SFAF** meeting for the publication of the annual results.
- 1 day at l'ESN European Conference with **CM-CIC Market solutions** in Avril in Paris.
- 1 day at Forum ESG **Ethifinance** in May in Paris.
- 1 **SFAF** meeting in September for the publication of the half-yearly results.

- 1 road show with **CM CIC Market** solutions in september in Paris.
- 1 day at investors forum of **Lyon Pôle Bourse** in September.

Throughout the year, we have numerous contacts by telephone, face-to-face, or during road shows organised for the most part in Paris. Investors are particularly attracted to the simple and direct contact that they can have with the Chairman and CEO and the Deputy CEO, responsible for finance.

Furthermore, our communications on LinkedIn and Twitter are increasingly followed.

2.10.3 Individual shareholders

All shareholders with at least one share receive the annual report, letters to shareholders and our invitation to the Annual General Meeting.

To our knowledge, we are one of the few companies to do so. This practice has resulted in us having a growing number of individual shareholders (6,106 at the November 2018 TPI) who represent 33.7% of our capital (the average for companies listed on the Stock Exchange is under 10%).

2.10.3.1 Actionaria show

Each November, at the Palais des Congrès, Porte Maillot in Paris, we have a stand at the Actionaria show, which allows us to meet hundreds of our shareholders from the Paris area and get ourselves known to increase our spread of shareholders. Guillaume Robin, Jean-François Bonnefond, Patricia Mavigner, Arlette Berliocchi and Aurore Rodrigues were on the stand.

2.10.3.2 Observatoire des Actionnaires d'Avenir

We are involved in this workgroup alongside Air Liquide, Axa, Edenred, Engie, Interparfums, Korian, L'Oréal, Suez and Wavestone.

In 2019, we worked with other associations to create 'PEA Jeunes' (share savings schemes for young people). We also worked on the publication of the white paper 'Developing shareholding for all – 6 practical measures for companies', freely accessible on the responsible capitalism institute website.

<http://www.capitalisme-responsable.com/observatoire-des-actionnaires-davenir/>

2.10.3.3 Partnership with F2iC

In partnership with F2iC (a Federation of Individual Investors and Investment Clubs), we met **469 individual shareholders** in Rennes and in Toulouse in June 2019. Many discovered our company for the first time.

64% of participants handed in a feedback questionnaire, **46%** of whom declared that they were intending to purchase Thermador Groupe shares.

We particularly thank Air Liquide, BIC and LISI Group who kindly agreed to share these two meetings with us.



<http://www.f2ic.fr>

2.10.4 Retired employees and former employees

They hold 8.7% of capital, indirectly or via Thermador Groupe FCPE (mutual fund). Signatories of a stock exchange charter, they can only intervene on the market 4 times per year during the trading windows of 3 weeks further to the publication of turnover (1st and 3rd quarter) and results (1st half and annual results).

In 2017, we took the initiative of inviting them to a pre-AGM meeting to take the time to explain the workings of governance, the role of independent Board members and the resolutions tabled. This meeting with all the employees took place again in 2018 and 2019.

In 2019, we organised remote training with the stock exchange school (Ecole de la Bourse) entitled 'Keys to better investment in shares'. 107 employees or their spouses followed the course. Traditionally, shareholder employees are good AGM attendees. There were around 81 of them at the 2019 edition.

Retired and former employees often remain shareholders. A lot are also present at the AGM. They own 4.3% of share capital. A resolution on increasing the portion of capital reserved to employees was voted in 2019, by 91.6% of voters. It will be implemented in 2020, with the objective of employees and retired employees reaching the 10% of capital mark.



**Our shareholders'
meeting in Paris
130
people**

2.11 Letters from shareholders

From T.C. – (Nord), March 21, 2019 (letter).

I am a recent shareholder with your group, having enjoyed the quality and transparency of your 2018 AGM on YouTube, and appreciated the level of communication you have with your shareholders. I can only thank and congratulate you; we don't see that very often!

This policy undoubtedly has something to do with your share's relative resistance on the stock exchange at the end of 2018, and this in spite of a fairly high PER, whilst a lot of the 'Small and Mid-Caps' companies fell by 50% and more, in particular affected by withdrawal of liquidities. I just received your 2018 annual report which I find both comprehensive and educational. Having read it, I have a few observations or questions I would like to share with you.

I note indeed an increase in working capital (32.3% of turnover on average between 2009 and 2016 and 35% in 2017, and then 38.9% in 2018), on account of:

- Stock rotation which rose from 125 days in 2016 to 136 days in 2017 and 140 days in 2018
- Customer rotation which increased from 57.1 days in 2016 to 68.2 days in 2017 and 66.4 days in 2018

This increase in working capital, combined with that of non-current assets (goodwill) reduced the rotation of capital used: turnover/(equity + net financial debt). This, according to my calculations, would have fallen from 2.1 in 2016 to 1.38 in 2017 and then to 1.35 in 2018. As you know, profitability depends on the management rate and the rotation rate.

If, for example, you take the EBIT/working capital ratio or (EBIT/TO)xTO/(working capital), according to my calculations this would have fallen from 30 to 20% between 2016 and 2018, which remains a good number, but must however raise questions about working capital optimisation. (This concurs with the concerns of your German shareholder mentioned during the 2018 AGM.)

This leads me to ask you a question about:

- The past and future accretive or dilutive nature of recent acquisitions.
- Organic growth expected in turnover and results to comparable scope.
- Simplifications and savings which could be made via synergies, shared back offices or even mergers of companies involved in the same markets.

Finally, I would like to have your view on Amazon Pro. The REXEL price indeed was affected by analysts' questions on this topic.

Given the wealth of content on this letter, Guillaume Robin phoned the shareholder on June 12, 2019.

Here is a summary of the answers he gave during the telephone call.

Working capital and stock: we agreed that this required some attention, as explicitly expressed at the 2019 AGM, also available on YouTube.

Capital rotation: the Axelair and Aello start-ups, as well as the 8 acquisitions over a period of 2 years, did have an impact on these financial ratios. Without these initiatives, those ratios would certainly have been upheld. However, we would then have missed some fine development opportunities for the future.

The accretive or dilutive nature of acquisitions: this is a very broad question and extremely difficult to answer. In general terms, small companies and businesses have been totally integrated within less than 9 months which has produced excellent results, 1, 2 or 3 years later. The complete integration of bigger companies takes longer, in particular to harmonise IT systems and share corporate culture. We estimate the time required for that at between 3 and 7 years.

Concerning the organic growth expected in turnover and results to comparable scope: since we floated on the stock exchange in 1987, we have never communicated objectives or expected results to our shareholders. This has the advantage of not submitting the share price to inevitable discrepancies linked to objectives. We prefer to invite them to read our story and trust us to continue with our development.

Impact of e-commerce on our professions: for several years we have included this new distribution channel in our development strategy. Leroymerlin.fr, Amazon and Cdiscount are examples of customers of our subsidiaries involved in the retail market. Also, our historic wholesaler customers have their own websites and some of them intervene on a number of marketplaces including ManoMano. Our products and brands

are therefore being sold via the digital channel. Our role is to provide our customers who request it with the product data they need for good search engine referencing, as well as suitable logistics support. This requires new skills internally which we are in the process of developing, as well as new technical platforms in which we are investing. For example, all the commercial subsidiaries' websites will be totally revamped over the coming years. Once those tools are in place, each subsidiary will have to develop a strategy for the digital channel and put together the specific marketing and sales skills they need.

We are often asked about the share of e-commerce in our products. This depends on the type of products and the profile of the final customer. Significant for simple products sold as retail, embryonic or even inexistent for highly technical products sold to companies, local authorities or artisans, and it must be somewhere between 0 and 15% today. Of the customer benefits we offer, the pre- and after-sales services our staff are able to deliver to the customer are naturally differentiating elements that we intend to cultivate and develop. They are based on staff expertise, which is extremely difficult to duplicate, even using artificial intelligence. Also, our expertise, duplicated in a multitude of market niches, allows us to store very low-rotation products, something that the giants of the web cannot do.

From C.L. – On the Actionaria show, November 21, 2019.

After the acquisition of the distributor to DIY superstores of taps for kitchens and bathrooms, Sanidom Rousseau, at the end of 2018, we expected Thermador Groupe to return to its dynamic acquisitions policy.

The markets looked closely at the acquisition project for the Rhône-Alpes company Eurobinox, with which Thermador entered into exclusive negotiations last September. This company is based in Chaponost (Rhône) and manufactures and distributes manual and motorised valves, connectors, tubes and accessories for a wide range of industries such as agrofoods, biotechnologies, cosmetics, all products that would beneficially complement the product ranges of Thermador and some of its subsidiaries.

Given the experience of the management team in the field of acquisitions, we were expecting the Eurobinox acquisition to go through before the end of the year.

However, a press release dated October 25 from Thermador Groupe revealed that the Board had decided not to pursue the Eurobinox acquisition project on a majority vote.

I have some remarks to make on this:

Why did you communicate so much around this acquisition project before being sure that the Board would approve it?

The reasons given by the Board were, I quote, 'too big a cultural divide between the 2 companies and the risk of not being able to implement synergies quickly enough'. It seems all the more surprising that Thermador has recently successfully integrated cultural and linguistically different companies such as Sodexo, and in terms of synergies, Thermador Groupe's management achieved comprehensive successes fairly quickly in Sodexo's case, reporting organic growth of 5.8% at the end of Q3 2019.

So, my question is: what happened at the Board meeting of October 21, and what can we expect to happen with the 2 other acquisition projects being considered, which are still under wraps, and on which that same Thermador Groupe Board of Directors must rule next December 10?

Answers given verbally to C.L. during the Actionaria show.

The 'market abuse' regulation requires listed companies to retain total control over inside information. During the due diligence carried out to better understand the workings of Eurobinox, we asked the sole shareholder to give us an opportunity to talk with all the key players, i.e. eight people. It therefore seemed to us extremely difficult to guarantee the confidentiality of the project, which explains why we announced our discussions to the market in agreement with the stakeholders concerned. Each external growth project is different. The decisions taken for Eurobinox do not presage future decisions on the two other projects currently under investigation. However, it is fair to say that we are becoming increasingly demanding, particularly in terms of corporate culture.

3



EXTRA-FINANCIAL PERFORMANCE STATEMENT

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8th
in the ranking
Gaïa Rating



A festive, sporty vibe for 82 participants at the Run in Lyon 2019

The quality of our C.S.R. policy has been recognised by the financial community and, more particularly, by S.R.I. investors (Socially Responsible Investment), given that for a number of years, we have been amongst the leaders of the independently-compiled “Gaïa-rating” independently put together by EthiFinance (Website: <http://www.gaia-rating.com>).

In 2019, we were ranked 39th out of 230 and 8th in the category of companies reporting a turnover between €150 and €500 millions. For 10 years, data has repeatedly shown that companies who score well on extra-financial criteria also perform better financially.



3.1 Business model

3.1.1 Our identity

The group's values are trust, transparency, simplicity and conviviality in human relations.

3.1 Business model



3.1.2 OUR VALUES

The future value of the group is in the hands of the management and their people in each of the subsidiaries.

No director, manager or supervisor is alone in Thermador Groupe. Each can exchange with his or her peers within inter-subsidiary workgroups. This is particularly true in the area of human resources, and the sharing of good practices seems to us a very effective method to help everyone grow and ensure overall cohesion.

Sharing good practices in the HR field

However, there is no HR group. Within each of the group's companies, each subsidiary CEO and each local manager must assume full responsibility for their teams.

It all starts with recruitment, a complex art that we approach with humility and simplicity. Our conclusion is that collegial decisions seem the most reliable.

The induction of new people within the subsidiaries requires structured training and time. We think that it takes a new employee one year to acquire minimum independence and efficiency. This explains why it is impossible to suddenly adjust staff structure to changes in the marketplace. We need to anticipate and act with confidence.

Throughout people's careers, we try to allow everybody to develop their talents according to their own merits and capabilities. We cultivate virtues of exemplarity, transparency, respect and a fair share of profits from our work.

The choice of proximity with our employees

Our management teams are clearly responsible for the quality of the labour relations in our companies, and we promote care, conviviality, simplicity and serenity. To this end, our minimalist organisational structure, limited to four hierarchical levels, promotes proximity between managers and all employees of the group.

Very short reporting chains

However, this proximity is no longer sufficient to gather all ideas, comments, suggestions and sources of discontentment from the men and women who work in each of our subsidiaries. It is for this reason that in 2017 we decided to send them a questionnaire entitled 'Employee survey on the quality of life at work'. They obviously bought into this new form of expression, given that the response rate was 94%!

This we think helps us to gather behind us staff who are implicated, confident, efficient and generally loyal.

When a departure seems inevitable, we attempt to be as fair and dignified as possible, and to maintain good relations with those who leave us.

Focus on exemplary behaviour and transparency

All this allows us to be very demanding at every level of the company, and indeed requires us to be so for the benefit of the group.

With the acquisition of 8 companies and one business since 2015, we now face the challenge of opening up to other corporate cultures whilst progressively disseminating our key values. Those values must continue over time and represent the cornerstone of our group.

3.1 Business model

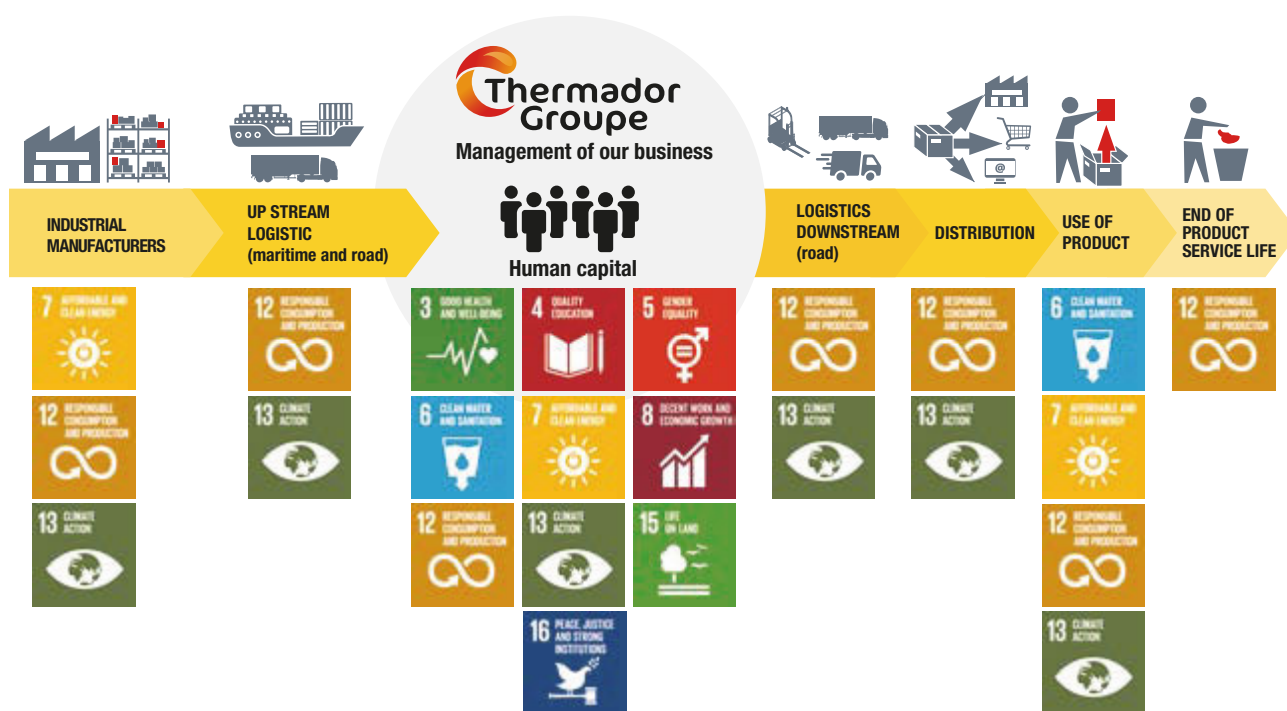
3.1.3 Our business model

Thermador Groupe is an actor in specialised distribution. Our subsidiaries are interfaces between manufacturers and wholesalers, DIY superstores, factories, swimming pool professionals, e-commerce sites and market places.

Our markets and economic model are presented from pages 5 to 15. Thermador Groupe's turnover was €368.8m in 2019.

Our vision, strategy and current challenges are presented in the Chairman's message (page 3), and on page 10.

Our governance is described from page 24 to 32.



1.

The resources we require

571 Finished product suppliers

Our industrial manufacturers with well-organised, reliable factories.

Suppliers from the maritime and road transport sectors (24 road transporters).

98,485 m² of storage space.

Functional logistics warehouses meeting regulatory standards.

Water, electricity and gas to heat and run our warehouses.

Our team of 599 men and women.

A high-performance information system customised to our professions.

30,734 partner-customers.

Financial resources.

Diluted shareholding.

2.

Which professions are involved? And for what purpose?

Our strategy is to achieve growth whilst respecting staff, shareholders, customers, suppliers, other stakeholders and the environment.

We distribute finished products allowing the circulation of fluids in buildings and industry, products in the field of domestic pumps and heavy tooling.

Our subsidiaries provide an interface between a large number of industrialists and wholesalers, DIY superstores, factories, swimming pool professionals, e-commerce sites and marketplaces. We also provide advice to our customers for the use of our products.

3.

And with what results?

Turnover of €368m up 8.2%.

59,799,117 products sold in France and abroad.

123 more employees.

A high-quality logistics department with 37,980 tonnes shipped.

Development of eco-responsible products in our product ranges.

80% recycling of non-industrial waste.

60.7% of electricity from renewable sources.

Financial contribution to waste collection channels generated by the products we sell.

3.2 Major Corporate Social responsibility risks and challenges

3.2.1 Our ecosystem

Thermador Groupe operates in an environment made up of actors having an influence on its business, strategy, values and ambitions. In all our economic and social relations, we prioritise exchange and transparency and pay particular attention to the needs of our contacts.

Each player in our ecosystem is treated as a partner with expectations. We derive motivation from our exchanges with them as we move forward together.

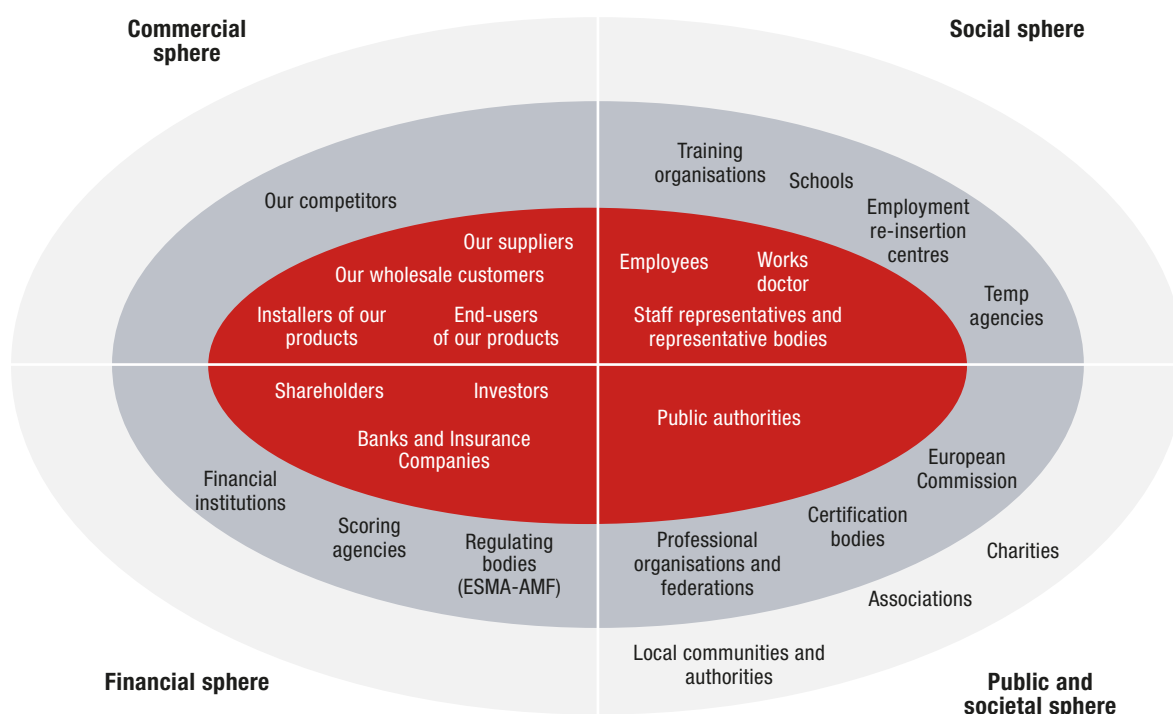
Thermador Groupe identifies five key stakeholders:

- Customers, whether distributors or consumers. Their purchases allow the group to survive economically.
- Employees, who contribute hard and soft skills and know-how.
- Investors, shareholders and bankers, who provide the capital we need for investment, stability and growth.
- Suppliers, who provide the goods and services that are crucial to our business.
- Civil society through the public authorities, local authorities, associations, and schools with whom we work.

Presentation of our ecosystem

We have many stakeholders who influence our activities and our strategy in terms of societal and environmental responsibility, at three levels:

- Level 1:** They are crucial to the existence of Thermador Groupe.
- Level 2:** Their influence is significant to major Thermador Groupe projects or activities.
- Level 3:** Their impacts are limited or occasional for a one-off project or activity of the group.



3.2 Major Corporate Social responsibility risks and challenges

3.2.2 Our methodology

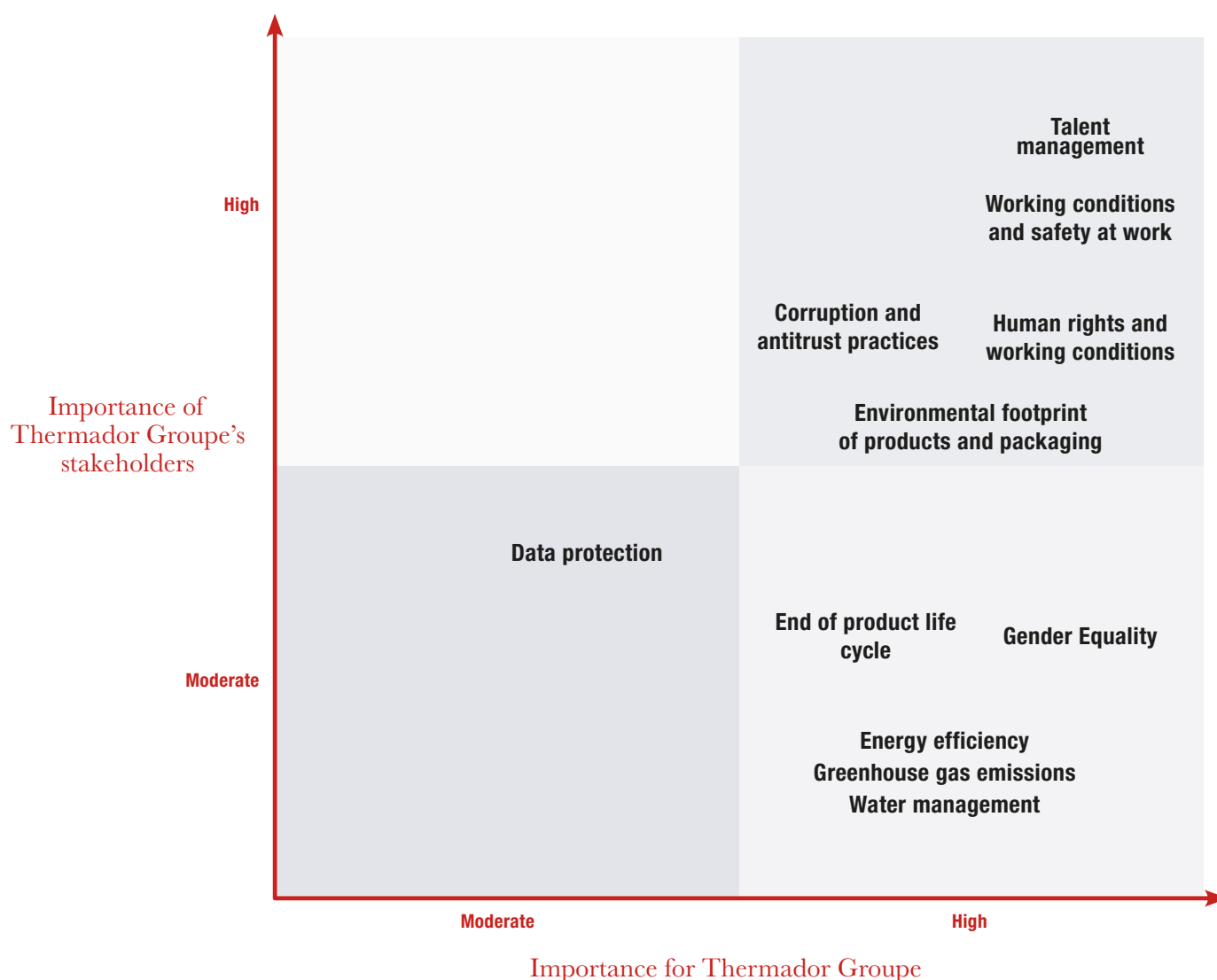
From our value chain, we have identified the key risks and challenges faced by Thermador Groupe. We have selected the risks and challenges from analysis of their existing materiality, pertinence and severity further to financial risk analyses.

When our business has a positive impact on the environment, the approach continues and the benefits of the activity are highlighted.

Conversely, when our activity has a negative impact on the environment, we explain how the group can contribute to reducing it by modifying its practices or minimising the environmental impact through carbon offset initiatives.

The information presented below concerns consolidated Thermador Groupe companies on December 31, 2019 with the exception of: Edouard Rousseau and Distrilabo, companies purchased on December 31, 2018 and December 31, 2019 respectively.

3.2.3 The five risks and opportunities



Risk / opportunity	Definition	Chapters / sub-chapters
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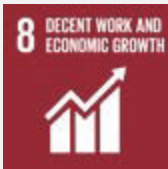
Responsible Supply Chain

Human rights and working conditions Environmental impact	Risks: Thermador Groupe and its subsidiaries could see their legal liability and their image compromised because of a supplier's non-compliant practices that affect human rights or environmental standards (child labour, forced labour, health and safety, toxic emissions, etc.).	Chapter 3.3.2.3 
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Compliance

Corruption and antitrust practices	Risks: Through their presence internationally, Thermador Groupe and its subsidiaries could break antitrust laws or other similar regulations on account of their activities right through the Supply Chain. The consequences would be to harm its image and also risk possible financial sanctions.	Chapter 3.3.2.3 
Data protection	Risks: Given the high level of digitalisation of its activities, Thermador Groupe could infringe legal data protection provisions (GRDP). This could lead to financial sanctions and harm to Thermador Groupe's image.	Chapter 3.3.2.3 

Personnel development and safety

Talent management	Risks: If its Human Resources management policy were unattractive and failed to respect employees, Thermador Groupe could have difficulties recruiting and holding onto the talent required for its growth. This could detrimentally impact operational efficiency, reduce the quality of service to customers and deteriorate financial performance Opportunities: We need to attract and keep talent by giving meaning to our projects and sharing our values. If this is not done, we may see greater instability in our teams, with damaging consequences for operational efficiencies, service quality to customers and financial performance.	Chapters Chapter 3.3.2.1   Chapter 3.3.2.2 
Gender Equality	Risks: Any unfair treatment between men and women within the group would be immediately identified because of our determined policy on transparency of earnings. This would immediately demotivate 31.2% of our employees and break the current agreement with damaging consequences for operational efficiency, service quality to customers and financial performance.	Chapter 3.3.2.1 

3.2 Major Corporate Social responsibility risks and challenges

Risk / opportunity	Definition	Chapters / sub-chapters
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Personnel development and safety

Working conditions and safety at work	Risks: Thermador Groupe employees and those of its subsidiaries could be exposed to work-related accidents, especially as our downstream logistics are internalised. Opportunities: The risks are analysed and identified as part of the Safety Document, which allows us to promote prevention and reduce the risks of work-related accidents and musculoskeletal diseases.	Chapter 3.3.2.1 
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Environmental impacts of our business

Energy efficiency Greenhouse gas emissions Water management	Opportunities: A lot of products sold by Thermador Groupe subsidiaries contribute to reducing energy and water consumption. The high level of specialisation of our commercial companies encourages them to be very innovative in this field. Enhanced efficiency in our buildings could generate substantial economies. Risks: Because of the changes to thermal and energy regulations in our fields of activity, Thermador Groupe and its subsidiaries could fail to provide its customers with products that comply with prevailing regulations. That could lead to a drop in turnover. Opportunities: Wastewater treatment in the private housing sector is one of our specialities. Regulations have triggered market expansion in this area.	Chapters Chapter 3.3.2.2   
End of product life cycle	Risks: Certain products sold today are difficult to recycle. They could suffer from this shortcoming. Poor waste management would be extremely badly looked-upon by members of staff, who are increasingly sensitive to this subject.	Chapter 3.3.2.2 

Environmental footprint of products and packaging

Environmental footprint of products and packaging	Risks: The products sold by Thermador Groupe and its subsidiaries consume a lot of packaging. Upstream transport – even maritime – and the distribution of our products using road transport are high-carbon-intensity activities. If business continues to develop without these impacts being controlled and offset, the group's carbon footprint would worsen. To make progress in this area, we rely to a large extent on our suppliers. Opportunities: Changing regulations must encourage us to innovate in terms of packaging and help us differentiate ourselves from the competition.	Chapter 3.3.2.2 
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3.3 Our approach

3.3.1 A devolved governance structure

Societal and Environmental Responsibility is everybody's problem within the group; our strategy is therefore implemented according to the following organisation:

Actors	Roles and means of action
Board of Directors 	Governance: Directors are both in a position of actors and supervisors. At any time they can call upon the Chairman of the Board if they identify failure to respect rules of governance by referring to the Middenext code. They have a duty and freedom to express themselves every year during the Board of Directors' self-assessment process. Social and environment: Board members are in a position to validate and/or challenge the objectives and strategies announced by top management. They then oversee the effective implementation of the strategy and follow up the key indicators featuring in the DPEF (non-financial performance declaration) most particularly. They talk about good practices identified during experience gained through their professional responsibilities outside the group.
Executive Committee 	Managers are responsible for the operation and implementation of group strategy by raising awareness amongst all employees and encouraging initiatives. During bi-monthly Executive committee Meetings, they talk about initiatives and good practices on subjects such as Human Resources and the environment. Instructions are then sent so that coordinated, coherent actions can be implemented to protect the environment.
Transversal groups 	In 2017, a period of reflection was initiated on the carbon footprint caused by Thermador Groupe and its activities. This approach was accompanied by the ADEME (French Environmental Agency) and driven by a transversal group comprising of Patricia Mavigner, Deputy CEO of Thermador Groupe; Nicolas Billiard, Marketing Purchasing Director of Sferaco; Murielle Gentaz, Administrative Director of PBtub and Alexandra Stratulat, Administrative Director of Dipra and member of the group-level transport group. This study allowed us to prioritise a range of possible actions.  Thermavert: Christophe Arquillière, CEO of Sferaco and Board Member of Thermador Groupe, Murielle Gentaz, Administrative Director of PBtub and Patricia Mavigner, Deputy CEO of Thermador Groupe are responsible for running the Thermavert group made up of twenty or so employees, themselves at the leading edge of environmental protection within their own subsidiaries. The purpose of the group is to talk about initiatives and projects led in the different subsidiaries and coordinate those that can be coordinated. The group working on road transport comprises of Lionel Monroe, CEO of Syveco; Charlotte Deguerre-Fraisse, Administrative Director of Sferaco; and Alexandra Stratulat, Administrative Director of Dipra, who select our road transporters and ensure that each service provider adopts an environmental approach. Packaging and waste group: Philippe Arthaud, Director of Sourcing at Jetly is working on packaging supplier selection and addressing the topic of packaging waste. SCI Thely is responsible for the construction of logistics warehouses and office space. The environmental, quality-of-life at work and energy savings aspects are an integral part of builders' specifications.

3.3 Our approach

3.3.1 A devolved governance structure

Actors	Roles and means of action
Subsidiaries' Management Committees 	Animating, motivating and providing resources to employees to complete their missions both as part of their function but also from a societal and environmental standpoint. Choosing our industrial manufacturer suppliers according to the group's values. Selecting and selling eco-responsible products that conform to energy and environmental regulations. Managing teams according to the group's values.
Our employees 	Implementing practical actions to reduce our environmental impact. Further to the employee surveys in our subsidiaries in 2017 and 2018, actions are being implemented and decided within each subsidiary to improve quality of life in the working environment. In the course of monthly general meetings and discussions with staff representatives, such projects and initiatives are given sufficient air time.



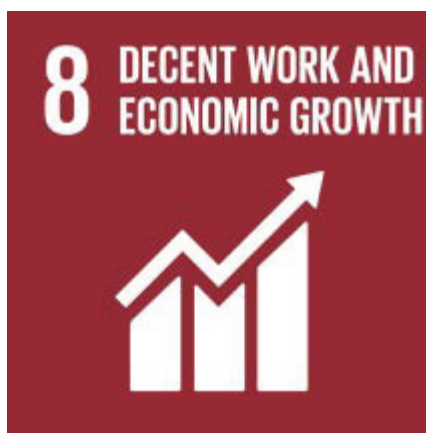
The Thermavert group, made up of twenty employees, which initiates environmental protection projects within their subsidiaries



Cross-departmental meeting of administrative departments

3.3.2 Our strategy

3.3.2.1 Managing our talents



Exceptional team-building session in Croatia for the 30th anniversary of Sodeco Valves

OUR STAFF

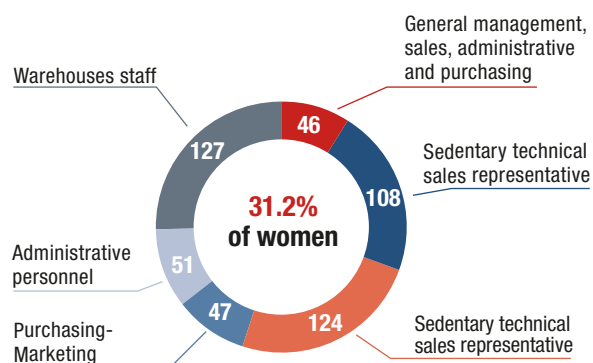
Our staff are at the heart of our value chain. On december 31, 2019 the group had 503* employees, 157 women and 346 men. Of those 503* employees, 493 were on permanent contracts and 10 on fixed term contracts.

DISTRIBUTION BY FUNCTION

	W.	M.	2019	2018	2017
General management, sales, administrative and purchasing	16	30	46	51	53
Itinerant sales staff	7	101	108	100	93
Sedentary technical sales representative	70	54	124	114	100
Purchasing-Marketing	22	25	47	38	30
Administrative personnel	41	10	51	48	49
Warehouses staff	1	126	127	125	114
Total	157	346	503*	476	439

W. = Women and M. = Men

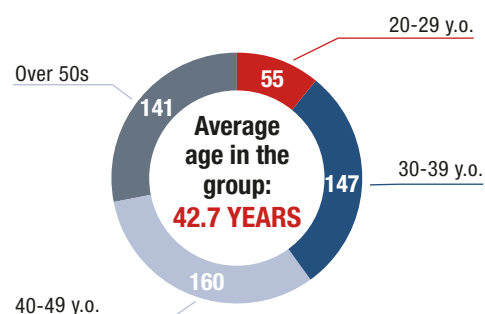
* Excluding Rousseau/Distrilabo



DISTRIBUTION BY AGE

	2019	2018	2017
20-29 y.o.	55	56	46
30-39 y.o.	147	151	139
40-49 y.o.	160	150	147
Over 50 years	141	119	107
Total	503*	476	439

* Excluding Rousseau/Distrilabo

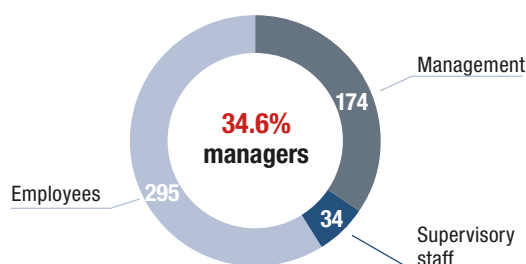


DISTRIBUTION BY STATUS

	W.	M.	2019	2018	2017
Managers	32	142	174	163	151
Supervisory staff	9	25	34	39	28
Employees	116	179	295	274	260
Total	157	346	503*	476	439

W. = Women and M. = Men

* Excluding Rousseau/Distrilabo



3.3.2 Our strategy

3.3.2.1 Managing our talents

TEMPS

The use of temps is normally limited to the replacement of people who are off sick or on maternity leave and according to the needs of seasonal activity peaks.

DISABLED WORKERS

We regularly employ E.S.A.T.* personnel for simple assembly or packaging work.

Maintenance of the green spaces of all our sites in Saint-Quentin-Fallavier (Isère) is performed by a re-insertion centre (E.S.A.T. in Villefontaine, Isère).

	2019	2018	2017
Number of disabled workers	5	7	5
Amount paid to E.S.A.T.* (in € thousand)	279	488	494

* Work rehabilitation scheme for the disabled.

In 2019 Jetly signed an agreement with an association, managing establishments for sheltered-employment in the

	2019	2018	2017
Number of temp hours*	51,902	56,411	53,678
Cost (in € thousand)	1,259	1,345	1,222

* In 2019, the number of temp. hours represented 6.5% of the total number of hours worked.

Rhône-Alpes region, which works to rehabilitate people facing physical disability. Through the association, Jetly has employed two disabled workers for packaging of small spare parts. This experience resulted in the recruitment of a disabled worker on a permanent contract on January 1, 2020. A fabulous collective success!

This partnership mission not only allowed the company to find stability, efficiency and savings, but the workers to achieve reintegration through employment in an environment propitious to their personal fulfilment. This collaboration has existed for at least 4 years.

Dipra had one disabled employee on its books in 2019.

LABOUR RELATIONS

Fourteen of our subsidiaries employ over eleven people, and three of them employ over fifty. Within these subsidiaries, eight employees hold staff representative positions.

Within each subsidiary, a monthly information and dialogue meeting takes place bringing together all personnel.

The management team presents and comments on the current situation: turnover, margin, costs and results, and answers employees' questions. If turnover is down, sales people are called in; if there is stock-out, the purchasing department is questioned; if costs increase, we look for and analyse the reasons why; if profits are down, everyone will be thinking about their end-of-year bonuses...

In the bigger subsidiaries, departmental meetings are also held to allow people to have their say. Experience tells us that it is difficult for some people to express themselves in big groups. The role of managers and supervisors is crucial in this respect, in ensuring that questions and remarks are brought to the surface to provide collective answers.

Our flat organisation charts promote good circulation of information.

The key is dialogue and transparency.

In April 2016, the Annual General Meeting appointed an employee to the Board upon a suggestion from the Board of Directors.

From being just 178 employees on a single site in 2004, Thermador Groupe now employs almost 600 people dotted around 9 sites. This new scale implies using new internal communications tools.

Our collaborative platform has been live since September 2019 for all Saint-Quentin-Fallavier employees and for FGinox, Mecafer/Domac and Sodeco. The employee directory offers new functionalities such as contact details and photo updating and employee search functions.



General meeting at Syveco

Salaries and profit sharing

P.E.E.

In January 2001, we set up a Company Savings Plan, open to all employees of the subsidiaries and 95% invested in Thermador Groupe shares.

Until 2012 the top-up was 100% of the amount put in by the employee, with a cap of €1,000.

In 2013 and in 2014, the company top-up was 150% with a cap of €1,500. In 2015, the top-up was 150% with a minimum of €300 and a cap of €1,500.

In 2016, the company top-up was 300% for the first €100 invested, and 150% for the tranche from €101 to €1,000, i.e. a maximum of €1,650. An exceptional operation allowed all employees to share 10,774 shares at a 30% discount.

In 2017 and 2018, the company top-up was 300% for the first €100 invested, and 150% for the tranche from €101 to €1,000, i.e. a maximum of €1,650.

In 2019, employees put in €1,051,000 and the group topped up €677,000. 430 employees signed up (out of 503).

At the end of 2019, the company savings plan (PEE) owned 250,000 Thermador Groupe shares.

In september 2019, we organised an election by electronic voting, which elicited the participation of 91.53% of employees of the subsidiaries and Thermador Groupe. After the vote, one man and one woman were designated by their peers to represent employees on the Thermador Groupe mutual fund (FCPE) supervisory board.

FIXED ELEMENT

In the group's longstanding subsidiaries, the fixed component of earnings is paid over 13 months (half in June and the other half in November). Salaries are revised annually, taking into account each individual's development in their function and the cost of living. We pay particular attention to the lower salaries, which are much higher than average for our sector.

At FGinox, Sodeco Valves and Domac, the fixed component of earnings is paid over 12 months.

VARIABLE COMPONENT

Since the beginning, Thermador Groupe subsidiaries' profits have been shared with employees. Even before statutory profit sharing, we introduced our own brand of profit sharing in Thermador, the first company created in the group's history. This virtuous practice spread to the other subsidiaries subsequently. Sharing profits come with the results of the year's work, during which the management teams present the operating accounts of each subsidiary on a monthly basis.

Everybody can understand how the annual result is put together, and what mass of profit sharing will be distributed.

The distribution of that mass is decided by the management team, and takes into account each individual's performance as fairly as possible.

In each subsidiary, the profit sharing amount therefore depends on profit, which means there are major differences between the companies of the group. It varies from **6 to 29% of overall earnings**. The average for the group is **17% of gross annual salary**.

For Jetly, Sferaco and FGinox annual bonuses and profit sharing are paid in February of the following year.

For the other subsidiaries, bonuses appear on the December pay slip. They are not subject to any conditions, and are therefore immediately available.

On our trading accounts, the wage bill represents around **11.5% of turnover** (cf. table, page 108).

We have always been very transparent on the subject of salaries. In each subsidiary, once a year, we post up all the monthly and annual salaries, including those, of course, of managers. This has the great advantage of limiting the spread of rumours, and means that we all have to show great coherence in decision-making in this area. We are striving to share this good practice with the companies that we have acquired since 2015, whilst leaving them time to prepare for this major cultural change.

The range of gross salaries in Thermador Groupe is between **€21,000 to €308,000** per year (12 months' presence).

For equivalent positions, men and women with the same training and similar experience earn the same amount.

DEVELOPMENT OF ONE PART OF THE THERMADOR GROUPE'S COLLECTIVE EMPLOYEE SHAREHOLDING PLAN.



3.3.2 Our strategy

3.3.2.1 Managing our talents



Gym at Jetly

Health and wellbeing

Employees enjoying good health and wellbeing are more implicated in the company and will contribute to its competitiveness. Reducing psycho-social risks, muscular-skeletal troubles and other risks linked to health at work also contribute to that. These values are important to our group.

HEALTH, SECURITY:

Our directors and managers are constantly attentive to their teams' feedback to improve working conditions. Most of the offices in our subsidiaries are now equipped with acoustic ceilings. We are looking to combine the advantages of open offices, which promote good communication between people, and of controlled sound levels so that everybody can concentrate on their work. A large proportion of our office-based sales staff offices, where they take telephone calls from our customers, are also equipped with acoustic partitions.

On a permanent basis, each warehouse manager is accredited to take immediate decisions to guarantee the safety of teams working in the warehouse. In our profession, it is undoubtedly here that we run the greatest risks of accidents. We pay particular attention to the strict respect of instructions, to flooring quality to limit noise, vibration and dust, to cleanliness, to the condition of fork lift trucks, and to lighting levels inside the warehouses. This results in practical decisions such as:

- choosing LED technology lighting in 5 warehouses representing 48% of warehouse space.
- handling equipment with lifting platforms selected to allow our warehousemen/order-preparers to access high picking racks in total safety,
- equipping our elevated handling equipment with cameras,
- training all our logistics teams in safe driving and gestures and postures.

With the publication of 6 new arduous working risk factors on July 1, 2016, we have conducted arduous working studies covering each logistics team task. Repetitive movements have been analysed internally by our teams, using the services in certain cases of the medical services' ergonomics expert. Hence the investments mentioned in the 2016 annual report.

LOW ABSENTEEISM:

Absenteeism in the group's subsidiaries is much lower than the national average. This undoubtedly reflects the good health and excellent motivation of those working there.

In 2019, for an equivalent number of accidents as 2018, we saw a big increase in the number of days' absence linked to work-related accidents, which can be explained primarily by 2 stoppages of more than 200 days: one linked to an accident in February in a warehouse, and the other travel-related.

7 subsidiaries ended the year without any work-related accident.

	2019	2018	2017
Number of days' absence	5,019	3,842	3,607
% of working time	3.8%	3.1%	3.8%
Of which sick leave	69%	80%	76%
Of which maternity or paternity leave	16%	10%	13%
Of which work related accident or illness	14%	10%	11%
Absenteeism rate ⁽¹⁾	4.0%	3.2%	3.3%
Number of work-related accidents	16	15	13
Number of work-related illnesses	0	0	1
Accident frequency rate ⁽²⁾	17.13	17.22	19.47
Seriousness of accidentss ⁽³⁾	0.77	0.45	0.60

⁽¹⁾ number of days' absence in working days / 251 x overall headcount: the calculation includes absence for illness, including work-related illness, work-related and travel-related accidents, maternity and paternity leave.

⁽²⁾ number of lost time injuries x 1,000,000 / Number of hours worked.

⁽³⁾ number of days lost through work-related accidents or illnesses x 1,000 / number of hours worked.

L.T.I. = lost time injury and W.R.I. = work related illness.

A BALANCED DIET

In each of our subsidiaries our employees have the use of a fully-equipped kitchen, meaning they can bring in their lunches and eat according to their various diets. A canteen is also available at a reasonable distance. The employer's contribution is €3.56 per meal.

PBtub's Panier Bio direct: Organic and direct from the producer, home delivered. That is what is on offer at PBtub and Axelair at the beginning of this year.

This initiative has been a great success, with 15 hampers being delivered regularly.

QUALITY OF LIFE AT WORK



Qualité de Vie au Travail

In 2017 each subsidiary took the initiative to submit a questionnaire entitled "Employee survey on the quality of life at work". They obviously bought into this new form of expression, given that the response rate was 94%! The exercise was carried out by an inter-subsidiary steering committee and a specialised agency (Optim Resources) and guarantees the anonymity of participants.

In total transparency, the results of the employee survey were presented at a general meeting in our subsidiaries. Workgroups were set up to tackle the progress points raised during the survey and to draw up an action plan per subsidiary.

Our subsidiaries FGinox and Sodeco Valves also carried out employee surveys in 2018.

We are planning to repeat this exercise every three years so as to measure the impact of decisions taken.

In response to employee requests, the subsidiaries have introduced more initiatives to allow them to wind down during breaks; relaxation rooms, table football, table tennis, boule strips, qi gong, Pilates, body balance and yoga, picnic areas, the loan of sun loungers, etc.

Our subsidiary Jetly has a sports hall open to all Saint-Quentin-Fallavier subsidiaries. A coach is on hand to provide lessons, and 64 employees are already registered.

A FESTIVE, SPORTY VIBE

On Sunday, October 6, 2019, 82 people joined the Run in Lyon wearing Thermador Groupe colours. With 3 marathons, 28 semi-marathons and 51 10k runners, the second edition of Run in Lyon organised by construction market subsidiaries took place in perfect weather conditions with a festive, sporty vibe, bringing together employees, suppliers and customers.

ARRIVALS AND DEPARTURES

Our group offers stability because it favours permanent employment contracts. Our employee turnover rate remained low at 11.7% in 2019.

	2019	2018	2017
Number of hires on permanent work contracts	73	80	54
Number of hires on fixed term contracts	13	21	16
Including recruits over 50	9	5	5
Number of departures	59	64*	49
Of which, retirement	2	3	4
Of which, resignations	27	27	23
Of which, redundancies	13	26	12
Of which, end of fixed term contracts	17	8	10
Recruitment rate	17.1%	21.2%	15.9%
Departure rate	11.7%	13.4%	11.2%
Rotation rate	14.4%	17.3%	13.6%
Average length of service	8.88	8.85	9.49

* * Including 17 departures linked to the sale of Sodeco Sedin, the merger of the Valfit Groupe with Sferaco and the acquisition of the Vortice France business by Axelair. The adjusted departure rate for these exceptional departures is 9.8%.

The rotation rate is defined as the average of recruitment and departure rates:

- Recruitment rate = total number of recruits divided by total headcount;
- Departure rate = total number of employee departures divided by total headcount.

RESPECT FOR THE PRIVATE LIVES OF OUR EMPLOYEES

They are invited to respect working times and not go beyond them. For those who are paid by the day, we check that they do not exceed the working time authorised by law and that they do not misuse remote connections.

The introduction of daily flat rate working hours in ten of our subsidiaries meets our employees' expectations on flexibility of working hours.

Our office-based teams comply with the working patterns of their customers who contact them during office hours by telephone, fax and email for advice, deadlines, price proposals, equipment choices, after-sales service and orders. Our logistics team starts very early in the morning to prepare the early pickups for our transport partners.

Working time is fixed at 37 hours per week in Saint-Quentin-Fallavier, 37.5 hours a week in Brignais and 39 hours a week in Valence and Vierzon i.e. within the framework of the 35-hour week law, 2 or 4 hours a week are considered as overtime.

The number of overtime hours worked in 2019 in the group was 40,349 hours accounted for primarily by the 2 or 4 extra hours mentioned above.

All part-time positions in the company are chosen by employees who opt for that format.

3.3.2 Our strategy

3.3.2.1 Managing our talents



Training room with a complete circuit at Thermador.

Good quality education

Fundamental training and continuous training allow people to adapt more quickly to the world in which they live and to company changes and operations; the company is the first to benefit from the practical use of knowledge, know-how and behaviour. Thus, promoting training to upskill the company's employees is a key factor of long-term success (adaptation, competitiveness, efficacy, etc.).

TRAINING AND SKILLS MANAGEMENT

	2019	2018	2017
Training budget as a percentage of wage bill	2.67%	2.21%	2.37%
Hours' training	10,407	8,384	7,465
Number of people trained	431	318	299

This training budget does not include the cost of time spent (salaries + charges) on internal training.

EXTERNAL TRAINING

Seminars for the sales team, training for local managers, personal development courses, language training, safety training... we regularly call on outside agencies to maintain and develop the levels of our teams.

INTERNAL TRAINING

We have a huge pool of knowledge internally about our professions, which is passed on by our experts to new arrivals. This is done via chalk-and-talk, practical work, accompaniment, and bespoke written formats.

Inter-subsidiary training sessions are also held, particularly for teams working in export.

Finally, Jetly, Sferaco and Thermador have developed training modules for customers in dedicated training rooms, and are officially recognised as a training organisation.

INDIVIDUAL INTERVIEWS

The annual review is a precious moment of exchange to identify expectations in terms of training and upskilling. 87% of employees were able to spend time with their direct supervisor during an annual assessment. This generally takes place during the first quarter. We do not require managers to fill in standard forms or follow a formalised method.

We allow them to manage their teams according to their appreciations and note that some of them prefer permanent dialogue rather than a formal annual interview. Furthermore, and in compliance with the law, all employees were able to express themselves during a professional interview in the course of the last three years.

CONTRIBUTION TO TRAINING

One employee from Sectoriel gives thermal energy engineering lessons at the I.U.T. Technology University, Lyon 1.

RECRUITMENT AND INDUCTION

Our subsidiaries pay particular attention when taking new employees on board. Each employee follows an induction programme allowing him/her to discover all the services provided by the company he/she is joining. The programme lasts several weeks. In order to better understand the realities of our market, office-based salespeople and buyers go out with our travelling salespeople to see our customers. In the same way, travelling and office-based salespeople spend a few days with our logistics team preparing customer orders. This process allows each person to understand the constraints faced by other departments in the company to enhance efficiency and mutual respect.

In our subsidiaries we also welcomed 6 sandwich course students and 7 trainees during 2019. This allowed our team to play a role in the training of these young people in a caring, professional environment.



Cross-departmental meeting on transport issues.

Gender equality

The company is a very important venue for social mixing. Equal treatment has a positive impact at every level of the company, developing each individual's potential and doing away with awkward situations. Gender equality also benefits men by allowing them to be more involved in family life and by combating stereotypes. Also, companies investing in equality have more success, are more efficient organisationally, and report better productivity.

GENDER EQUALITY

At the time of recruitment or during salary reviews, only skill, experience, interpersonal relations, efficiency, creative capacity, discernment, sense of synthesis and commitment are taken into account. On the basis of these criteria, and irrespective of sex, ethnic origin or any other discriminating criteria, employees of Thermador Groupe or its subsidiaries receive similar fixed salaries for directly comparable positions within each company.

Also, the vast majority of them can check, given that a salary transparency policy has been in place in all our subsidiaries since Thermador was founded in 1968. This virtuous practice means that each decision-maker thinks carefully before any recruitment or salary increase. Of the companies having joined us recently, Mecafer adopted the same practice at the beginning of 2018. Taking the necessary time to convince managers and employees of its advantages, we fully intend to progressively introduce it at Sodeco, FGinox and Sanidom/Rousseau and Distrilabo.

Since the outset, power has been fairly divided between men and women: women occupy **45% of seats on the Board** and **35% of management positions** in the subsidiaries, and accounted for 35% of the audience in the auditorium during the 'challenges and projects' meeting attended by 94 people on February 1, 2019.

2019 GENDER EQUALITY INDEX

WITHIN THERMADOR GROUPE SUBSIDIARIES

As part of the September 5, 2018 law on the 'Freedom to choose your career', and in compliance with the decree of January 8, 2019 seeking to erase earnings differentials between men and women, Thermador Groupe and its subsidiaries have calculated their gender equality index.

This index, out of 100 points, is calculated on the basis of five indicators:

- The earnings differential between men and women.
- The individual pay increase rate differential between men and women.
- The promotion rate differential between men and women.

- The portion of employees having benefited from an increase within the year of returning from maternity leave.
- The number of employees of the under-represented gender amongst the ten employees having received the highest salaries.

	Score	Score Maximum
Indicator 1 – Earnings discrepancy	36	40
Indicator 2 – Pay rise discrepancy	10	20
Indicator 3 – Promotion discrepancy	5	15
Indicator 4 – Return from maternity leave increase	15	15
Indicator 5 – Under-represented gender amongst higher salaries	0	10
Total	66	100

The score of 36/40 obtained on the earnings discrepancy between men and women for compatible socio-professional categories and age group reflects our earnings policies based on skills and not gender.

We get a poor score of 5/15 on the promotion rate discrepancy between men and women, which does not reflect reality. For all socio-professional categories, 6.25% of women were promoted compared to 10.35% of men. The non-representativity of women in the 'supervisor' socio-professional category means that we cannot take those promotions into account.

We get a score of 0/15 on the number of women amongst the 10 biggest earners at Thermador Groupe. Out of the 20 biggest earners however, there are 6 women.

SALARIES AND PROFIT SHARING

Earnings and individual bonuses are calculated at subsidiary level as are salaries. Information and good-practice sharing between subsidiary managers allow us to ensure overall coherence.

3.3.2 Our strategy

3.3.2.2 Limiting the environmental impacts of our activity



Lombrifiltration sanitisation unit

Clean water and sanitation

Optimising water consumption and wastewater reduces costs and risks for the company. Treating and recycling wastewater avoids certain taxes and can reduce the amount of water used.

As a distributor specialising in fluid circulation, Thermador Groupe, via its subsidiaries, has developed products that sanitise water and make it useable.

Thermador, Sferaco and Sectoriel offer product ranges to treat hot water. Jetly sells rainwater recovery systems as well as solutions for waste-water sanitation and treatment.

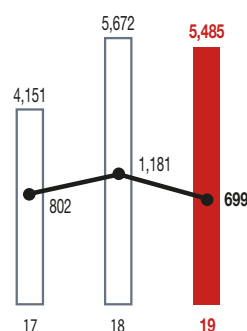
As well as its existing ranges, Jetly launched an innovative autonomous sanitation device in 2019 based on lombrifiltration technology which uses earthworms to purify organically polluted wastewater.

The Bioturbat solution was presented at several shows in 2019, and was very positively received by non-collective sanitation specialists. It is being used in pilot facilities and proving very satisfactory both for public works companies for installation and for users whose operations are looked after by Jetly.

So as to make the most of its vast roof area, when the Jetly building was built in 2008, it was equipped with a rainwater recovery system.

In 2019, Jetly repaired the rainwater recovery pumping system. Three of our buildings are ICPE classified facilities for environmental protection. These facilities use drinking water and account for 20.8% of our overall consumption.

Many of our buildings are equipped with water softeners to improve the quality of water used on our equipment.



Consumption of drinking water in 2019

5,485 m³
of which, sprinklers
699 m³



The new Dipra building will also be fitted with a rainwater recovery system



A solar unit for the production of hot domestic water

Thermador Groupe, through its subsidiaries, sells products allowing the use of renewable energies, such as solar.

Thermador sells thermal solar panels and hot domestic water solar panels. The panels, when hooked up to a hot water tank, provide solutions both for production of domestic hot water and water preheating for heating circuits.

USE OF RENEWABLE ENERGIES IN OUR BUILDINGS

In 2018, Thermador Groupe signed a contract for electricity 'of certified renewable origin' (Green Energy) for three years. Nine of our subsidiaries use that contract which provides for 61% of our electricity consumption.

Thus, some of the electricity produced from the renewable energy sources that are part of EDF's production capacity were injected into the electricity grid by EDF for nine subsidiaries.



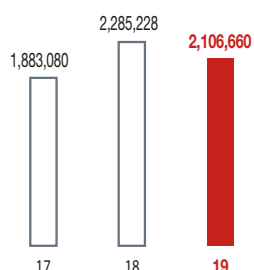
System Stratos 4S

ROLL-OUT OF PHOTOVOLTAIC PANELS IN OUR NEW WAREHOUSES

SCI Thely now includes the installation of photovoltaic panels in its building specs as well as a requirement for sites to be self-contained thanks to solar energy. This requires additional investments for construction, written down over 10 years.



Layout plan for photovoltaic panels for the Dipra / Aello building



Electricity consumption in 2019

2,106,660 kWh

Share of renewable energy:

61%

3.3.2 Our strategy

3.3.2.2 Limiting the environmental impacts of our activity



Replacement of disposable cups by personal mugs at Sferaco

Responsible consumption and production

Production and forms of consumption are the bread and butter of our companies. Their role is central to achieving this objective. Whatever their activities, they progressively need to face up to dwindling resources and a degraded environment. This phenomenon exposes producers and users of these materials to risks of shortages and cost volatility, as well as constraints in terms of environmental compensation or repair. Anticipating these risks implies involvement in new forms of production and consumption.

Reducing the use of materials and energy and cutting back on waste production generates savings for purchasing but also in waste treatment.

A COST-EFFICIENCY CULTURE

Thermador started with very limited resources. Careful spending is a virtuous legacy of those early days. This can be seen in the decisions taken by management but also, and more importantly, the responsible behaviour of everybody in the group.

Since our teams are working in small-sized companies, each employee engages personally with it: waste means higher expenses and lower profits. So, we are careful to turn out lights when we leave the office, close windows when the heating is on, re-use paper and use heat (and air conditioning) sparingly. We install movement detectors and light thresholds to turn electric lighting on and off automatically. And again, to consume less electricity, our IT system uses 122 virtual servers.

WASTE MANAGEMENT

All our waste is non-hazardous waste (NHW). We pay particular attention to the design of our packaging. We entrust this to companies specialising in the recycling of our waste, which is primarily cardboard, paper and wood.

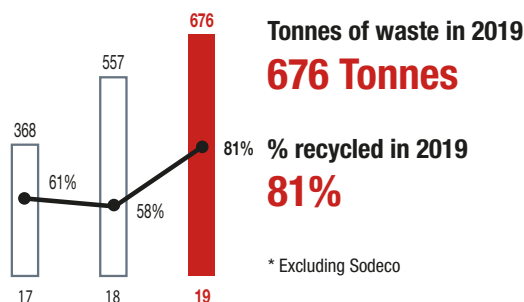
Further to the waste audit in Sectoriel, to increase the recycled percentage and raise awareness amongst all employees, waste sorting is now done at source. Each department from the warehouse to the motorisation workshop and including the offices sorts its waste by category, and for each type there is a dedicated skip and handling circuit.

An audit of existing service providers led to the selection of a new one according to criteria on the traceability of waste treatment and 100% recycling of our waste. One of our subsidiaries already switched to this new service provider for processing in 2018. Two of our reference service providers for waste treatment are ISO 14001 certified. The objective is to increase the portion of waste recycled.

We re-use packaging, either as-is or re-used for chocking products for shipment, after grinding. This has two attributes: less waste and savings on shipment and reduction of plastic packaging.

The materials returned by our customers are sent to factories or entrusted to local scrap dealers who sort brass, copper, aluminium and ferrous metals.

Our IT waste (servers and PCs), as well as old office furniture, is sold on to specialist contractors who reprocess such waste, or given to charities such as Emmaüs or shelters for the homeless.



STRONG COMMITMENT FROM OUR EMPLOYEES

Our cross-subsidiary group Thermavert is there to make suggestions for the processing of our day-to-day waste (paper, bottles, food waste, etc.). At the end of 2019, two containers were installed to sort green and plastic waste. Our subsidiaries

have introduced paper, pen, battery and ink cartridge sorting. Jetly has installed compost tanks for food waste.

PRODUCT LIFESPAN

From sourcing to after-sales, our subsidiaries pay particular attention to product lifecycle in their catalogues. The reflection starts as of the design phase – with the help of our suppliers – for the development of repairable products. Also, the number of spare parts stored by our subsidiaries has increased substantially, leading to a new way of thinking about storage of these smaller references with slower rotation than our ordinary products. We are also working in close collaboration with our suppliers to provide exploded-view drawings of our products

which mean that faulty parts can be identified more quickly and a replacement solution found. Finally, after-sales and repair departments have been supplemented and modernised, in particular with the opening up of an e-after-sales website at Mecafer, a doubling of positions in Dipra's workshop and an increase in surface area dedicated to repair workshops in our warehouses.

INVENTING THE FORMS OF CONSUMPTION OF THE FUTURE ALLOWS US TO GET A HEAD START ON OUR COMPETITORS AND FUTURE REGULATIONS

Some of our subsidiaries sell products that preserve natural resources: rainwater recovery systems, accessories for heat pumps, solar systems, wood or calorie-count boilers, low-electricity-consumption class A pumps, hydraulic balancing valves for perfect distribution of hot and cold in office buildings, connected water meters, taps equipped with water savers and dual-flow ventilation systems.

Dipra sells the variable speed Tallas D-Econcept watering pump. This reduces electricity consumption and operating costs for the user. This model is part of a standard range with spare parts that are common to several models in an attempt to make repairs easier.

Axelair sells an insulated flexible hose for private house air distribution systems. It has a 100% recyclable interior skin in PE+ which does not contain chlorine and is the product of

pop bottle recycling transformed into polyester filaments. Its more compressible material reduces cut-offs in the production process.

All this reflects the acceleration in the development of eco-responsible products in the product ranges distributed by our subsidiaries. We meet user demand and work on the transformation of our markets with lower-footprint products.



Globus rainwater recovery system at Jetly



Variable speed Tallas D-Econcept watering pump

3.3.2 Our strategy

3.3.2.2 Limiting the environmental impacts of our activity



90% participation in the Mobility Challenge for 3 of our subsidiaries

Action on climate change

Conscious of the greenhouse gas emissions generated by our activities, energy usage and transport, we have been working on assessing our carbon footprint.

In 2017, we were chosen from amongst 30 SMEs and mid-tier firms worldwide to be accompanied in the transition to the low carbon economy. A firm of specialised consultants in low-carbon project management helped us in counting and assessing our greenhouse gas emissions. We placed governance of the climate topic at the very top of the organisation chart of our company. This approach allowed us to draw up our five-year greenhouse gas reduction plan through to 2022.

The main carbon challenge for Thermador Group is the environmental performance of the product itself. The second challenge is transport and therefore the choice of service providers. The question of energy consumed on the site is a secondary one, but could be the subject of very targeted energy efficiency campaigns.

We continued this work in 2019 with our greenhouse gas emission audit. This audit concerns all companies in the consolidation scope. We measured direct emissions linked to our business corresponding to scopes 1 and 2 of the regulations.

Direct greenhouse gas emissions resulting from primary energy combustion on-site were estimated at 453 tonnes equivalent CO₂ in 2019.

Restructuring work begun in 2019 on energy efficiency in the Syveco / Isocel building are designed to reduce such emissions. At the same time, efforts continue in the field of good practices

shared by the Thermavert group: switching off lights, PCs and printers and in the evening and at weekends, and closing shutters to limit energy loss from buildings.

Direct emissions from fixed combustion sources in 2019

Fuel	Quantity consumed	Emission factor	Emissions in equivalent tonnes of CO ₂
Natural gas	2,329,275 kWh PCS and 2,098,446 kWh PCI	0,204 kgCO ₂ e / kWh PCI (combustion)	428.1
Domestic fuel oil	9,432 liters	2,676 kgCO ₂ e / liter (combustion)	25.2

Direct fugitive emissions in 2019

Refrigerant fluid	Quantity emitted into the atmosphere	Emission factor	Emissions in equivalent tonnes of CO ₂
R410a	0 kg	1,920 kgCO ₂ e per kg of fluid	0*

* No recharge of our air conditioners in 2019.

Indirect emissions linked to electricity consumption in 2019

Electricity consumption (kWh)	Emission factor	Emissions in equivalent tonnes of CO ₂
2,106,660	0.075 kgCO ₂ e / kWh	158.0

DIRECT EMISSIONS LINKED TO EMPLOYEE TRAVEL

Our itinerant sales people do not have company fuel cards. When they use their vehicles for business travel, they are reimbursed according to a scale. It is in their interests to drive economically. When they rent vehicles, they are limited to small models that consume less fuel. Also, we ask all group employees to live within 50 km of Head Office.

Our office-based employees use car sharing, public transport and bicycles as means of transport.

Inter-subsidiary travel for those based in Saint-Quentin-Fallavier is performed most often on foot or on electric bicycles. Three of our subsidiaries have video conferencing systems to reduce travel.

Our company canteen is less than one kilometre from our subsidiaries based in Saint-Quentin-Fallavier. It is managed by a single service-provider

For the past 4 years, our subsidiaries have been involved in an annual regional challenge designed to promote all alternatives to private cars (cycling, walking, public transport, car sharing, etc.) and encourage virtuous behaviour. Three of our subsidiaries have taken part in this challenge with a participation rate above 90%.

Through our subsidiaries, those employees who so wish can recharge their electric vehicle at a modest cost using green energy (non-nuclear).

Direct emissions from mobile thermal engine sources in 2019			
Power	Vehicle.km	Emission factor	Emissions in equivalent tonnes of CO ₂
Fuel (0-5 CV)	568,285	0,150 kgCO ₂ e / vehicle km (combustion)	85.2
Fuel (6-10 CV)	1,566,065	0,75 kgCO ₂ e / vehicle km (combustion)	274.1



Charging point at Sferaco

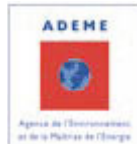
DIRECT EMISSIONS LINKED TO THE TRANSPORT OF MERCHANDISE

Our goods are primarily transported by road and by sea. Our highly concentrated logistics organisation allows our haulier partners to optimise pick-ups from our premises.

This means extremely low shipment costs for our customers comparatively within our profession.

Upstream, again, our volumes and stocks are sufficiently large to optimise merchandise transport. Fuel consumption per product is kept as low as possible.

COMMITMENT TO OUR TRANSPORT PARTNERS



Seven of our transport partners have signed up to the ADEME's (environmental protection agency) voluntary commitment charter and its CO₂ objectives. Firstly, they all completed a CO₂ audit and then defined an action plan to reduce their emissions. Each year they send a report of their actions to the ADEME.

This commitment is valid for a period of three years.

Five of our partners have ISO 14001 certification and represent 66% of tonnage shipped.



Heppner courier company

3.3.2 Our strategy

3.3.2.2 Limiting the environmental impacts of our activity



Insect hotel at PBtub.

As a company, we are directly or indirectly concerned by biodiversity through our economic activities.

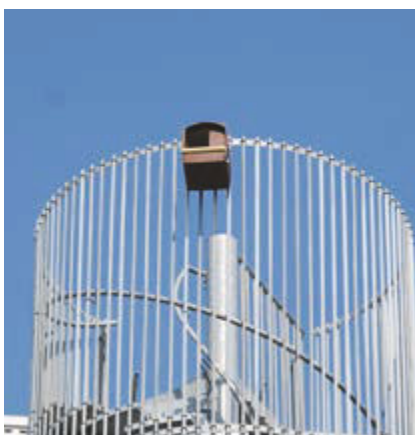
Four of our sites, PBtub, Sectoriel, Jetly and Dipra have performed environmental APIE studies (Association Porte de l'Isère Environnement). We have decided to apply all APIE's recommendations to promote biodiversity in the environment surrounding buildings occupied by our subsidiaries.

This includes a passage reserved for small fauna through fences, the planting of hedges serving as a refuge for numerous species, the planting of fruit trees, a field of flowers and herbs, the removal of invasive species, the installation of a birds' nest and an insect hotel.

At Sectoriel, two hives appeared on the roof of the building in April 2017. Green spaces have been planted with a focus on local species, nectar plants and a small orchard. The first honey harvest was in 2018.

After the environmentally-friendly changes made over the past two years, PBtub organised an event on its site, arranged by an employee, who is a member of the APIE association behind the refurbishment project. We had a walk around the site to take a look at the heavy-feeding plants around us.

A Dipra employee has also followed a training course entitled 'Reconciliation of biodiversity and economic working areas'. This training course allowed them to deepen reflection on green areas for the future Dipra building.



Birdhouses and passages in the fences for wildlife at PBtub.

3.3.2.3 Acting ethically and responsibly



Peace and justice

Peace and rule of law, framed by rules and effective justice creates a favourable context for public and private economic actors by providing the right framework for fair competition, the ability to innovate, be entrepreneurial and develop business. The elimination of corruption improves a company's image and its room for manoeuvre to support economic development and contribute to achieving sustainable development objectives.

RESPECT FOR HUMAN RIGHTS

Since the group subsidiaries identified as part of the scope are in France and Belgium, respecting French and Belgian regulations is sufficient to ensure the promotion and respect of

fundamental international labour organisation provisions (ban on child labour, freedom of association, elimination of forced labour, etc.).

GOOD CONDUCT CODE

Our code of good conduct has been translated into five languages. The code was presented to each subsidiary at general meetings. The staff representative bodies were also consulted in our subsidiaries as to the adoption of the code.

Our subsidiaries have made reference to the code of conduct in their in-house rules. Our customer and supplier partners have been informed of the existence of this code of conduct and have been asked to respect it in our business dealings with them.

THE SAPIN 2 ANTI-CORRUPTION LAW

In 2019, we continued our training initiative on implementing an anti-corruption mechanism directed at our employees. Two training sessions were held for 93 employee members of our subsidiaries' management committees. For employees not exposed to this, in collaboration with the Middenext association we have initiated an e-learning tool so that each new or existing employee can be trained.

Our group has a 'gifts and invitations' policy. A 'gifts and sponsorship' policy is currently being drawn up.

We have started mapping our risks covering all activities. This work will be finalised in 2020 with contributions from each of the subsidiaries' management committees so that the mapping is a fair reflection of all the risks we face.

STOCK MARKET CHARTER AND RESPECT OF 'MARKET ABUSE REGULATION'

In keeping with our policy of transparency, each employee of Thermador Groupe or its subsidiaries, whatever their level of responsibility, has occasional or permanent access to classified information. Consequently, all employees have signed a stock market charter detailing their duty of confidentiality and the

conditions governing Thermador Groupe share sales and purchases, in line with European 'market abuse regulations'. The charter is also presented in the form of a graph to make it easier to understand.

INTRODUCTION OF THE GENERAL DATA PROTECTION REGULATION (GDPR)

These initials, familiar no doubt to many of you since May 25 2018, refer to the General Data Protection Regulation, voted by the European Union, and applicable to all states who process data concerning European citizens. Organisations must now ensure optimal protection of data at all times, be able to show it by documenting their conformity and explain their reasons for collecting and keeping personal data and why they would keep such data.

(Data Protection Officer). The group has also commissioned an audit from an outside agency which mapped our personal data processing activities, and has written records of processing activities to be adapted to each subsidiary.

So as to respect this rule in our group, several actions have been introduced. Adeline Porcher has been appointed DPO

In 2019, we continued our projects, formalising our register of processing operations, reviewing our General Terms of Sale, and drafting our data policy. The roll-out of this processing operations register and checking of subcontractor compliance will continue in 2020.

3.3.2 Our strategy

3.3.2.3 Acting ethically and responsibly

SUPPLIERS

The directors of the group are responsible for relationships with our suppliers. Our way of working can be summarised in a few simple principles:

- We work with a medium or long term vision.
- We are transparent with our suppliers, and tell them clearly what we expect of them.

- Price is not the only criterion of supplier selection.
- We pay close attention to their long-term existence, the quality of the products and services they propose, their transparency, commercial policies and reactivity.

We visit production sites ourselves which allows us to check that our suppliers' employees are well treated.

CONTRIBUTION TO THE LOCAL ECONOMY

We employ 450 people living for the most part in the Auvergne Rhône-Alpes region. Our buildings are regularly maintained and have a very attractive appearance. With the local authorities and local neighbourhoods, we maintain cordial and constructive

relationships. We very regularly work with local companies: transport, architecture, masonry, public works, finishing works, IT, canteen, health insurance, worker reintegration centre (E.S.A.T.).

WORK AND CANCER IN MEDIUM-SIZED COMPANIES

We welcomed a team of researchers at Jetly working on a national project entitled 'Work and cancer in medium-sized companies'.

The purpose of the project is to adapt the regulatory framework to practices that protect jobs and spotlight the role of work in health.

In more simple terms, the objective are to:

- Help women affected by breast cancer to stay in work or return to work.
- Create effective mechanisms applicable to all organisations and facilitate the management of other chronic illnesses.

The project comprises of numerous contributors from civil society, researchers, institutions and mid-caps.

Thermador Groupe is involved in the project and organised a week of immersion on-site for the team of researchers to help them get a better grasp of the realities of the corporate environment.

They met people from the group concerned directly or indirectly by long illnesses and keeping people in work.

They join us in thanking all participants for their availability, simplicity and punctuality.

The project will run for three years.

Year 1: 2019: Experimentation

1. Produce a qualitative inventory of the 6 pilot companies.
2. Undertake experimentation. Develop methodology and ad-hoc tools.

Year 2: 2020: Deployment

Broaden the experiment to a wider panel of average-sized companies and women concerned by the illness.

Year 3: 2021: Assessment

Study the impact of actions implemented to assess the conditions under which the tools and mechanisms could be applied elsewhere.

OUR ACTIONS IN TERMS OF GIFTS AND SPONSORSHIP

Each subsidiary is autonomous in terms of its donations policy. This year, our Thermador subsidiary chose to invite its employees to come up with 4 humanitarian causes. This allows each employee to present the association he/she represents. The advantage of this donations policy is that it gets employees involved.

Sferaco selected 8 associations. Two of them made presentations to the employees: L'enfant bleu and PSE Cambodge.

Sectoriel selected 3 associations, two leading charities supported by Sectoriel every year: the homeless and cancer research.

A social action was initiated at group level with the Apprentis d'Auteuil. A meeting was organised between executive committee members and the association. They started looking at how the association could be helped.

Several avenues were identified, including:

- A solidarity day including meetings between young people and employees.
- Discovering the company, company visit (pairing up a youngster and an employee), a day in the company (tour).
- Skills sponsorship.
- 'Solidarity-based nutrition': organise a meeting, seminar, customer appointment, etc. in their school canteens.
- Recruitment of young people trained in logistics via the Skola mechanism with STEF.

This collaboration will be converted into concrete actions in 2020.

3.4 Correlation tables with information required for the non-financial performance indicators process

	Theme	Correlation with the Universal Registration Document	ODD*	Pages
	Presentation of our business model	Our business model.		50-52
	Presentation of our major Corporate Social responsibility risks and challenges	Our ecosystem. The five risks and opportunities. Our approach to a societal and environmental responsibility / devolved governance structure.		53-56
	Description of our approach to societal and environmental responsibility			57-74
Social information	Employment	Total headcount and distribution of employees by sex, age and geographic zone.	8	59-60
		Recruitment and redundancy.	3	63
		Earnings and earnings growth.	8	61
	Work organisation	Organisation of working time.	3	63
		Absenteeism.	3	62
	Health and safety	Health and safety conditions at work.	3	62
		Work-related accidents, in particular frequency and seriousness, as well as work-related illnesses.	3	62
	Labour relations	Organisation of social dialogue, in particular staff information and consultation procedures and negotiation therewith.	8 4	60 & 64
		Reviews of collective agreements, particular in the field of health and safety at work.	3	62
	Training	Policies implemented in terms of training, in particular environmental protection.	4	64
		Total number of training hours.	4	64
	Equal treatment	Measures taken in favour of equality between men and women.	5	65
Measures taken in favour of employment and integration of disabled people.		5 8	60	
Anti-discrimination policy.		5	60 & 65	
Environmental information	General environmental policy	Organisation of the company to take environmental issues into account, and where applicable, approaches adopted to assess or certify in the environmental field.		57-58
		Resources dedicated to the prevention of environmental risks and pollution.	6 7	66 & 67
		Scale of risk provision and guarantee in the environmental field, on condition that this information is not seriously detrimental to the company in a current dispute.	N/A**	
	Pollution	Prevention, reduction or resolution of measures for rejects in the air, water and ground seriously affecting the environment.	6 13	66 & 70-71
		Taking into account any other form of pollution that is specific to an activity, and in particular sound and light pollution.	13	70
	The circular economy	Waste prevention and management.	12	68
		Sustainable use of resources.	6 7	66-67
		Use of ground.	15	72
	Climate change	Items that are substantial greenhouse gas emission generators because of the company's activity, in particular on account of the use of the goods and services it produces;	13	70
		Measures taken to adapt to the consequences of climate change.	13	71
		The objectives of voluntarily medium and long term objectives to reduce greenhouse gas emissions and the means used to achieve it.	ND***	
	Protection of biodiversity	Measures taken to protect or develop biodiversity.	15	72
Societal information	Societal commitments in favour of sustainable development	The impact of the company in terms of employment and local development.	16	74
		The impact of the company's business on local or neighbouring populations.	16	74
	Subcontracting and suppliers	Taking social and environmental challenges into account in the purchasing policy.	12	69
		Taking relationships with suppliers and subcontractors into account as far as their social and environmental responsibilities are concerned.	16	74
	Fairness of practices	Measures taken in favour of health and safety of consumers.	12	69
The fight against corruption	Actions undertaken to prevent corruption.		16	68
Actions in favour of human rights	A) Promotion and respect of the provisions of the fundamental conventions of the International Employment Organisation relating to:	- Respecting the freedom of association and the right to collective bargaining,	16	73
		- Eliminating discrimination in terms of employment and professions,	5	65
		- Eliminating forced or compulsory work,	16	74
		- Effective abolition of child working	16	74
	B) Other actions undertaken in favour of human rights.		16	74

* SDG: Sustainable Development Goals. ** Not applicable. *** Not available.

3.5 Summary of indicators

The information presented below concerns consolidated companies of Thermador Groupe on December 31, 2019 with the exception of: Edouard Rousseau and Distrilabo acquired on December 31, 2018 and December 31, 2019 respectively.

Changes to reporting scope and calculation methods mean that we cannot always make a pertinent comparison between 2019 data and those of 2018 and 2017. These changes are mentioned and specified in the indicators each time they appear to help understanding.

The reporting approach for 2019 was specified and detailed via a CSR reporting memo for the collection of the quantitative and qualitative information required. It allowed us to define calculation methods for each indicator.

	2019	2018	2017	Page
Employment data				
Headcount according to gender				
Number of women	157	147	132	59
Number of men	346	329	307	59
TOTAL NUMBER OF EMPLOYEES (EXCLUDING TEMPS)	503	476	439	59
Headcount per contract type				
Permanent contract (CDI)	493	464	433	63
Temporary contract (CDD)	10	12	6	63
% of permanent contracts (CDI)	98%	97%	99%	63
Number of temp hours	51,902	56,411	53,678	60
Distribution between recruitments and departures				
Recruitments	86	101	54	63
Departures	59	64	49	63
Training				
Training budget as a % of the wage bill	2.7%	2.21%	2.37%	64
Number of employees having attended at least one training session during the year	431	318	299	64
% of employees trained	86%	67%	68%	64
Number of training hours	10,407	8,384	7,465	64
Diversity				
Women in management positions	16	19	18	59
Men in management positions	30	32	35	59
Employees with disability status	5	7	5	60
Employee loyalty				
Staff rotation	14.4%	17.3%	13.6%	63
Average length of service (in years)	8.88	8.85	9.49	-
Health				
Link to work-related accidents with injury	8.6%	10%	12%	62
Link to travel accidents	5.7%			
Link to work-related illnesses	0%	0%	ND*	62
AVERAGE ABSENTEE RATE FOR THE GROUP	4.0%	3.2%	3.3%	62

* Not available

	2019	2018	2017	Page
Environmental data				
Water (in m³)	5,485	5,672	4,151	66
Energy (in KWh)				
Energy consumption	2,106,660	2,285,228	1,883,085	67
Gas consumption	2,570,596	2,151,767	2,446,598	70
Portion of renewable energy	61%	36%	0%	67
TOTAL ENERGY CONSUMPTION (IN KWH)	4,677,256	4,436,996	4,329,683	-
Scope 1 direct emissions (in equivalent CO₂)				
Emissions from company vehicles	359	349	ND*	71
Emissions from burning natural gas on-site	428	373	450	70
Emissions from burning domestic fuel on-site	25	8	8	70
Emissions from refrigerants	0	0	7.8	70
TOTAL SCOPE 1 (IN TEQ CO₂)	812	730	458	-
Scope 2 indirect emissions (in tonnes of equivalent CO₂)				
Emissions due to the purchase of electricity	158	171	141	70
TOTAL SCOPE 2 (in tonnes of equivalent CO₂)	158	171	141	-
Scope 3 indirect emissions (in tonnes of equivalent CO₂)				
Emissions due to professional travel (rental cars, planes, trains)	217	171	ND*	-
TOTAL SCOPE 3 (in tonnes of equivalent CO₂)	217	171	ND*	-
Industrial waste (in tonnes)				
Non-hazardous industrial waste (excluding Sodeco)	676	557	368	68
Hazardous industrial waste	0	0	0	68
TOTAL INDUSTRIAL WASTE (IN TONNES)	676	557	368	68
% of waste sent to a recycling solution for recovery	81%	58%	61%	68

* Not available

3.6 Certificate of Extra-Financial Performance Statement

THERMADOR GROUPE SA – REPORT FROM THE VERIFICATION AGENCY – FINANCIAL YEAR ENDED DECEMBER 31, 2019

Dear shareholders,

Further to the request made by THERMADOR GROUPE SA and in our capacity as an independent third party body whose accreditation was accepted by COFRAC under N° 3-1081 (available on the website www.cofrac.fr), we present herewith our report on the consolidated social, environmental and societal information presented in the management report drawn up for the financial year ended December 31, 2019 in application of article L.225-102- 1 of the French Companies Act.

RESPONSIBILITY OF THE ENTITY

It is the Board of Directors' duty to draw up a Declaration in compliance with legal and regulatory provisions, including a presentation of policies introduced in light of these risks, and the results thereof, which should feature key performance indicators.

The Declaration was drawn up in compliance with the reference set used (hereafter referred to as the 'Reference Set') per entity, the key elements of which can be provided upon request by the company's headquarters.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions outlined in article L. 822-11-3 of the commercial code and the ethical code of the profession. Also, we have introduced a quality control system which includes documented policies and procedures to ensure that ethical rules, professional doctrine and applicable legal and regulatory texts are respected.

RESPONSIBILITY OF THE INDEPENDENT THIRD PARTY BODY

On the basis of our investigations, we have formulated an opinion and explained it, and our conclusion is one of "moderate assurance" as to:

- the compliance of the Declaration with what article R.225-105 of the commercial code requires;
- the sincerity of the information provided in application of part 3 and I and II of article R. 225-105 of the commercial code, i.e. the results of policies, including key performance indicators, and actions relating to main risks hereafter referred to as "information".

However, we are not required to pass any judgment on:

- the entities' respect of other applicable legal and regulatory provisions, in particular in terms of vigilance plans and the fight against corruption and tax evasion;
- the compliance of products and services to applicable regulations.

NATURE AND SCOPE OF WORKS

We have carried out our work according to applicable standards in France determining the conditions under which the independent third party body carries out its mission, and the international standard ISAE 3000.

Our works were performed between December 15, 2019 and February 13, 2020, taking approximately 6 man days.

We held eight interviews with those responsible for the Declaration.

We carried out our investigation allowing us to assess the compliance of the Declaration to regulatory provisions and the sincerity of the "information":

- we learned about the business activity of all the companies that are part of the consolidate scope, information about the major employment- and environment-related risks linked to this business, and the effects as to their respect of human rights and the fight against corruption and tax evasion, as well as the resulting policies and their results;
- we assessed the appropriateness of the reference set in respect of its suitability, exhaustive nature, reliability, neutrality and clarity, and where applicable, taking into consideration good practices from the sector;
- we checked that the Declaration covers each category of information as required in point III of article L. 225 102 1 in terms of employment and the environment, as well as respect for human rights and the fight against corruption and tax evasion;
- article L. 225-102-1;

- we checked that the Declaration presents the business model and main risks linked to the business of all the entities included in the consolidation scope, including, when pertinent and proportionate, those risks created by its business relationships, products or services, as well as policies, actions and results including key performance indicators;
- when applicable in respect of the main risks or policies presented, we checked that the Declaration presented the information required in section II of article R. 225-105;
- we assessed the selection and validation process for the main risks;
- we enquired as to the existence of internal control procedures and risk management introduced by the entity;
- we assessed the coherence of the results and key performance indicators chosen in respect of the main risks and policies presented;
- we checked that the Declaration covers the consolidated scope, i.e. all the companies included in the consolidation scope in compliance with article L. 233-16;
- we assessed the collection process introduced by the entity with a view to exhaustiveness and sincerity of information;
- or the key performance indicators and other quantitative outcomes that we considered the most important, we implemented:
- analytical procedures to check the correct consolidation of data collected as well as the coherence of their use;
- detailed tests on the base of sampling, to check the proper use of definitions and procedures and matching up data and documents. This work was carried out with a selection of contributing entities¹ and covering between 37 and 58% of the consolidated data of key performance indicators and results selected for those tests²;
- we consulted documentary sources and held interviews to corroborate what we considered the most important qualitative information (actions and results);
- we assessed the overall coherence of the Declaration according to our knowledge of all the companies included in the consolidation scope.

We feel that the work that we carried out in exercising our professional judgment allows us to conclude 'moderate assurance'; a higher level of assurance would require more extensive verification works.

Because of the use of sampling techniques and other constraints inherent to the function of any information system and internal control, the risk of non-detection of a significant anomaly in the Declaration cannot be totally eliminated.

CONCLUSION

On the basis of our investigations, we did not find any significant anomaly which could call the Declaration of extra-financial performance into question and suggest that it did not comply with applicable regulatory provisions, and that the overall information is presented in a sincere way in compliance with the reference set.

Lyon, on February 19, 2020

FINEXFI
Isabelle Lhoste
Associated

¹ Jetly, Sferaco, Thermador, Sectoriel

² Verified indicators: Staff, health and wellbeing, access to education, clean water, energy consumption, sustainable consumption and production.

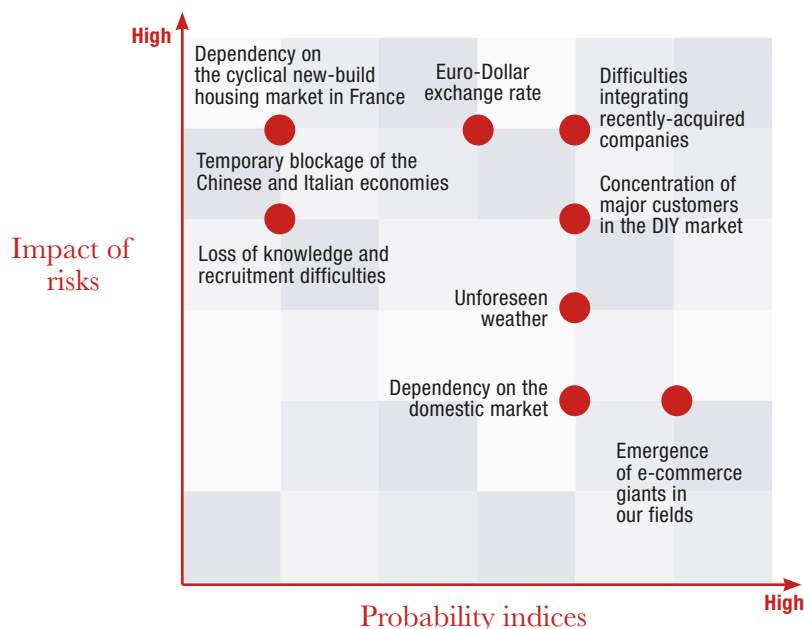
4.

RISK MANAGEMENT

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4.3	Internal control	85

4.1 Risk factors

The company performed a review of risks potentially having a substantial unfavourable impact on its business, financial situation and profits. The different risks are classified according to their potential impact and probability of occurrence. This risk mapping reflects Thermador Groupe's exposure and therefore includes control measures introduced so as to limit probability and impact.



Ranking of risks	
4.1.1 Risks linked to the business	Unforeseen weather
	Dependency on the cyclical new-build housing market in France
	Concentration of major customers in the DIY market
	Dependency on the domestic market
	Emergence of e-commerce giants in our fields
4.1.2 Operational risks	Difficulties integrating recently-acquired companies
4.1.3 Employment risks	Loss of knowledge and recruitment difficulties
4.1.4 Financial risks	Euro-Dollar exchange rate
4.1.5 Geopolitical risks	Temporary blockage of the Chinese and Italian economies

4.1.1 Risks linked to the business

Unforeseen weather events

Risk identification and description A rainy winter would inevitably cause a drop in watering pumps sales, a market on which we are a significant player in the professional and retail channels.	Potential impact on the group Decline in turnover. In 2013, we saw a very rainy spring, we lost approximately €2.5m turnover over the first half year.
Risk control and limitation Our best sellers are stable products. Unsold products from a very poor season can perfectly well be sold during the following season. Rainy springs are very often followed by drier summers, and such cycles have always allowed us to catch up some of the sales lost to end-June. Over the last 10 years, good years have broadly compensated for bad ones. Also, our high stock levels allow us to make the very best of years of high demand.	

Dependency on the cyclical new-build housing market in France

Risk identification and description We are exposed to the cyclical building market and, more particularly, the number of new-build housing starts. 44% of our consolidated turnover comes from fluid circuits in buildings. Of that 44%, only 20% is from the new-build sector; the remaining 80% is renovation market turnover.	Potential impact on the group Our exposure to the new-build market is limited to 9% of our consolidated turnover. For example, in 2009, during the last major crisis in this sector, our consolidated turnover fell 5.5%. In 2019, organic growth was even recorded in the business activity of the subsidiaries concerned, in spite of a documented drop in housing starts.
Risk control and limitation The share of our turnover from the construction market has fallen from 55% to 44% since 2009. This rebalancing is primarily due to our strong progression in the industrial market, which today concerns 6 of our subsidiaries. Also, Rousseau, acquired on December 31st 2018, sells taps from its sanitation range, the vast majority of which are for the renovation market.	

Concentration of our major customers in the DIY market

Risk identification and description Like the ADEO group (Leroy Merlin) and Kingfisher (Castorama) group, our major DIY customers today have very large market shares. Thus, they have very strong positions at Rousseau, Dipra, Mecafer and Domac.	Potential impact on the group A de-referenced range in the past has been known to result in a loss of €600,000 of gross margin over a year.
Risk control and limitation Every year, we win and lose bids. The idea is to win more than we lose. Rousseau, Dipra, Mecafer and Domac are present in several ranges and in several departments of DIY stores. Any de-referencing is therefore only ever partial. We regularly launch new products and sometimes take on new markets. We diversify our customer base and target alternative trading networks which are looking for differentiated, excellent-quality retail products. We also target food retail, auto distribution, garden centres and agricultural distribution. We relentlessly improve our service and brand recognition to obtain customer and user loyalty through criteria other than price. We create bespoke products for e-commerce platforms and market places.	

Dependency on the domestic market

Risk identification and description We do 81.5% of our business in France. We therefore run the risk of growing at the same pace of the country's economy, i.e. slowly.	Potential impact on the group Stagnation of turnover, as in 2013 and 2014.
Risk control and limitation Our market share in France ranges from 0 to 30%, the latter being for certain ranges that we have sold for several decades via our oldest subsidiaries. 0% is for recently-launched products where our development focus lies today. Thus, our organic growth in France is often greater than the growth of the market itself. Numerous ideas on market niches still have to be developed. We even often have to make choices and discard certain projects to avoid becoming dispersed. Also, we completed 9 acquisitions between 2015 and 2019, which brought in around €107m of turnover in 2019, €37m of which in export sales. Finally, in 2013 and 2015 we created two companies, which cumulatively reported €14.6m turnover in 2019.	

4.1 Risk factors

Emergence of e-commerce giants in our professions

Risk identification and description The big e-commerce players have very quickly shaken up certain business areas. Are they becoming new competitors to Thermador Groupe subsidiaries, or even making our business model obsolete? These platforms can allow users to short-circuit middlemen.	Potential impact on the group Greater tension on margins because of the transparency of prices Europe-wide. The emergence of new competition in the form of e-merchants or e-platforms which could see us drifting 'out of the picture'. Web sales account for between 0% and 20% of our business. It is impossible to assess this precisely, because some of our major customers are multi-channel players who do not wish to communicate a break-down of their sales channels.
Risk control and limitation Many of our products constitute market niches which offer little attraction to the giants of e-commerce. Furthermore, they require a lot of human resources for recommendation and after-sales services. For simpler products, we have been working to develop this new distribution channel for several years. leroymerlin.fr, Amazon and Cdiscount are examples of customers of some of our subsidiaries who are involved in the retail markets. Also, we accompany our historic customers who wish to sell on the web or to become players on the major e-commerce platforms such as ManoMano. We supply them with qualified product data and the logistics they need. We train our teams to increase their proficiency in handling data and using digital marketing. We test new logistics solutions, invest in modern websites and regularly scan the web to control our pricing policies. We are honing the skills of our after-sales service, a key element for gaining user loyalty and improving brand recognition. Over the past 5 years, we have measured the progress of our e-commerce and 'marketplace' customers. We choose not to disclose turnover achieved with those customers.	

4.1.2 Operational risks

Difficulties integrating recently-acquired companies

Risk identification and description Since 2015, we have made nine acquisitions of very different sizes. Experience shows that it is more difficult to onboard companies whose turnover is more than €15m (5 of the 9). We run into difficulties because of divergent views with the management, different cultures, geographical distance, and different IT systems.	Potential impact on the group Non-achievement of expected synergies, non-completion of business plans, loss of productivity. Operating profits from these 5 companies (€9m in 2019) could have a negative impact on the consolidated operating profit and damage the return on invested capital. Goodwill is €53.5m and is an asset on the group's books. Recurrent poor results could reduce the value of that asset. The probable move of FGinox's logistics operations will require additional property investments in 2020 and 2021.
Risk control and limitation Our Board is balanced: 5 independent Board members, 5 not free of interests, and an employee Board member. None of the 5 major acquisitions made since 2015 have been decided without a majority vote in favour. The operational managers of the group are personally implicated in the integration processes. Two executives of the companies we have acquired have been replaced. We have strengthened IT and internal audit teams. Our monthly reporting delivers fast reaction times. We announced a break in 2020 and 2021 on operations that are time consuming or above €5m so that our resources can be dedicated to implementing synergies and operational efficiencies.	

4.1.3 Social risks

Loss of knowledge and recruitment difficulties

Risk identification and description Greater instability amongst staff and difficulties in filling certain posts could be an obstacle to our growth. The average length of service in the group fell from 11 years in 2016 to 8.9 years in 2019.	Potential impact on the group We believe that a complete and highly experienced team delivers a 3% better performance. The opposite would therefore lead to a loss of performance of the same magnitude. On average, that could represent €1m turnover episodically for one or two of our subsidiaries.
Risk control and limitation Responsibility for the social relations climate and managing human resources is delegated to executives from the subsidiaries which are themselves human-sized companies. We constantly work to improve quality of life at work by testing with anonymous questionnaires. We implement very practical initiatives to protect the environment, which is very important to the younger generations. We accompany long-term illness employees with a great deal of attention. We promote and practise transparency of salaries within our subsidiaries. We are working on our employment contracts to empower managers and teams in terms of compulsory rest times and effective working times. We are transparent as to financial results and share them within each of our subsidiaries. We have created a collaborative platform designed to be accessible to all group employees. Job vacancies are published internally on the collaborative platform. We promote and facilitate access to capital. We promote respect, conviviality and simplicity in our social relations. We encourage and help managers and supervisors to improve their management skills. We diversify types of recruitment enormously: agencies, social media, APEC (job agency for managers), personal networks, etc.	

4.1.4 Financial risks

Euro-Dollar exchange rate

Risk identification and description The group sells in euros in France and abroad. We buy from all over the world: around 36% of our merchandise is purchased in US dollars. This exposes us to the volatility of the Euro-Dollar exchange rate.	Potential impact on the group Currency variations against the euro (primarily \$US) can increase the price we pay for merchandise and thereby hurt the group's profits. The actual purchase price is incorporated into our cost price and passed on as much as possible to the customer. Mathematically, a 10% variation in the US dollar rate would have a €9.2m impact on our commercial margin.
Risk control and limitation Since January 1, 2018, Thermador Groupe has had centralised dollar cash management to cover the needs of all its subsidiaries. This ability to keep ahead of the exchange rate gives those subsidiaries greater visibility in terms of selling price, and better control over their margins.	

4.1.5 Geopolitical risks

Temporary blockage of the Chinese and Italian economies

Risk identification and description 37% of our purchases of finished products come from China and Taiwan, 34% from Italy. A political, social or health crisis could temporarily block one of those country's economies.	Potential impact on the group In the face of such events, we could be confronted with stock-outs. It is today however impossible to assess this risk since we have not recently experienced this type of situation.
Risk control and limitation Our stock levels are generally higher than those of our competitors. We have stable and even-handed relationships with our suppliers. This makes decision-making easier in crisis situations and makes us a priority customer for them. We are active in seeking and developing suppliers in France, Spain, Germany, Belgium, Turkey, Brazil, Hungary, India, Poland, South Korea, Slovakia, Finland, Portugal, Austria, England and Holland.	

4.2 Insurance

36.3 %
of warehouse
surface area
equipped with
sprinklers.
i.e.: 35,724m²



Sprinkler system at Sferaco

All the group's companies are covered by an overarching insurance policy against the following risks: damage and operating losses, civil liability and transport. All subsidiaries use the guarantees set up and negotiated at group level with the exception of Sodeco and Rousseau, recently acquired by Thermador Groupe. These two subsidiaries kept their existing insurance policies in 2019 given their geographical specificities (Belgium for Sodeco and Spain for Rousseau's subsidiary).

Group-negotiated insurance policies provide a high level of cover and seek first and foremost to guard against the biggest possible incidents that could have a substantial negative impact on the group's financial situation.

Cover for damage and operating losses risks was renegotiated on January 1, 2019 for a period of two years. In 2019, all our sites in Saint-Quentin-Fallavier (Isère) were visited by our insurer as part of an audit on preventative maintenance and protection procedures. The outcome was 'highly satisfactory' for the insurer.

Cover for transport risks was also renegotiated on January 1, 2019. Our transport insurance policy covers transport risks for both purchasing and selling. It is €1.5m whatever the means of transport (sea, land, air, etc.).

The civil liability contract was renegotiated on January 1, 2019 for a period of two years on the basis of a flat-rate premium, not linked to turnover as was the case previously. This premium was reduced given the substantial decline in claims.

The guarantees signed up to as part of the product civil liability programme are as follows:

- €10m per claim and per year.
- €2m per claim and per year for recall costs and disassembly / reassembly expenses.

Our operations civil liability guarantees are:

- €10m per claim and per year.
- €6m for inexcusable error.
- €1.5m for sudden accidental impacts on the environment.

The group has also taken out an employee mission insurance policy to cover all professional travel for our staff, nationally and internationally. Group insurance policies are updated at least every two years to follow changes to group scope and to control industrial risks.

The group's policies are with major insurance companies with a global profile.

4.3 Internal control

360
hours' anti-
corruption
training for
90 people



The information systems team and the financial and accounting department from Thermador Groupe. From left to right: Nathalie Chebance, Martine Dejour, Flavien Gaudillat, Adeline Porcher, Thomas Gaume, Thierry Boyer and David Bernard

4.3.1 Subject of internal control procedures

The internal control system in place in our group is designed to ensure that employees comply with prevailing laws and regulations as well as with the standards and principles of our group so as to avoid any risk of error or fraud.

4.3.2 Organisation of control procedures

4.3.2.1. Within the parent company

Thermador Groupe holds all, or almost all, of the shares of its subsidiaries and is present (as are its main executives) on the subsidiaries' boards and management committees. Thermador Groupe defines and implements the group's development strategy and coordinates the different businesses.

Thermador Groupe identifies risks and prevention measures by ensuring harmonious rules and procedures are applied on accounting, legal, fiscal and IT matters.

IT system management and security is also piloted at Thermador Groupe level. The long-standing companies of the group use the same IT system (ACE from the company AUREA). Mecafer and Domac use Microsoft's 'Navision', Sodeco Valves Microsoft's 'AX', FGinox BG Partners' 'Gold' and Rousseau INFOR's 'XA Essentials'. The quest for greater efficiency leads to the harmonisation of ERPs to simplify intra-group flows and data entry into the accounts consolidation software.

Consolidated accounts are drawn up internally. They are facilitated by a simple legal structure, correspondences between the accounting plans, isolated intra-group flows and common account closing practices.

4.3.2.2. At subsidiary level, the primary concerns are controlling sales, purchasing margins, stock, regulatory compliance and human resources.

Each subsidiary has a general management team, an administrative department, a sales department and a purchasing department: each is autonomous in the definition and implementation of its strategy in line with the regulations defined within the group. Only the Chairman & CEO and the administrative manager are signatories.

Cross-subsidiary meetings involving those in the same position in the different subsidiaries allow them to pool experiences, share good practices and validate proper implementation of procedures.

Frequent complete or rotating physical inventories means that discrepancies can be detected and the efficiency of procedures checked.

4.3.2.3. Accounting and financial information

Each subsidiary has an accounts team placed under the responsibility of the administrative director. That team sends the following to group management every month: provisional cash position report, ageing balance of customer receivables, inventory, cross-referencing between statistical margins and gross accounting margins, and pre-tax P&L result. Comparative monthly analyses are made according to budgets drawn up at the beginning of the financial period and the previous year's turnover.

Each half year, subsidiaries close their accounts according to the common reference set and closing procedures. These elements are then reviewed by the auditors and sent to Thermador Groupe's consolidation team who ensures the coherence of the reporting before aggregating the consolidation results and accounting entries. The annual and half-yearly financial statements are presented to the audit committee and voted on by the Board of Directors.

4.3.3 Anti-corruption measures

In compliance with the Sapin 2 law, in 2017 we opened two mailboxes for any whistle-blowers wishing to contribute, in French or in Dutch.

We named two ethics officers to answer employees' questions and ensure that the general mechanism is rolled out efficiently, respecting the confidentiality of the information gathered.

We also appointed three members to the ethics committee, responsible for processing alerts whilst protecting the confidentiality of the parties concerned, and adopted the 'Middlenext' group conduct code, now available on the Thermador Groupe website, as well as the United Nations anti-corruption convention that addresses this subject.

4.3 Internal control

In 2019, we created an anti-corruption workgroup that has implemented the following initiatives:

- Update of our General Terms of Purchase and General Terms of Sale.
- Roll-out of the code of conduct to the subsidiaries (administrative, commercial and purchasing/marketing departments, social and economic committees, memos to suppliers, coverage in the internal newsletter, mention of the policy in the induction booklet).
- Modification to in-house regulations.
- Update of the Thermador Groupe website with our code of conduct on-line in the languages of our suppliers and customers.
- Awareness-raising in a general meeting with employees.
- Training on the anti-corruption mechanism for 40 people in March 2019 and 53 people in September 2019.
- Work on the introduction of an e-learning tool for existing employees and new recruits.
- Drafting of our risk mapping, to be finalised in 2020.
- Introduction of a gifts and invitations policy.
- A draft of our sponsorship policy.

4.3.4 GDPR measures

During the financial year, Thermador Groupe continued to implement and roll out its compliance with GDPR (General Data Protection Regulation).

A first audit carried out by an external service provider in 2018 as soon as GDPR came into force helped us to map data processing activities and identify priority actions. Again in 2018, an awareness-raising campaign was run with 2-hour training sessions for around fifty people (members of subsidiary management teams and departmental managers) on GDPR and good personal data management practices. Five other people from Thermador Groupe and those subsidiaries with more independent IT systems also followed a three-day course to become DPO or Deputy DPO.

2019 was dedicated to formalising GDPR conformity: update of General Terms of Sale, putting our data protection policy on line, drawing up information memos and especially writing a register of processing operations currently being deployed in each subsidiary. The adaptation of the processing operations register in the subsidiaries is also an opportunity to look at things from a new perspective and optimise existing processes by adopting best practices in terms of collection, conservation and access to data.

4.3.5 Assessment of internal controls

The procedures described above, approved by the Board on February 18, 2020, have proved efficient thus far.



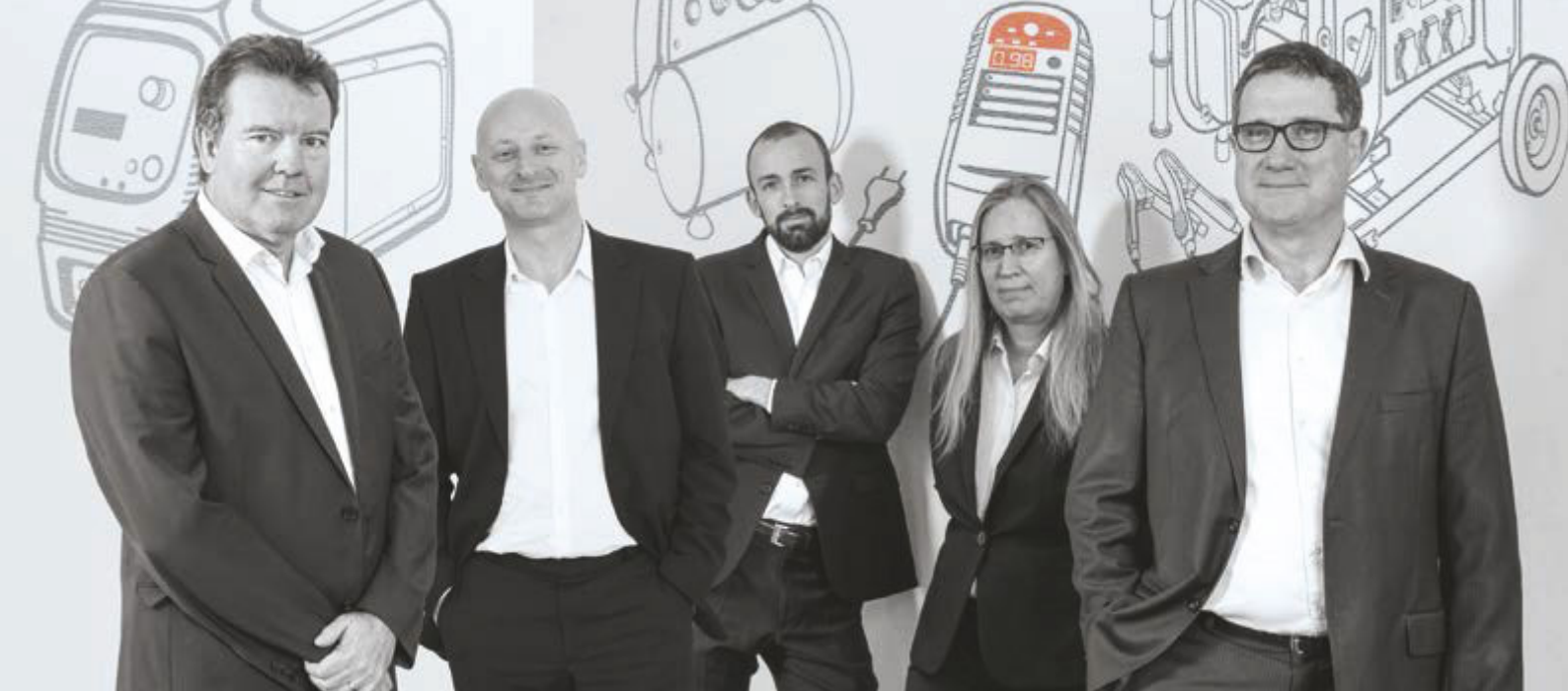
Audit Committee February 15, 2019

5.1 General overview

Markets	Subsidiaries	Founded or bought in	Capital in thousands of euros	Company type	Turnover in thousands of euros before Intragroup	Contribution to Turnover in thousands of euros	Headcount at 31/12/2019	Stock in thousands of euros	Contribution to net pre-tax profit in thousands of euros
DIY	 Heavy tooling in DIY	2015/2017	549	SAS	31,674	31,114	34	9,805	1,919
	 Domestic pumps, plumbing fittings	1986	960	SA	60,810	54,997	131	21,145	1,987
	 Taps for DIY superstores	2018	2,096	SAS					
MANUFACTURERS	 Boiler manufacturers	1992	160	SA	6,467	6,453	6	1,360	880
PUMP COLD WATER SWIMMING POOL	 Swimming pool equipments and accessories	2015	2,000	SA	8,948	8,873	15	2,797	292
	 Pumps	1977	3,200	SA	49,903	49,189	61	13,321	9,356
HEATING SANITARY PLUMBING VENTILATION	 Heating accessories	1968	3,200	SA	49,554	47,201	43	13,630	8,940
	 Pipes made of synthetic material	1989	960	SA	25,559	24,538	32	8,529	1,722
	 Ventilation equipment and accessories	2013	2,300	SA	5,883	5,742	13	1,358	(27)
	 Valves and fittings	1978	3,200	SA	71,482	56,320	71	32,651	9,588
INDUSTRY	 Motorised valves, air compressors	1989	780	SA	25,243	21,629	45	6,935	3,249
	 Technical equipment for measurement and control	2019	500	SAS					
	 Connectors, flanges and accessories	2017	490	SAS	16,280	16,036	47	5,498	2,032
	 International	2006	1,000	SA	26,835	26,831	40	279	3,599
	 Industrial valves	2017	2,703	SPRL *	19,891	19,600	43	4,532	1,107
COMMUNICATION	 Communications agency	2002	80	SAS	1,534	26	9	-	109
REAL ESTATE	 Real estate company	1973	3,100	SCI	5,263	287	-	-	1,957

MECAFER: acquisition of Domac on March 1, 2017. SODECO VALVES: acquisition of Sodeco Valves on September 1, 2017. FGINOX: acquisition of FGinox on October 1, 2017. SFERACO / GROUPE VALFIT: acquisition of Groupe Valfit on December 31, 2017. Dipra / Rousseau: acquisition of Rousseau on December 31, 2018. Acquisition of DISTRILABO on December 31, 2019.

(*) A private limited company.



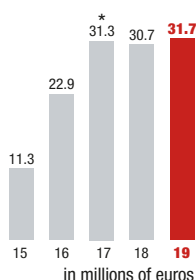
From left to right: Patrice Le Ponner (Domac), Lionel Franquin, François Delattre, Isabelle Giraud and Philippe Bories



Compressors, compressed air tools, welding stations, generators, battery chargers and heating for DIY stores

Turnover in 2019

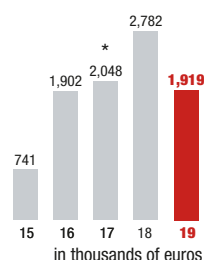
€31.7m



* Figures consolidated since March 1, 2017.

Profit before tax in 2019

€1,919,000



Our two teams based in Valence and in Vierzon achieved an excellent sales performance this year, in line with some ambitious commercial goals and in spite of a severely depressed market for DIY superstores for our product families.

This means that we are on a sound footing with our historic ranges (compressors, generators and welding stations) and very satisfied with sales from our 2018 product launches. Indeed, high-pressure cleaners, sold under the Mecafer, Stanley, FatMax and Defpro brands, are now our 4th business pillar whilst worksite heating and workshop trollies have brought Mecafer and Domac substantial turnover.

Another source of satisfaction is our strategic plan to extend the customer base which has really gathered pace: we can report

progress on our positions with building supplies networks as well as via the digital channel.

2019 was mixed in terms of results because of a very unfavourable euro-dollar exchange rate trend. It came hard on the heels of a 2018 distinguished by record pre-tax profits.

Keen to meet increasing customer demand to repair rather than throw away, and more generally provide our customers with innovative, differentiated service solutions, we have launched a digital after-sales e-service to better process customer issues.



From left to right: Hugues Berthet, Alexandra Stratulat, Emmanuelle Deseures and Bertrand Kinche

DIPRA

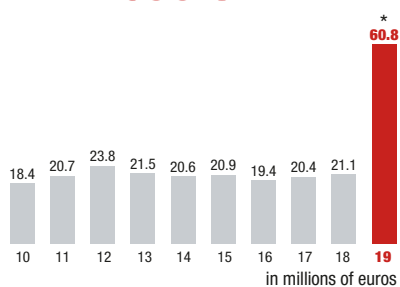
Domestic pumps, plumbing fitments

Edouard Rousseau

**Bathroom and kitchen taps
for DIY superstores and major
retail outlets in France and Spain**

Turnover in 2019

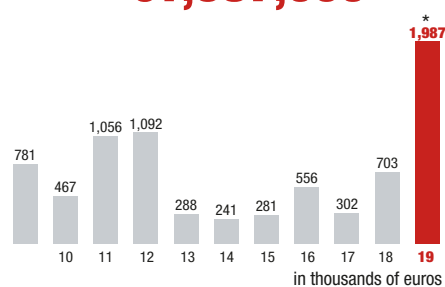
€60.8m



* Figures consolidated since January 1st, 2019.

Profit before tax in 2019

€1,987,000





From left to right: Michèle Bouvet, Franck Beyssac, Laure Empereur, Jacques Sabin, Mercedes Banegas, Éric Beaumont and Nicolas Bailly

Dipra's positions with their garden and plumbing ranges were further strengthened in 2019. In particular, they won a call for tenders to supply a big market player's heating accessories department, which explains our excellent end-of-year sales.

The transfer of the taps activity to the Rousseau-based range has begun, and will continue in 2020, taking care to accompany our customers through this change.

Etablissements Edouard Rousseau closed their first year within Thermador Groupe with turnover of €40.1m, an excellent performance on the French and Spanish markets for household taps.

Fabrice Jacquet accompanied us until December 31, 2019 having orchestrated the sale of the company of which he was

the main shareholder (cf. page 86 of the 2018 annual report). He has handed over general management to Laure Empereur who was appointed by Thermador Groupe on January 1, 2020. She simultaneously joined the group's Executive Committee.

The consolidated trading result of the two companies was negatively impacted by the euro-dollar exchange rate – unfavourable to us at the beginning of the year – and because of some exceptional expenses incurred in preparation for the merger of the two companies.

We will continue our efforts to implement commercial and organisational synergies between Dipra and Rousseau in 2020. This phase is crucial to building a competitive, efficient unit on a very highly competitive and demanding market.



Dipra is now set up in a building with 20,000m² of warehouse and 1,300m² of office space acquired in 2010. The works performed at the time allowed half of that surface area to be used for the first 9 years. The degraded floor slab, the absence of insulation and low headroom encouraged us to take the decision to knock it down and start the warehouse again to improve working conditions for employees and increase storage capacity.

With an eye on reducing energy and water consumption, we installed photovoltaic panels, a Jetly rainwater recovery tank

and a PBtub radiating ceiling. Once complete, this building will be ICPE (facility classified for environmental protection) certified. We have also planned to work with APIE (an environmental protection association) to promote biodiversity in the surrounding green spaces.

The work is being done over several stages: demolition and reconstruction of half of the building, Dipra moving in (1st half of 2020), demolition and reconstruction of the other half of the building, and moving Aello in afterwards.



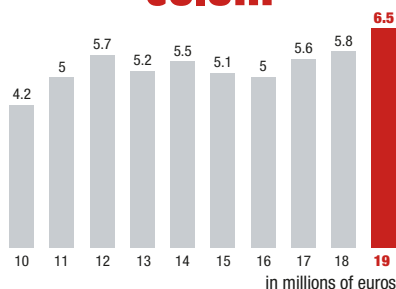
From left to right: Fabienne Bochet and Cyrille Javault

ISOCEL

Supply of components to Original Equipment Manufacturers

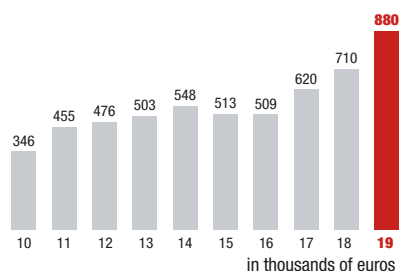
Turnover in 2019

€6.5m



Profit before tax in 2019

€880,000

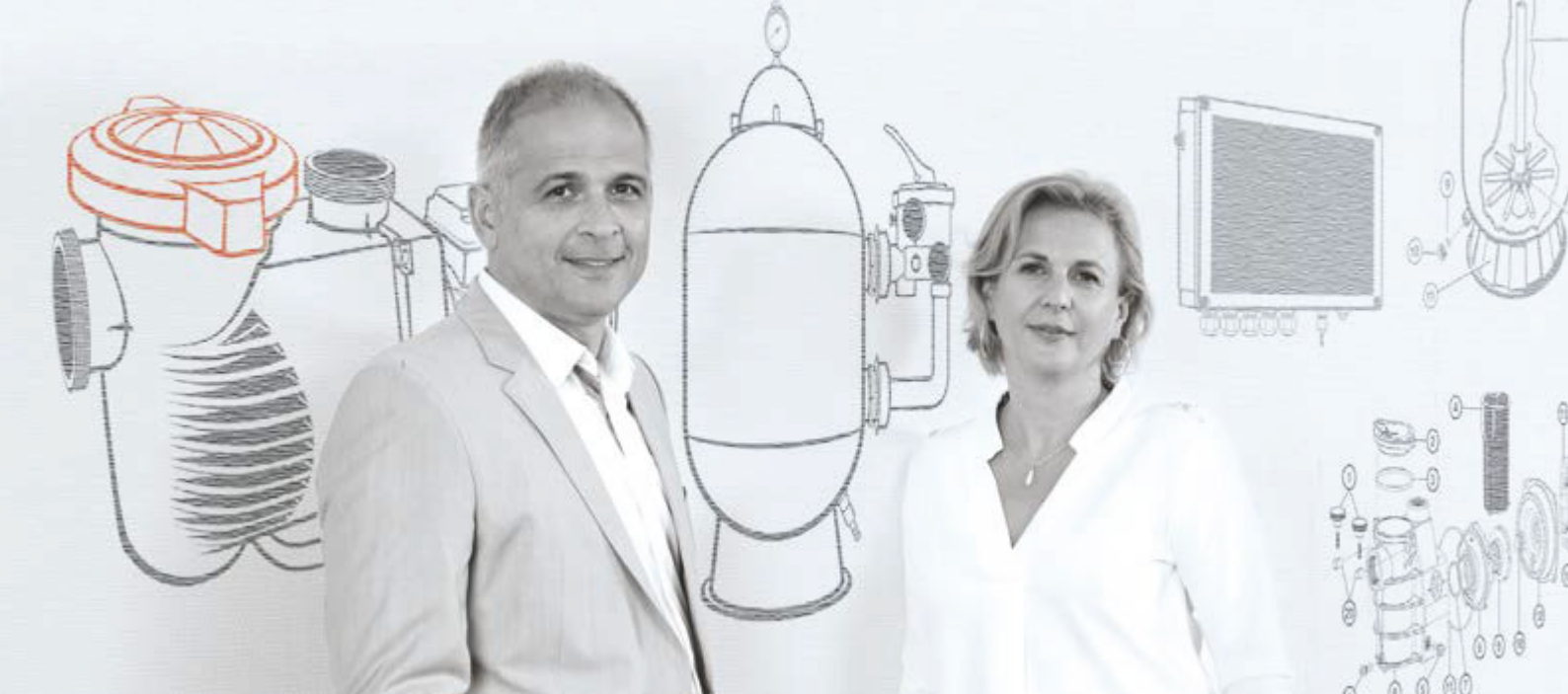


Some Isocel customers are manufacturers of heat pumps, which have enjoyed very high market demand further to the introduction of the energy transition tax credit.

The Isocel team has done all they can to provide a wide range of accessories, explaining a large part of the business's very strong growth. The partial withdrawal of this tax measure

(as of January 2020) means we will have to keep a cool head and not imagine that we will be able to repeat the same level of performance over the next twelve months.

Rigorous management and optimised organisation by a highly committed team have transformed excellent turnover into an excellent profit margin.



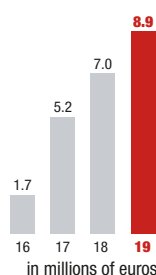
From left to right: Jérôme Chabaudie and Myriam Mathon



Equipment and accessories for swimming pool construction and maintenance

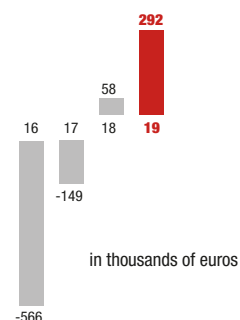
Turnover in 2019

€8.9m



Profit before tax in 2019

€292,000



The Aello team continues to surprise us by managing to post remarkable growth once again.

The impetus that has gathered over a period of four years means that it is now seen as a new actor on the French market, the second biggest worldwide after the US. Fortune favours the brave, shown by Aello benefiting from market growth.

And yet, major customers and groups still have to be convinced to take a new step, which is crucial to the company's continued growth.

The ability to listen, rigour, and everyday reactivity, combined with good management, saw the specialist Aello posting a pre-tax profit of €291,800 as they celebrate 4 years in business.



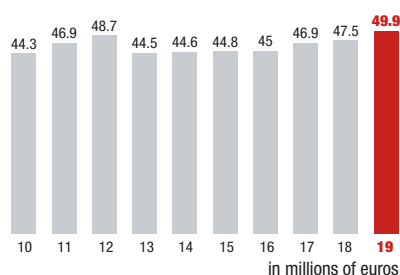
From left to right: François Nanson, Frank Bourgois, Christiane Perrot and Jean-François Bonnefond



**Pumps, tanks, accessories,
lifting stations**

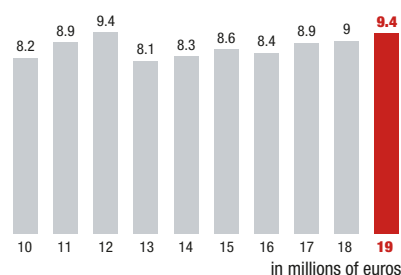
Turnover in 2019

€49.9m



Profit before tax in 2019

€9.4m



In a stable, competitive market, the Jetly team achieves to beat turnover and profit records established in 2012, a year of exceptional frost which had led to widespread replacement of our pumps that had been installed but not protected. Growth has been achieved this year by selling higher value-added equipment on the domestic market as well as higher-power lifting and overpressure systems on the collective market.

The launch of the new website was postponed to 2020 so as to be able to better meet the specification.

Simultaneously, Jetly is preparing a very advanced interface to remain the reference on the market in terms of after sales-service.

The succession process between Jean-François Bonnefond and Frank Bourgois continues and should end late 2020.



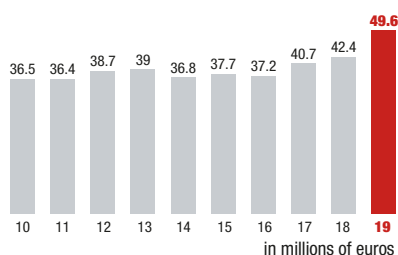
From left to right: Ingrid Brabender, Yves Ruget, Fabrice Marand, Daniel Sempéré and Pierre-Jean Hervé



Accessories and connectors for central heating and domestic water plumbing fitments

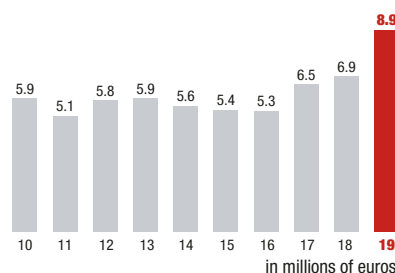
Turnover in 2019

€49.6m



Profit before tax in 2019

€8.9m



The extraordinary growth on the French market for heat pumps stimulated by the energy transition tax credit helped our oldest company to record a leap in turnover and profit. This was made possible thanks to the breadth of the range of accessories available from stock, the reactivity of our main industrial partners and great staff commitment.

We had already experience a similar phenomenon in 2008, which was followed by two negative years.

Also, the succession of warmer winters is already having a negative impact on traditional heating accessories.

We are therefore keeping our feet on the ground and continuing to develop our product ranges to prepare for the future whilst filling out and training our teams.



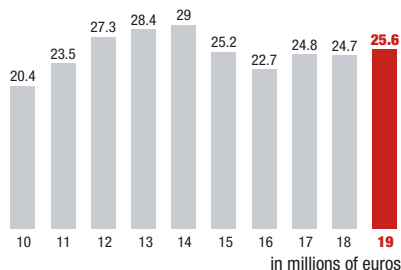
From left to right: Stéphane Ben Amou, Murielle Gentaz, Éric Mantione, and Roxane Metge



Pipework for the distribution of building fluids

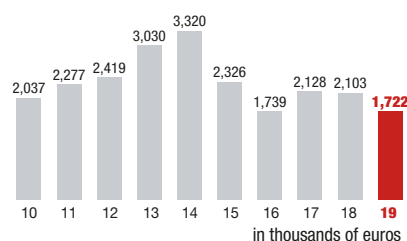
Turnover in 2019

€25.6m



Profit before tax in 2019

€1,722,000



This subsidiary is the most exposed to the French new-build market which continued to decline in 2019. Indeed, 410,300 housing starts were launched in 2019 compared to 414,400 in 2018.

2020 market conditions will probably be similar to last year's. Fortunately, PBtub staff's efforts to diversify and to reduce their dependence on this highly cyclical market are starting to bear fruit. This is already perceptible given the slight rise in turnover.

It is still too early to imagine commercial synergies with Thermacome, since that particular acquisition project has not yet been finalised.

The end-of-year result was severely impacted by a legal decision of the Grenoble Court of Appeal of which we have absolutely no understanding, going against the previous

judgment handed down by the industrial tribunal. PBtub has taken the case to the Court of Cassation.

PRESS RELEASE SAINT-QUENTIN-FALLAVIER – FEBRUARY 3, 2020 – 8AM

A firm offer for the acquisition of 100% of the shares of THERMACOME based in Saint James (Manche county, France) has been tabled by THERMADOR GROUPE and accepted by ACOME. THERMACOME is specialised in conception, thermal engineering and distribution of sanitation water pipework systems and heating and thermal comfort in buildings. It is in the same markets as PBtub (THERMADOR GROUPE subsidiary), with highly complementary know-how and development projects, both in terms of clientele and market segment. In 2018 THERMACOME reported turnover of €20.2m and €613,000 operating profit. The project includes keeping the Saint-James site and the skills associated with it, and developing a close, long-standing partnership for the supply of PER tubes by ACOME, manufactured in their Mortain plant (Manche county, France). THERMADOR GROUPE and ACOME plan to finalise this operation before the end of the first half of 2020.



From left to right: Frédéric Watine, Lionel Grès and Stéphanie Wernert

Axelair

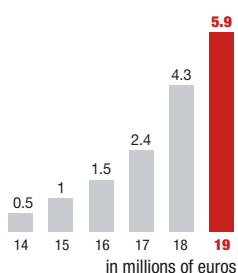
VENTILATION



Specialised distribution of ventilation equipment and accessories

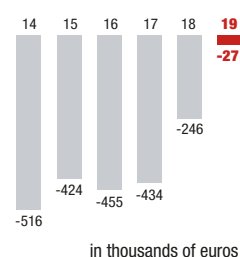
Turnover in 2019

€5.9m



Profit before tax in 2019

€(27,000)



The objective announced at the time of Axelair's launch was to achieve €5m in five years and to balance the books. Finally, it took six years, but we are perfectly satisfied with that.

2019 was once again marked by very high demand for mobile air conditioning units during the summer. We are fully aware that the sale of this type of equipment is very sensitive to spring and summer weather conditions.

For our wholesaler and e-merchant customers, we continue to broaden our product ranges to facilitate their access to what is a big market. Our range today contains 3,500 references, divided up into several major product families: mechanically-controlled ventilation for housing and the tertiary sector,

extractors, fans, mobile air conditioning, dehumidifiers, hand-dryers, high-volume heating units, destratifiers, networks, etc.

Also seeking to become a supplier to collective housing projects and the tertiary sector, we have developed our organisation enabling a highly-experienced team member to work on recommending and selling our solutions to design offices and leading installers.



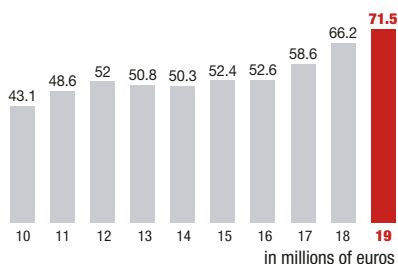
From left to right: Charlotte Deguerri-Fraisse, Christophe Arquillière, Nicolas Billiard and Jean-Philippe Paul



**Taps, fittings and meters
for the construction industry
and water supply**

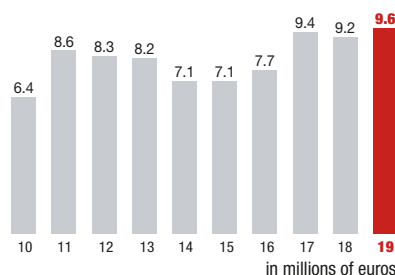
Turnover in 2019

€71.5m



Profit before tax in 2019

€9.6m



The Sferaco 'machine' returned to a satisfactory level of service quality and excellent organic growth after the year Valfit joined the group. The strength of its team is well reputed, and able to attract new talent ready to work on its development projects.

In the building sector, a large information and promotion campaign for products made of '4MS' brass with reduced lead content was launched at the end of 2019. This European regulation, transposed into French law by decree, imposes a very strict positive list of metal materials usable in products in contact with drinking water.

Turnover for industrial valves has doubled in six years and grew 22% in 2019. The decision was therefore taken to appoint Samuel Belbachir as industry director, an activity which is now structured as a business unit and run by eight specialists. Finally, the management team decided to prepare for ISO 14001 certification, marking the whole company's commitment to taking very practical steps to protect the environment.



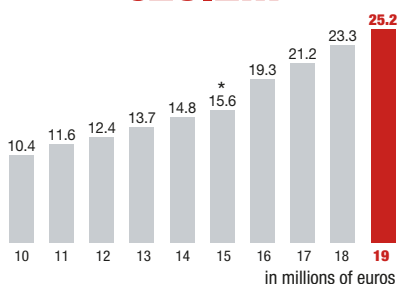
From left to right: Xavier Isaac, Laurence Vigneau, Loïc Brossat and Anaïs Der Hagopian-Virieux



**Motorised valves, specialty products
for industry and air compressors**

Turnover in 2019

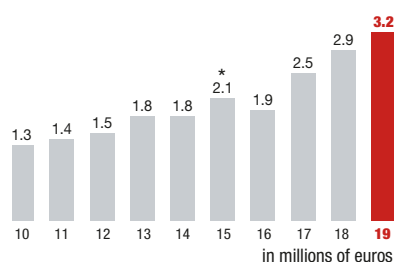
€25.2m



* Acquisition of Nuair France
July 1, 2015.

Profit before tax in 2019

€3.2m



Sectoriel continues its uninterrupted decade-long growth during which turnover increased from €7.8 to €25m. In spite of that, Xavier Isaac feels that the 2019 action plan was not completely achieved! Probably because there were so many projects and choosing those that correspond best to market expectations was no easy task! Well done to this team for the regularity of their performance.

In 2020, the focus will be placed on the digital channel, working with the new website and its broad service offering for customers and users. The conquest of market share in the motorised valve and compressed air fields will continue, with a well thought-out action plan and sustained cooperation with customers and suppliers.



From left to right: Xavier Isaac, Anne-Sophie Bultey, Denis Straub, Florian Allain and Laurence Straub Kahn



Technical equipment for pressure, temperature, level and flow measurement and control

At the last meeting with Laurence and Denis Straub, the managers and owners of DISTRILABO, we realised what was blatantly obvious: the similarity of our business models, product ranges and markets, and the compatibility of our corporate cultures made this mutually very advantageous acquisition a no-brainer.

It gave us the chance to quickly become a major player in technical equipment for pressure, temperature, level and flow measurement and control for industrial processes and climatic engineering with a customer base that is known to us. Indeed, DISTRILABO differentiates itself thanks to its approach as a specialist, its very broad product range and associated services:

- Pressure calibration from -1 to 7000 bar.
- Temperature calibration from -55 to 200 °C.
- Assembly of separators on pressure gauges, pressure switches and pressure sensors.
- After-sales service.
- Calibration of temperature probes and pressure sensors.
- Quality control.
- Completion within 24/48 hrs depending on the model.

For Laurence and Denis Straub, it was an opportunity to secure the future of a company they took over in 2005, by making it part of a group involved in the same professions,

respecting its teams and accepting to onboard companies seeking to maintain their regional presence.

Thus, we completed the purchase of the company for a total of €5.2 million euros on December 31st 2019. The Alsace-based company's 20 employees achieved €5.5m turnover and €387,000 operating profit in 2018.

Denis and Laurence Straub will stay with us in 2020 to secure the transition of know-how to Anne-Sophie Bultey and Florian Allain, identified to take over operational management as of January 2021.

Xavier Isaac will be Chairman and will orchestrate the company's smooth integration into Thermador Groupe and strive to implement commercial synergies with all of our subsidiaries who already sell pressure

gauges, thermometers, flow meters and level switches to supplement their product ranges and provide an even better service to their customers: Thermador, Sferaco, Sectoriel, Syveco, FGinox and Sodeco.





From left to right: Franck Locatelli, Cédric Dolbeau, Laurence Ravet, Anne-Claire Rivoire, Cédric Gayaud and Philippe Bernardet

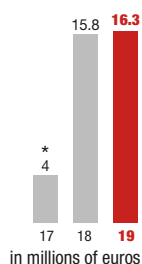
FGinox

The global solution for your need in stainless steel

Stainless steel fittings, flanges, valves and accessories

Turnover in 2019

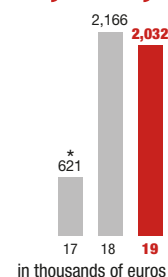
€16.3m



* Figures consolidated since October 1, 2017.

Profit before tax in 2019

€2,032,000



FGinox went past the €16m turnover mark in 2019 in particular thanks to the sustained growth of its export activities. In France, its commercial efficiency was unfortunately affected by some unexpected departures.

Our 2020 objectives therefore involve adding to the field and office-based sales teams and gain some stability. This should have a positive impact on our sales in France over time.

We also intend to migrate our current information system to the one that is primarily used in the group.

The slight drop in profitability can be simply explained by a less favourable euro-dollar rate, an important customer unexpectedly going into receivership, and an increase in personnel costs.

We will be working on that as of January 2020.



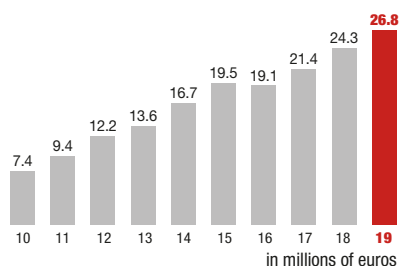
From left to right: Lionel Monroe and Pascal Coudrais



Distribution of the group's products on international markets

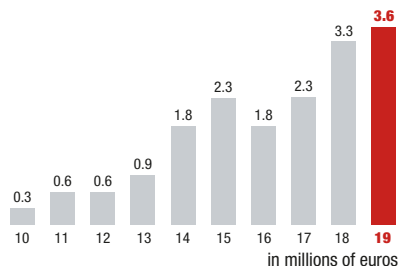
Turnover in 2019

€26.8m



Profit before tax in 2019

€3.6m



Thermador International was founded in 2006 with the idea of selling all the group's products abroad. In 2019, Thermador International changed its name to 'Syveco', resulting from a teamwork exercise that revealed the management's determination to change its identity to something more in keeping with its values and market positioning.

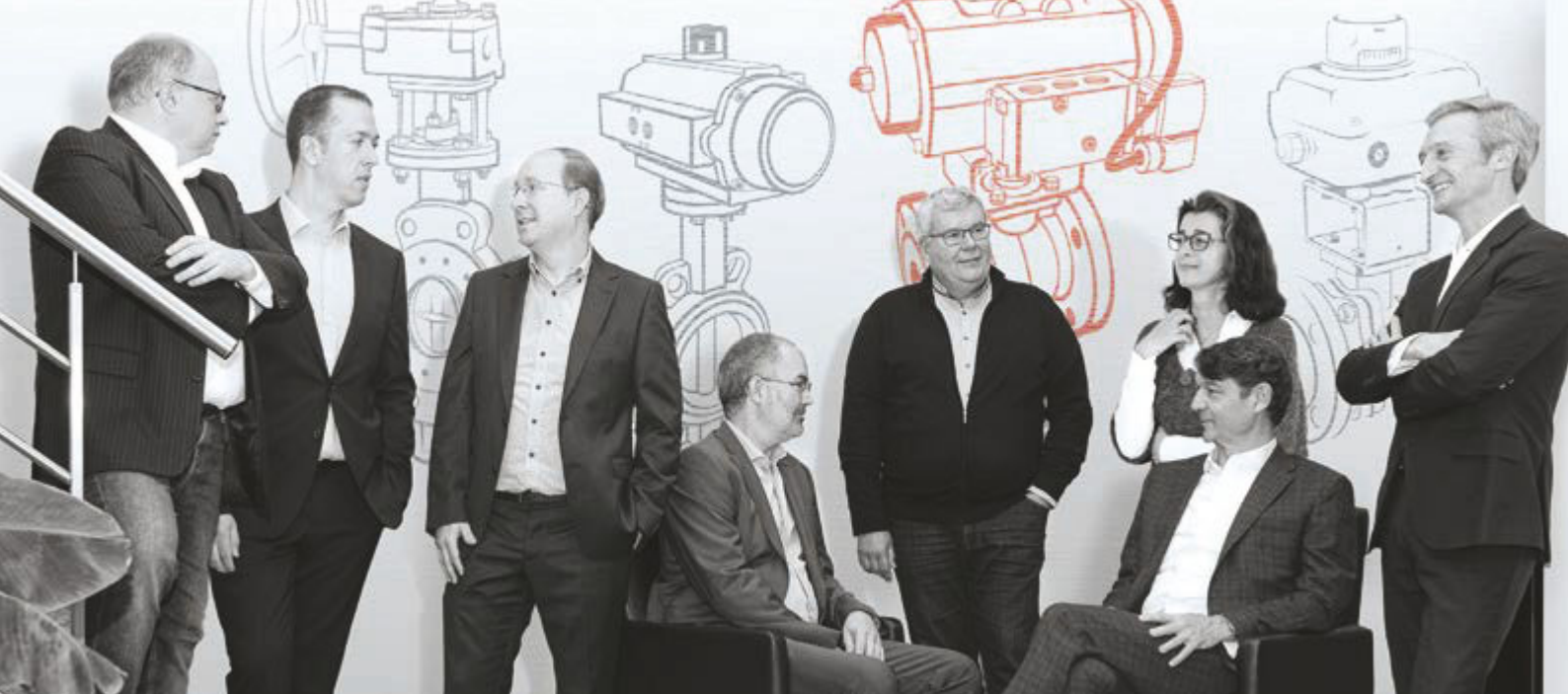
It now ranks 4th in terms of its contribution to the group's consolidated profit.

Its teams have visited 47 countries (32 in Europe and 15 in Africa). It has a range of 33,000 items and contributes to enriching the group's industrial valve ranges.

The energy deployed over time by this team of globe-trotters is remarkable and should, once again, be applauded.

This locomotive in the export field once again drove our growth in 2019 on an extremely competitive market by fully absorbing the negative effects of an unfavourable euro-dollar exchange rate.

There are many projects on the horizon, and the ambition is still there as we move into 2020. Furthermore, we will be welcoming and onboarding a new administrative director who will be arriving on March 16th.



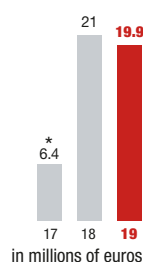
From left to right: Johan Poels, Enrico Suttels, Peter Gombeer, Peter Wartel, Wim Van De Vondel, Patricia Mavigner, Dieter De Cock and Lionel Monroe



Industrial valves in Belgium, Holland, France, Germany and Switzerland

Turnover in 2019

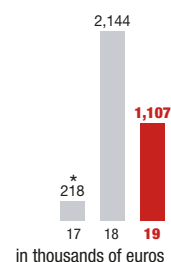
€19.9m



* Figures consolidated since September 1, 2017.

Profit before tax in 2019

€1,107,000



We are very satisfied with Peter Wartel's first steps after being appointed CEO in January 2019.

We are also very happy with some great organic growth having returned to projects which had been put on standby in 2018, even though it has pulled the commercial margin downwards. Belgium remains Sodeco's biggest market by far, followed by export, with international customers under contract and Holland showing strong growth. Turnover from Germany and Switzerland remains embryonic but promising for the future.

Finally, we completed a very satisfactory first year with the valve and pump range from our supplier Richter, designed especially for corrosive fluids and products.

Pre-tax profit is sharply down having lost the €525,000 from the sale of the French business in 2018 and its gross margin. But we have every reason to look towards the future with optimism.

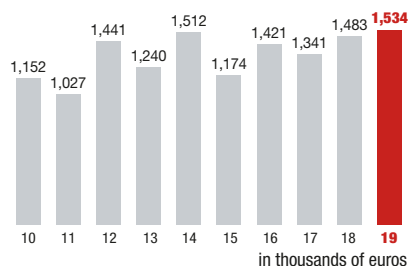


From left to right: Arlette Berliocchi, Aurore Rodrigues and Ronan Le Sausse

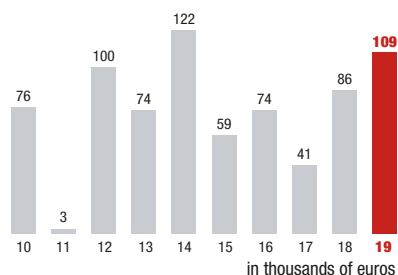


Communications agency

Turnover in 2019 **€1,534,000**



Profit before tax in 2019 **€109,000**



Opaline had a good year, multiplying its services to the subsidiaries: catalogues, photos, videos, social media, websites, event organisation, webinars, etc. Its geographical and relational proximity gives us excellent reactivity, with the obvious benefits for our customers, staff members and shareholders.

Seeking to make internal communications with our 599 employees smoother, in 2018 we decided to launch a collaborative platform, and that came into being in 2019.

There is already a who's who, job vacancy ads for the different subsidiaries, news, information on the company savings plan (PEE), a workgroup on environmental protection, a stock exchange charter and key documents for employees to help them understand and apply our anti-corruption policy. Application projects around this platform are many and will progressively be put in place.

The management team has grown around Arlette Berliocchi to help the agency to diversify and grow.

6.

ANNUAL CONSOLIDATED FIGURES

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6.4	Auditors' report on the consolidated accounts	126

6.1 Main financial indicators

Financial highlights

In thousands of euros	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
NET TURNOVER ACCORDING TO FINANCIAL STATEMENTS										
Mecafer and Domac	31,674	30,733	31,322	22,943	11,273					
Dipra / Edouard Rousseau	59,474	21,082	20,365	19,379	20,938	20,573	21,519	23,751	20,697	18,397
Isocel	6,467	5,788	5,562	5,045	5,148	5,491	5,219	5,680	5,018	4,205
Aello	8,948	7,085	5,160	1,721						
Jetly	49,903	47,549	46,874	44,976	44,823	44,647	44,454	48,725	46,990	44,314
Thermador	49,554	42,374	40,677	37,163	37,718	36,807	39,041	38,675	36,371	36,454
Pbtub	25,559	24,723	24,847	22,704	25,201	29,045	28,406	27,327	23,548	20,387
Axelair	5,883	4,314	2,391	1,531	988	541				
Sferaco	71,482	66,218	58,639	52,614	52,391	50,324	50,762	52,049	48,578	43,110
Sectoriel	25,243	23,334	21,212	19,266	15,610	14,792	13,658	12,431	11,621	10,289
FGinox	16,280	15,819	3,950							
Syveco	26,835	24,348	21,365	19,133	19,532	16,695	13,630	12,158	9,405	7,419
Sodeco valves	19,891	21,009	6,355	4,510	3,849					
Group's other subsidiaries	1,534	1,483	1,341	1,421	1,174	1,512	1,240	1,441	1,027	1,152
Eliminations of intra-group turnover	(29,172)	(23,510)	(21,340)	(19,153)	(18,674)	(17,150)	(14,373)	(13,899)	(11,033)	(9,679)
Other eliminations	(718)	2,885	2,853	(1,857)	275	2,310	2,095	2,170	1,781	1,238
Total Turnover according to IAS 18	373,343	315,233	271,571	231,396	220,245	205,588	205,652	210,509	194,001	177,287
IFRS 15 impact	(4,507)	(4,043)	(3,847)	ND	ND	ND	ND	ND	ND	ND
Total Turnover consolidated	368,836	311,190	267,724							

PROFIT BEFORE TAX*

Mecafer and Domac	1,919	2,782	2,049	1,902	741					
Dipra / Edouard Rousseau	1,987	703	302	556	281	241	288	1,092	1,056	467
Isocel	880	710	620	509	513	548	503	476	455	346
Aello	292	58	(149)	(566)	(1)					
Jetly	9,356	9,003	8,922	8,440	8,610	8,282	8,075	9,403	8,942	8,191
Thermador	8,940	6,874	6,520	5,350	5,396	5,562	5,891	5,783	5,131	5,855
Pbtub	1,722	2,103	2,128	1,739	2,326	3,320	3,030	2,419	2,277	2,037
Axelair	(27)	(246)	(434)	(455)	(424)	(516)	(71)			
Sferaco	9,588	9,197	9,425	7,658	7,131	7,148	8,189	8,301	8,557	6,402
Sectoriel	3,249	2,928	2,545	1,940	2,060	1,746	1,750	1,493	1,372	1,320
FGinox	2,032	2,166	621							
Syveco	3,599	3,332	2,326	1,781	2,293	1,816	949	635	603	324
Sodeco valves	1,107	2,144	218							
Opaline	109	,86	41	74	59	122	74	100	3	76
Thely	1,957	1,778	1,487	1,402	1,196	1,356	1,442	1,309	967	1,094
Tagest	7	8	7	6	6	6	7	7	6	7
Group	20,757	18,618	16,388	16,676	15,444	15,708	15,907	18,329	17,922	17,858
Subtotal	67,474	62,244	53,016	47,012	45,631	45,339	46,034	49,347	47,291	43,977

CONSOLIDATION ADJUSTMENTS

Dividends from subsidiaries paid to the group	(19,856)	(18,281)	(15,288)	(15,494)	(14,140)	(14,127)	(14,229)	(16,193)	(15,409)	(15,848)
Amortisation of goodwill allocated to fixed assets	(134)	(15)	(5)							
Depreciation charge on customer relations	(250)									
Depreciation charge on business	(6)									
Elimination of losses from sales of treasury shares				15						
Elimination of the capital loss on shares held	(9)	9								
Elimination of the pension supplement accounted for as a 'social' item in year 'N'		12								
Securities provision									(300)	(300)
Net impact of IFRS 16	(14)									
Impact of the free share allocation (IFRS2)										(1,134)
Elimination of the currency differential liability in year N compared to N-1	(22)									
Impact of the valuation of financial instruments (IFRS39)				(358)	902					
IFRIC 21	54	22	33	(4)	(221)					
Actuarial discrepancies recorded in equity	346	(66)	3	196	(219)	79	(48)			
Consolidated profit before tax	47,583	43,925	37,759	31,367	31,953	31,291	31,757	33,154	31,582	26,695
Current tax charge	(15,205)	(14,771)	(11,513)	(10,741)	(11,763)	(11,430)	(11,773)	(11,917)	(10,990)	(9,693)
Portion of net profit allocated to the group	32,373	29,142	26,240	20,616	20,186	19,855	19,978	21,221	20,576	16,994
Portion of net profit allocated to minority interests	5	12	6	10	4	6	6	16	16	8

With Mecafer's acquisition of Domac on March 1, 2017, which has been consolidated since March 1, 2017, Thermador Groupe's acquisition of Sodeco Valves on August 31, 2017, which has been consolidated since September 1, 2017 and Thermador Groupe's acquisition of FGinox on September 30, 2017, which has been consolidated since October 1, 2017 and Thermador Groupe's acquisition of Rousseau on December 31, 2018 * Detail per subsidiary in chapter 5.

Consolidated figures over the past ten financial years

In thousands of euros	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Turnover according to IAS 18	373,343	315,233	271,571	231,396	220,245	205,588	205,652	210,509	194,001	177,287
IFRS 15 impact	(4,507)	(4,043)	(3,847)	Not available						
Turnover according to IFRS 15	368,836	311,190	267,724							
Gross profit (on turnover according to IAS 18)	138,750	118,646	100,921	85,069	81,874	78,450	77,583	78,542	74,406	67,093
Number of employees at 31/12	599	476	439	319	314	278	271	257	250	236
Wages and salaries	42,867	35,048	28,426	25,489	23,112	22,197	21,536	20,702	19,838	18,116
Operating profit	47,821	44,052	37,652	31,709	30,988	31,170	31,665	32,990	31,435	26,598
Profit before tax	47,583	43,925	37,759	31,367	31,953	31,291	31,757	33,154	31,582	26,695
Current tax charge	15,205	14,771	11,513	10,741	11,763	11,430	11,773	11,917	10,990	9,693
Profit after tax	32,378	29,154	26,246	20,626	20,190	19,861	19,984	21,237	20,592	17,002
Portion of net profit allocated to the group	32,373	29,142	26,240	20,616	20,186	19,855	19,978	21,221	20,576	16,994
Portion of net profit allocated to the group restated	32,373	29,142	26,240	20,616	20,186	19,855	19,978	21,221	20,576	18,128
Cash flow from operations	37,979	32,660	29,910	22,864	22,565	22,521	22,894	24,485	22,920	20,255
Free cash flow	31,505	(5,871)	(18,305)	16,237	2,891	5,708	22,746	17,613	16,250	4,598

SHAREHOLDERS' EQUITY AT 31/12

Profit to be distributed	16,397	15,942	15,487	14,398	14,209	13,620	13,435	13,435	13,009	10,619
After allocation	203,266	187,527	174,221	158,835	148,219	132,842	122,092	115,512	107,711	100,661
Long-term capital at 31/12	203,266	187,527	174,221	158,835	148,219	132,842	122,092	115,512	107,711	100,661
Non-current liabilities	38,768	42,347	28,633	3,934	4,450	5,021	4,859	4,661	4,028	3,987
Non-current assets	123,291	111,925	101,016	72,441	71,876	53,265	46,841	45,759	47,387	44,336
Working capital (after distribution)	118,743	117,949	101,838	90,328	80,793	84,598	80,110	74,414	64,352	60,312
Working capital requirement	117,621	122,006	95,080	76,833	74,541	70,148	61,384	64,993	59,638	58,441
Net stock at 31/12	123,046	122,782	102,962	80,819	77,191	69,824	65,062	66,194	61,508	60,518
Cash	32,305	23,040	28,604	27,385	20,839	29,049	32,214	22,904	18,301	13,203

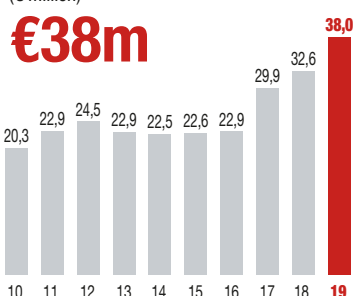
We present our turnover over 10 years. And so, to use a comparable base, we worked with the turnover according to IAS 18. For 2017-2019, we also used the turnover figure according to IFRS 15: that included in primary financial statements and communicated in our publications.

The trading margin presented above is the result of the following calculation: turnover according to IAS 18 from which we subtract purchases consumed. 'Headcount' refers to the number of employees present in the group on December 31, with the exception of employees of companies acquired at December 31.

For 2019, Distrilabo employees (23 people) were not taken into account, since our wages and salaries do not include those of Distrilabo in 2019.

Movements of investments (in € thousands)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Investments	8,589	5,462	2,477	4,145	4,611	9,037	3,871	987	5,338	14,623
In % of turnover according to IAS 18	2.3%	1.7%	0.9%	1.80%	2.1%	4.4%	1.9%	0.5%	2.8%	8.2%
Of which, THELY investments	6,099	3,066	218	2,772	3,425	6,871	2,598	(45)	3,283	13,205

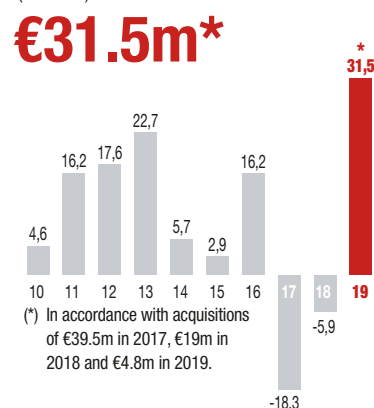
CASH FLOW FROM OPERATIONS (€ million)



WORKING CAPITAL REQUIREMENT (€ million)



FREE CASH FLOW (€ million)



6.1 Main financial indicators

Consolidated ratios ten year highlights

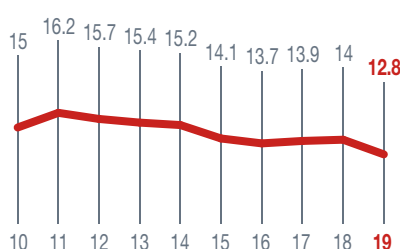
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
PROFITABILITY RATIOS (%)										
Staff costs / Turnover	11.5	11.1	10.5	11.0	10.5	10.8	10.5	9.8	10.2	10.2
Operating profit / Turnover	12.8	14.0	13.9	13.7	14.1	15.2	15.4	15.7	16.2	15.0
Portion of net profit allocated to the group / Turnover	8.7	9.2	9.7	8.9	9.2	9.7	9.7	10.1	10.6	9.6
Pre-tax return on equity (ROE)	15.9	15.5	15.1	13.0	13.6	14.9	16.4	18.4	19.1	16.9
Cash flow from operations / Turnover	10.2	10.4	11.1	9.9	10.2	11.0	11.1	11.6	11.8	11.4
Return on capital employed before taxes (ROCE)	19.8	18.8	19.2	21.2	21.2	25.3	29.3	29.8	29.4	25.9
PRODUCTIVITY RATIOS (IN THOUSANDS OF EUROS)										
Turnover per employee	623	662	729	725	727	740	759	819	776	751
FINANCIAL RATIOS AFTER DISTRIBUTION (%)										
Cash flow from operations / Equity	19	17	17	14	15	17	19	21	21	20
Non-current assets + stock/equity	121	125	117	96	101	93	92	97	101	104
Long-term capital / Non-current assets	165	169	172	219	206	249	261	252	227	227
Long-term capital / Stock	165	153	169	197	192	190	188	175	175	166

Since the key financial figures are for a 10-year period, we worked out the ratios based on a turnover level calculated according to IAS 18 (ie: before reprocessing the IFRS 15 impact).

ROCE means Return on Capital Employed, the latter being the aggregate of non-current assets including goodwill and working capital.

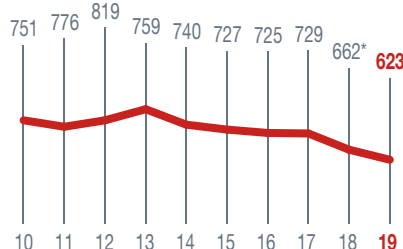
OPERATING PROFIT / TURNOVER
(in %)

12.8%



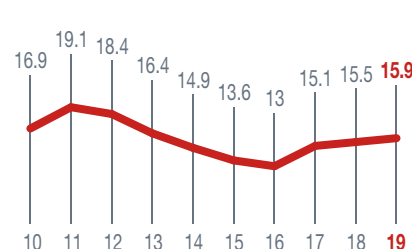
TURNOVER PER EMPLOYEE
(€ thousand)

€623m



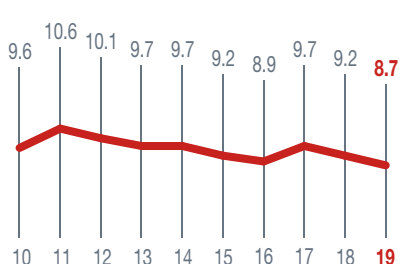
ROE
(in %)

15.9%



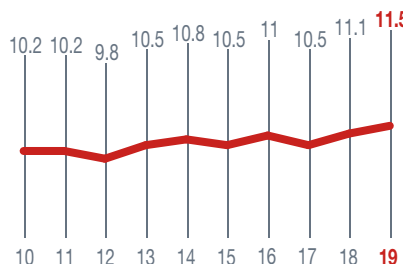
PORTION OF NET PROFIT ALLOCATED TO THE GROUP / TURNOVER (in %)

8.7%



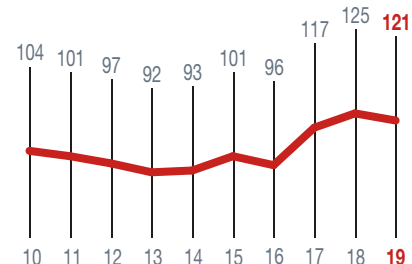
STAFF COSTS / TURNOVER
(in %)

11.5%



NON-CURRENT ASSETS + STOCK / EQUITY (in %)

121%



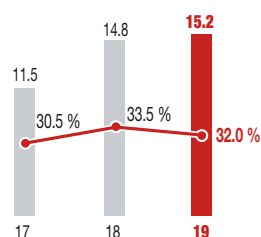
Global consolidated profit statement 2019

TAX

€15.2m

% OF PRE-TAX PROFIT

32.0%

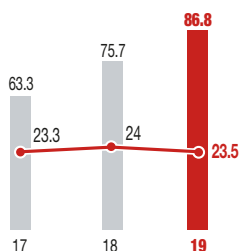


TOTAL COSTS, EXCLUDING TAX

€86.8m

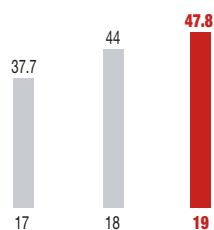
% OF TURNOVER

23.5%



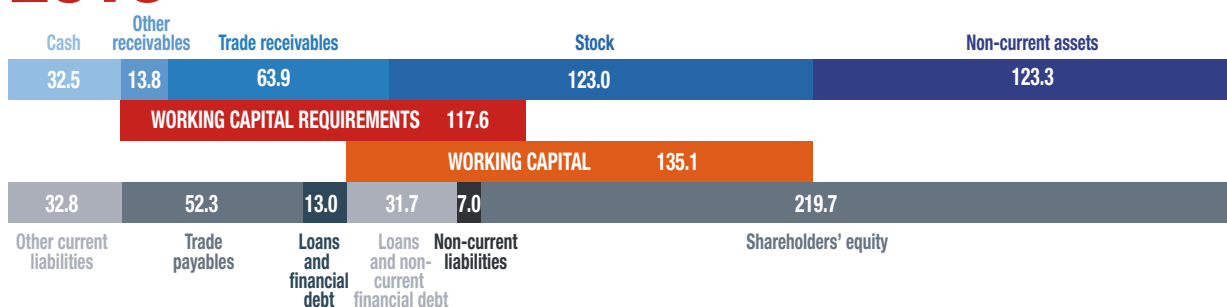
OPERATING PROFIT (€ million)

€47.8m

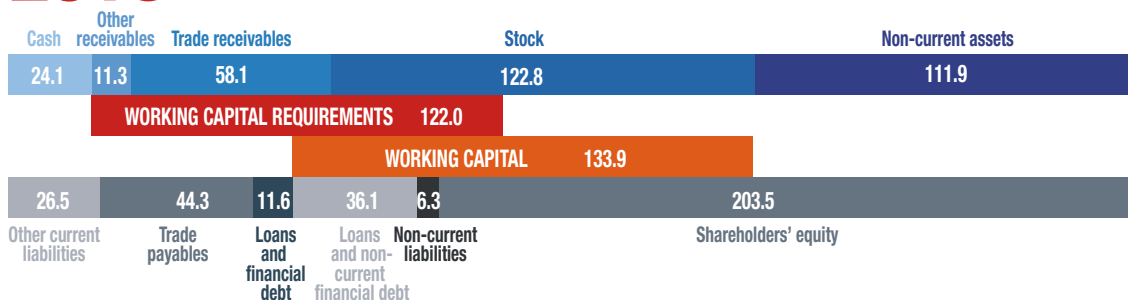


Comparative financial structure before allocation of profit

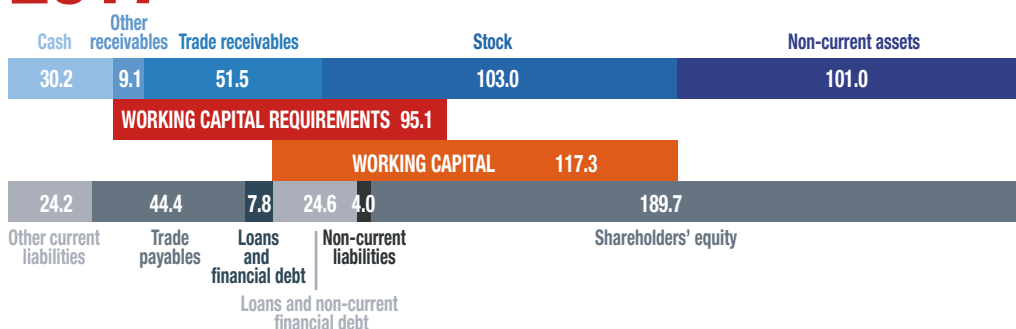
2019



2018



2017



6.1 Main financial indicators

GLOBAL CONSOLIDATED PROFIT STATEMENT 2019

In thousands of euros

Consolidated profit and loss account	Notes	2019	2018	2017
Net turnover	22	368,836	311,190	267,724
Other income from activity		718	1,000	392
Purchases consumed		(234,593)	(196,587)	(170,650)
Personnel charges	24	(42,867)	(35,048)	(28,426)
External costs		(33,380)	(28,643)	(23,694)
Taxes		(4,586)	(4,033)	(3,641)
Depreciation and amortisation	12	(4,663)	(4,062)	(3,811)
Depreciation and amortisation - IFRS 16 impacts	12	(854)		
Increase in provisions	5 - 7 - 14	(464)	107	74
Other earnings, other operating expenditure		(326)	128	(316)
Operating profit		47,821	44,052	37,652
Cash earnings and equivalent		(25)	2	162
Gross cost of debt		(182)	(129)	(55)
Financial charges - IFRS 16 impacts		(31)		
Taxes	4	(15,205)	(14,771)	(11,513)
Net profit		32,378	29,154	26,246
Net profit as a portion of the group		32,373	29,142	26,240
Net profit attributable to minority interests		5	12	6
Net profit per share in euros ⁽¹⁾		3.55	3.20	5.76
Net profit per share after dilution in euros ⁽²⁾		3.76	3.39	4.08

(1) The result per share is calculated on 4,554,876 shares in 2017 and 9,108,552 shares in 2018 and in 2019, i.e. 9,109,752 shares (cf. note 13) from which we have deducted the 1,200 own shares.

(2) Profit per share after dilution is calculated on 9,608,552 shares on December 31, 2019, i.e. existing shares from which we deducted the 1,200 own shares plus 500,000 shares corresponding to unissued authorised capital of €2,000,000.

Statement of other elements of net overall consolidated profit	Notes	2019	2018	2017
Net profit		32,378	29,154	26,246
Other elements of overall profit				
Actuarial discrepancy on end-of-career commitment provision	6	(260)	3	(2)
The fair value of financial instruments	9	32	59	(100)
Total overall profit		32,150	29,216	26,144
Total overall profit - Portion of group		32,145	29,204	26,138
Total of overall profit allocated to minority interests		5	12	6

6.2 Financial statement

FINANCIAL STATEMENT

In thousands of euros at 31 december 2019

Assets	Notes	31/12/2019	31/12/2018	31/12/2017
NON-CURRENT ASSETS:				
Consolidated goodwill	2 - 11	53,286	50,804	49,401
Intangible assets	3 - 11 - 12	6,818	4,757	441
Tangible assets	3 - 11 - 12	61,619	54,758	49,494
- Land	1	10,834	10,834	8,728
- Buildings	1	35,795	36,650	35,029
- Other tangible assets		5,770	5,619	5,005
- Tangible assets in progress		6,265	1,655	732
- Rights of use in rental contracts		2,955		
Financial investments		298	278	251
Deferred tax assets	4 - 15	1,270	1,328	1,429
Total non-current assets		123,291	111,925	101,016
CURRENT ASSETS:				
Stock (goods)	5	123,046	122,782	102,962
Trade notes and accounts receivable	7	63,931	58,118	51,466
Corporate tax	15	685	851	291
Deferred tax assets	4 - 15	487	421	420
Other receivables	15	12,597	10,017	8,384
Cash and cash equivalent	8	32,494	24,069	30,222
Total current assets		233,240	216,258	193,745
Total assets		356,531	328,183	294,761

Liabilities	Notes	31/12/2019	31/12/2018	31/12/2017
EQUITY:				
Share capital and reserves		82,897	81,246	80,891
Consolidated reserves		104,216	92,907	82,413
Portion of net profit allocated to the group		32,373	29,142	26,240
Minority interests		177	174	164
Total shareholders' equity		219,663	203,469	189,708
NON-CURRENT LIABILITIES:				
Loans and long-term financial debt	8	29,764	36,096	24,622
Rental obligations over one year		1,951		
Deferred tax liabilities	4	3,329	3,026	1,481
Provisions for end-of-career commitment	6 - 14	3,724	3,225	2,530
Total non-current liabilities		38,768	42,347	28,633
CURRENT LIABILITIES:				
Current provisions	14	606	708	820
Rental obligations under one year		1,018		
Short-term loans		189	1,029	1,618
Current portion of loans and financial long-term debt	8	11,760	10,606	6,222
Accounts payable		52,254	44,268	44,423
Equipment supply accounts payable		1,510	417	204
Tax payable	4 - 16	1,983	942	1,743
Tax and social charges debt	16 - 17	13,927	11,780	9,908
Other liabilities		14,853	12,617	11,482
Total current liabilities		98,100	82,367	76,420
Total liabilities and shareholders' equity		356,531	328,183	294,761

6.2 Financial statement

CASH FLOW STATEMENT

In thousands of euros at 31 december 2019

	31/12/2019	31/12/2018	31/12/2017
Consolidated net profit	32,378	29,154	26,246
Plus or minus latent gains due to fair value variations			
Plus or minus net depreciation expense and provisions	4,712	3,989	3,874
Plus or minus depreciation allowance - IFRS 16 impacts	854		
Plus financial charges – IFRS 16 impacts	31		
Capital gains or losses from disposals	68	(503)	(6)
Cash flow from operations after net financial cost and taxes	38,043	32,640	30,114
Taxes	15,205	14,771	11,513
Cash flow from operations before net financial cost and taxes	53,248	47,411	41,627
Taxes paid	(15,269)	(14,751)	(11,717)
Cash flow from operations before net financial cost and after taxes	37,979	32,660	29,910
Change in operating working capital	5,206	(14,315)	(6,107)
Of which, Variation in trade receivables	(4,874)	2,281	(4,827)
Of which, stock variations	936	(10,926)	(8,235)
Of which, accounts payable variations	7,226	(4,619)	5,134
Of which, other receivables variations	(2,862)	(44)	(234)
Of which, other debt variations	4,780	(1,007)	2,055
Net cash flow from operating activities	43,185	18,345	23,803
Net cash flow from operations of change in scope	(4,779)	(18,982)	(39,543)
Disbursements for property, plant and equipment and intangible assets	(8,589)	(5,462)	(2,477)
Receipts from sale of assets	595	15	10
Owing to assets suppliers (variation)	1,093	213	(87)
Net cash flows from investments	(11,680)	(24,216)	(42,097)
Free cash flow	31,505	(5,871)	(18,294)
Dividends paid to shareholders of the parent company	(15,940)	(15,487)	(9,629)
Loan subscriptions	5,200	22,001	30,005
IFRS 16 financing flows	(871)		
Loan repayments	(10,629)	(6,208)	(852)
Net cash flows from financing activities	(22,240)	306	19,524
Net cash flow	9,265	(5,565)	1,219
Opening cash	23,040	28,605	27,385
Closing cash	32,305	23,040	28,605

Opening and closing cash position' reflects the difference between a positive cash position and bank overdrafts. On December 31, 2019, the positive cash position was €32,494,000 and bank overdrafts €189,000.

STATEMENT OF CHANGES IN EQUITY

In thousands of euros at 31 december 2019

Equity variation statements	Capital	Reserves linked to capital	Shares held internally	Retained earnings	Profits recorded directly as shareholders' equity	Total group share	Minority shareholders	Total shareholders equity
Situation on 31/12/2017	36,439	44,453		108,799	(147)	189,544	164	189,708
Dividends paid*		354		(15,841)		(15,487)	(1)	(15,488)
Fair value of financial instruments					60	60		60
Foreign exchange differential					33	33		33
Other variations					(63)	(63)	(1)	(64)
Actuarial gains					66	66		66
Profit of the period				29,142		29,142	12	29,154
Situation on 31/12/2018	36,439	44,807		122,100	(51)	203,295	174	203,469
Dividends paid**				(15,940)		(15,940)	(2)	(15,942)
Fair value of financial instruments					32	32		32
Foreign exchange differential					(14)	(14)		(14)
Other variations								
Actuarial gains					(260)	(260)		(260)
Profit of the period				32,373		32,373	5	32,378
Situation on 31/12/2019	36,439	44,807		138,533	(293)	219,486	177	219,663

* 2017 dividend: €3.40 on 4,554,876 shares paid in 2018 ** 2018 dividend: €1.75 on 9,108,552 shares; treasury shares owned on the day of detachment of dividend rights (i.e. 1,200 shares) did not result in dividends being paid.

6.3 Notes to the annual consolidated accounts

Notes to the balance sheet and the consolidated profit and loss account

In thousands of euros at December 31, 2019

The consolidated accounts were closed by the Board meeting of February 18, 2020 and will be submitted to the Annual General Meeting of April 6, 2020.

1 Main events of the financial year

On December 31, 2019, Thermador Groupe acquired all the shares in the company Distrilabo based in Bischheim (Bas-Rhin county, France) for a total of €5.2m paid in cash on December 31, 2019. For the purchase, Thermador Groupe has taken out 2 very competitive fixed-rate bank loans over a period of 5 years from CIC Lyonnaise de Banque and Société Générale banks.

Distrilabo distributes a wide range of technical materials for pressure, temperature, level and flow measurements and control for industrial processes and air conditioning. Its customers are primarily wholesalers in industrial supplies and sanitation and heating.

The 20 employees of this family company based in Alsace reported turnover of €5.5m in 2018 and an operating profit of €387,000.

The operation is designed to secure Distrilabo's future, allow it to continue its growth and confer upon it leadership on its specialty markets within Thermador Groupe through commercial synergies with customers and suppliers.

A firm bid for the acquisition of 100% of the shares in Thermacome based in Saint-James (Manche county, France) was tabled by Thermador Groupe and accepted by Acome on January 31, 2020.

Thermacome specialises in the design, thermal engineering and sale of domestic water distribution and thermal comfort systems in buildings. The company's know-how and development projects dovetail well with those of PBtub – a Thermador Groupe subsidiary – both in terms of customer base and markets. Thermacome reported turnover of €20.2m in 2018 with a trading profit of €613,000.

Elements of this project include keeping the Saint-James site and its skills, as well as developing a close historic partnership for the supply of PER tubes by Acome manufactured in the Mortain factory (Manche county, France). Thermador Groupe and Acome plan to finalise this operation before the end of the first half of 2020.

2 Accounting reference set

In application of European regulation 1606/2002 of July 19th 2002, the consolidated financial statements of Thermador Groupe are prepared according to international financial information standards (IAS/IFRS compliant with IFRS and IASB) as adopted by the European Union on December 31, 2019. With the exception of the points mentioned below, the accounting principles used are identical to those adopted for the financial statements of December 31, 2018.

In the financial statements presented below, all compulsory application standards and interpretations of January 1st, 2019 have been applied. No standard is applied in advance.

IFRS 15

The IFRS 15 standard, applied for the first time on January 1st, 2018, only concerns the reclassification of advertising spending.

• Revenue recognition

The Group's turnover is primarily made up of sales of finished products. It is recorded net of discounts and rebates granted to customers, costs incurred through commercial agreements, costs of referencing or occasional promotional activities invoiced by distributors. Recognition of turnover pertains to the moment of delivery. Our Group is not subject to other performance obligations linked to additional services (installation and/or maintenance of merchandise, etc.).

Concerning warrantees, our Group only complies with legal warrantees. The impacts of these warrantees in respect of IFRS 15 are insignificant and therefore are not reprocessed.

• Advertising spending

Advertising spend having given rise to reclassification according to IFRS 15 reflect discounts or payments for separate services to our distributor customers, the amount of which is calculated as a percentage of turnover. These advertising spends were accounted for as external charges. This reclassification has no impact on the result. In the absence of an impact on equity at the start of the financial period, Thermador Groupe applied the so-called 'simplified' retrospective transition method on January 1st, 2018.

The table below details financial aggregates as they would have been if IAS 11 and IAS 18 had been applied for that financial year:

In thousands of euros	31/12/2019	31/12/2018	31/12/2017
Turnover according to IAS 11 & IAS 18	373,343	315,233	271,571
IFRS 15 impact	(4,507)	(4,043)	(3,847)
Net turnover after IFRS 15	368,836	311,190	267,724
External charges before IFRS 15	(37,887)	(32,686)	(27,541)
IFRS 15 impact	4,507	4,043	3,847
External charges after IFRS 15	(33,380)	(28,643)	(23,694)

IFRS 9

The IFRS 9 standard requires application of the depreciation model on the basis of expected losses for all financial assets, including commercial debt, as of January 1st, 2018. On the basis of the five last financial years, irretrievable debts have represented an average of 0.07% of consolidated turnover. This insignificant impact has meant that no provision was made at the start of the financial period against equity on June 30, 2018 or against profit on December 31, 2018 and December 31, 2019.

6.3 Notes to the annual consolidated accounts

IFRS 16

The IFRS 16 standard entitled 'rental contracts' came into force for financial periods starting as of January 1st, 2019.

We opted for the simplified retrospective method.

Application of IFRS 16 standard concerns the presentation and accounting of rental contracts. Rental contracts, as defined by IFRS 16 standard 'Rental contracts', appear on the balance sheet, which recognises:

- An asset in respect of a right of use of the asset rented, throughout the period of the contract,
- A debt in respect of the payment obligation.

ASSESSMENT OF THE RIGHT OF USE OF ASSETS

Upon the date a rental contract comes into force, the right of use is assessed at cost (i.e. the total of rental payments discounted over the lifetime of the contract) and includes the initial amount of the debt. For rental contracts with a start date prior to January 1st, 2019, the enforcement date was fixed at January 1st, 2019.

The right of use is written down over the period of use of the subjacent assets (duration of the rental contract for the rental element).

ASSESSMENT OF RENTAL DEBT

When the contract comes into force, the rental debt is accounted for by an amount which is equal to the discounted value of rental payments over the lifetime of the contract. The amounts taken into account as rent in assessing the debt are as follows:

- Fixed rents (including fixed rents in substance, i.e. even if they contain variability in terms of content, they are substantially inevitable),
- Payments made by the lessee in triggering a purchase option.

Assessment of debt linked to the rental contract is as follows:

- It is increased by the amount of interest charges determined in application of the rate used to discount the debt, at the beginning of the financial period,
- And reduced by the total of payments already made.

Also, the debt can be reassessed in the following circumstances:

- Revision of the rental period,
- Modification linked to the assessment of the reasonably assured nature (or not) of exercising an option,
- Revision of rates or indices upon which the rents are based at the time of rent adjustment.

TYPOLGY OF CAPITALISED RENTAL CONTRACTS

• Rental contracts on 'real estate'

The Group has identified rental contracts in accordance with the standard for buildings rented by the subsidiaries Mecafer, FGinox, Rousseau and Distrilabo. These are 3-6-9 type commercial leases without renewal options at the end of the lease period. The period chosen for calculation is 9 years, in compliance with the ANC's position.

The discount rate used to calculate the rental debt is determined for each property according to the marginal indebtedness rate at the date the contract comes into force. The same rate was used for the Group, given that property investments are always in the name of the real estate company SCI Thely which is 100% owned by Thermador Groupe. The rate used is the interest rate the lessee would get at the beginning of the rental period to borrow the funds to purchase the asset for a

similar period, similar guarantees and a comparable economic environment. This rate is obtained by adding the 'lead 10 year borrowing rate' and the spread which is specific to Thermador Groupe (the spread between the marginal borrowing rate of Thermador Groupe and the '10 year lead borrowing rate').

• Rental contracts on 'Other assets'

The main lease contracts identified are for vehicles and photocopiers. The capitalisation period for rents corresponds to the compulsory engagement period of the contract, with the majority of contracts not including renewal options. The discount rate used to calculate the rental debt is determined for each asset according to the marginal indebtedness rate at the date the contract comes into force (cf. paragraph 'real estate' to understand how the marginal indebtedness rate is determined). This discount rate is different from the discount rate used for 'real estate' rental contracts.

TYPOLGY OF NON-CAPITALISED RENTAL CONTRACTS

The Group uses two exemptions allowed for by the IFRS 16 standard which excludes the elements from the balance sheet: short-term contracts and contracts concerning low-value assets.

- Short-term contracts of twelve months or less.
- Rental contracts concerning low-value assets: these contracts concern rentals for which the new value of the asset is \$US 5,000 or less.

IMPACT ON FINANCIAL STATEMENTS (in thousands of euros)

At december 31, 2019	Impacts IFRS 16
BALANCE SHEET	
Non-current asset IFRS 16	119,519
Rights of use relating to rental contracts	3,772
Non-current asset after IFRS 16	123,291
Current liability before IFRS 16	97,082
Rental obligations of more than one year	1,018
Current liability after IFRS 16	98,100
Non-current liability before IFRS 16	36,817
Rental obligations of less than one year	1,951
Non-current liability after IFRS 16	38,768
PROFIT AND LOSS STATEMENT	
External charges before IFRS 16	(34,251)
Cancellation of rents	871
External charges after IFRS 16	(33,380)
Depreciation allowances before IFRS 16	(4,663)
Depreciation allowances IFRS 16 impacts	(854)
Depreciation allowances after IFRS 16	(5,517)
Gross financial debt cost before IFRS 16	(182)
Financial charges IFRS 16 impacts	(31)
Gross financial indebtedness cost after IFRS 16	(213)
Tax cost before IFRS 16	(15,209)
Deferred taxes IFRS 16 impacts	4
Tax cost after IFRS 16	(15,205)
TOTAL IMPACT ON RESULT	(10)

IFRIC 23

The IFRIC 23 'uncertainty relating to fiscal processing' interpretation became compulsory as of January 1st, 2019. On December 31, 2019, application of this interpretation had no impact on the accounts or the presentation of financial statements.

3 Consolidated subsidiaries

Consolidated subsidiaries are all companies in which Thermador Groupe held directly or indirectly at least 20% of the voting rights on 31 December 2019:

Name	Location	Ownership interest (%)	Consolidation method
Sferaco	France	99.9975%	Fully consolidated subsidiaries
Thermador	France	99.9975%	Fully consolidated subsidiaries
Jetly	France	99.9972%	Fully consolidated subsidiaries
Dipra	France	97.9933%	Fully consolidated subsidiaries
PB Tub	France	99.9800%	Fully consolidated subsidiaries
Isocel	France	99.9000%	Fully consolidated subsidiaries
Sectoriel	France	99.9631%	Fully consolidated subsidiaries
Syveco (formerly called Thermador International)	France	99.9888%	Fully consolidated subsidiaries
Axelair	France	99.9958%	Fully consolidated subsidiaries
Mecafer	France	100.0000%	Fully consolidated subsidiaries
Domac	France	100.0000%	Fully consolidated subsidiaries
Aello	France	99.9992%	Fully consolidated subsidiaries
Thely	France	99.9999%	Fully consolidated subsidiaries
Opaline	France	100.0000%	Fully consolidated subsidiaries
Tagest	France	99.8000%	Fully consolidated subsidiaries
Deco holding (Sodeco Valves)	Belgium	100.0000%	Fully consolidated subsidiaries
FGinox	France	100.0000%	Fully consolidated subsidiaries
Edouard Rousseau (formerly called Sanidom)	France/ Spain	100.0000%	Fully consolidated subsidiaries
Distrilabo	France	100.0000%	Fully consolidated subsidiaries

The consolidation scope concerns all companies of the Group. It was modified in 2019: acquisition of 100% of the Distrilabo shares on December 31, 2019.

4 Material accounting rules and methods

Note 1 GOODWILL

Goodwill arising from the acquisition of S.C.I Thely shares by Thermador Groupe in 1987 and 1990 was allocated to Land and Buildings: this adjustment was not applied to minority interests. This goodwill is amortised through income statement in accordance with the accounting principles applying to the related fixed assets. Thus, the spread attributed to land was not amortised and the spread allocated to constructions was amortised according to the forecast residual service life of the constructions.

	Land	Buildings	Total
Gross purchase discrepancy value	39	468	507
Start-of-period depreciations		468	468
End-of-period depreciations		468	468
Net purchase discrepancy value	39		39

With Thermador Groupe's purchase of Sodeco Valves shares on August 31, 2017, a purchase discrepancy of €300,000 was allocated to the construction item. Via the income statement, this purchase discrepancy was depreciated in compliance with rules applying to the asset concerned. Thus the purchase discrepancy for constructions was written down over 20 years.

	Buildings
Gross purchase discrepancy value	300
Start-of-period depreciations	20
End-of-period depreciations	35
Net purchase discrepancy value	265

At the time of purchase of Sanidom (now called Edouard Rousseau)

shares by Thermador Groupe on December 31, 2018, a purchase discrepancy of €3,536 was allocated to the land & buildings item.

	Land	Buildings	Total
Gross purchase discrepancy value	952	2,584	3,536
Start-of-period depreciations			
End-of-period depreciations		(119)	(119)
Net purchase discrepancy value	952	2,465	3,417

The purchase discrepancy allocated to buildings is amortised using write-down periods according to items.

Components	Depreciation period (in years)
Primary works	40
Wall frames and roof frames	25
Electricity	20
Heating and plumbing	15
Paintwork and partitions	10
Roof	20

A purchase discrepancy of €3,700,000 was attributed to the brand for a total of €1,200,000 and customer relations for €2,500,000. The latter is written down over a period of 10 years starting on January 1, 2019.

	Brand	Customer relations	Total
Goodwill in gross value	1,200	2,500	3,700
Start-of-period depreciations			
End-of-period depreciations		(250)	(250)
Goodwill in net value	1,200	2,250	3,450

At the time of Thermador Groupe's purchase of Distrilabo's shares on December 31, 2019, goodwill of €1,900,000 was attributed to the brand for a total of €550,000 and customer relations for €1,350,000. The customer relations item will be written down over a period of 10 years starting on January 1, 2020.

Note 2 NON-ALLOCATED GOODWILL

The balance sheet includes a 'goodwill' item for €53,286,000.

In thousands of euros	Book value, pre-harmonisation purchase	Adjustments	Book value purchased	Acquisition cost	Goodwill
Pbtub, Isocel, Dipra, Thermador, Jetly & Sferaco				6,136	6,136
Mecafer	8,940	(298)	8,642	24,300	15,658
Nuair	741		741	2,700	1,959
Sodeco Valves	5,922	170	6,092	10,000	3,908
FGinox	6,930	21	6,951	22,881	15,930
Valfit Group	2,653	(13)	2,640	7,600	4,960
Vortice France				850	850
Rousseau	15,184	5,388	20,572	22,000	1,428
Sale of the Sodeco Sedin business				(31)	(31)
Distrilabo	1,293	1,419	2,712	5,200	2,488
TOTAL at December 31, 2019	41,663	6,687	48,350	101,636	53,286

Movements over the period can be broken down as follows:

In thousands of euros on December 31, 2018	50,804
Movements over the period:	
- Goodwill on Distrilabo	2,488
- Cancellation of Sodeco Sedin's business	(6)
At December 31, 2019	53,286

When new societies were included in the scope, in application of the revised version of IFRS 3, goodwill was recorded. This accounts for synergies we would expect from the inclusion of new activities of the new businesses acquired, as well as economies of scale generated by sharing resources. It is

6.3 Notes to the annual consolidated accounts

attributed to groups of cash generating units (CGU), represented by each company acquired.

The acquisition price of the companies corresponds to the fair value on the date of acquisition of the elements of earnings given to the seller in exchange for the control of the acquired assets, excluding any element which remunerates any transaction separate from the takeover

Detail of amounts and adjustments:

2015 - Mecafer / Nuair:

In thousands of euros	Mecafer	Nuair France	Total
Book value, pre-harmonisation purchase	8,940	741	9,681
Adjustments	(298)		(298)
Book value purchased	8,642	741	9,383
Acquisition cost	24,300	2,700	27,000
Goodwill	15,658	1,959	17,617

This goodwill is wholly allocated to the goodwill item.

2017 - Sodeco Valves:

Reprocessing pertained to:

- Allocation of the part of the goodwill to the fair value of Sodeco Valves' building on August 31, 2017 for a total of €300,000, minus a deferred tax liability of €102,000.
- Deferred tax on the pension provision, i.e. €3,000.
- The business value of €32,000 of Sodeco Sedin, the French subsidiary of Sodeco Valves.

2017 - FGinox:

Reprocessing pertained to:

- Deferred taxation on the pension provision, i.e. €21,000

2017 - Groupe Valfit:

Reprocessing pertained to:

- Harmonisation of the method used for pension provision, i.e. an additional charge of €29,000 and deferred taxation on the pension provision, i.e. €16,000.

2017 - Vortice France:

Via its subsidiary Axelair, Thermador Groupe acquired Vortice France on December 31, 2017 for €850,000.

The portion attributable to African customers, valued at €30,000 was transferred to Syveco on December 31, 2018.

2018 - Sodeco Valves:

On October 30th 2018, Sodeco Sedin sold 80% of its business for €550,000. The net accounting value of this asset was €25,000 on October 30th 2018. The €525,000 gain was booked as 'other operating incomes' in Sodeco Valves' CGU. The purchase price of €10m for Sodeco Valves was not reduced as a result because no portion of this price was attributable to Sodeco Sedin's business capital. We should remind you that Sodeco Sedin was in competition with distributor customers of our subsidiaries Sferaco and Sectoriel, and continued operation of this business could have been unfavourable to those two subsidiaries. Furthermore, Sodeco Sedin recorded operating losses for 2017, 2016 and 2015.

2018 - Ets Edouard Rousseau

(formerly called Sanidom) :

The €1,428,000 goodwill was wholly allocated 'goodwill' item.

Reprocessing pertained to:

- Allocation of a part of the fair value acquisition of the Sanidom/ Rousseau land on December 31, 2018 of €952,000 minus a deferred taxation liability of €238,000,

- Allocation of a part of the fair value acquisition of the Rousseau building on December 31, 2018 for a total of €2,584,000 minus a deferred tax liability of €659,000,
- Allocation of a part of the fair value acquisition of the 'Edouard Rousseau' brand on December 31, 2018 for a total of €1,200,000 minus a deferred taxation liability of €300,000,
- Allocation of a part of the fair value acquisition of the customer base on December 31, 2018 for a total of €2,500,000 minus a deferred taxation liability of €651,000.

2019 - Distrilabo:

The €2,488,000 goodwill was wholly allocated 'goodwill' item.

Reprocessing pertained to:

- Allocation of a part of the acquisition of the 'Distrilabo' brand on December 31, 2019 of €550,000 minus a deferred taxation liability of €137,500,
- Allocation of a part of the acquisition of the customer base on December 31, 2019 for a total of €1,350,000 minus a deferred tax liability of €343,500.

Impairment tests on goodwill

Impairment tests (IAS 36) are performed once a year at least for units generating cash having acquired goodwill in compliance with IAS 8 as per the presentation of sector-based information. These cash generating units were defined according to business sector criteria. Given the group's organisation and the distribution of the different business fields, the cash generating units chosen by the group comprise of the legal entities Jetly, Sferaco/Groupe Valfit, Thermador, Dipra, Isocel, PBtub, Sectoriel, Thermador International, Axelair, Mecafer/Domac, Aello, Sodeco Valves, FGinox and Sanidom/Rousseau, and a separate grouping comprising Thely, Opaline, Tagest and Thermador Groupe (cf. note 26).

The results of impairment tests on this 'goodwill', based in particular on future forecast net cash flows over a period of five years and a subsequent growth rate of 1%, discounted at 7.2%, explain the absence of provisions. The discount rate was calculated according to the 30-year treasury bond rate TEC (Constant Maturity Treasuries), French market risk, and sector risk, i.e. 1.40% and a specific risk premium.

A reasonable variation of the discount rate of +/- 0.5% was applied in our depreciation tests.

A recent variation of the key assumptions including this discount rate variation does not show any particular sensitivity in any of the CGUs assessed.

Note 3 TANGIBLE AND INTANGIBLE ASSETS

Tangible and intangible assets are valued at their purchase price (cost price plus associated costs) with the exception of land and buildings to which valuation discrepancies have been attributed.

Intangible assets, primarily concerning acquisitions since 2018 of brands (€1.75m), customer relations (€3.85m) and software. Depreciation amortisation is calculated in linear fashion on the basis of the expected service life:

Brands	Not depreciated
Customer relations	10 years
Software	3,4,5 years
Primary works	40 years
Wall frames and roof frames	25 years
Roof	20 years
Electricity	20 years
Heating and plumbing	15 years
Partitions and paintwork	10 years
Building improvements and fixtures	3,4,5,7 & 10 years
Installations and fixtures	2,3,4,5 & 10 years
Office and computer equipment	2,3,4,5,6 & 10 years
Furniture	2,3,5,8 & 10 years

Note 4 DEFERRED TAXES

Deferred taxes were calculated on all items of the balance sheet and profit and loss account and there are no non-activated deferred taxes. In thousands of euros

Pre-tax net (accounting profit)	47,583
Tax rate on ordinary activities	30.68%
Theoretical tax burden	14,599
Social contribution	246
Non-deductible costs and charges on subsidiaries' dividends ⁽²⁾	348
Variation in deferred tax rate ⁽³⁾	51
Non-deductible charges and impact of non-French rate	(39)
Taxes	15,205
Actual tax rate	31.95%

Corporate tax rate in 2019 :

Profits from ordinary activities ⁽¹⁾	30.68%
Social contribution	0.51%
Non-deductible costs and charges on subsidiaries' dividends ⁽²⁾	0.73%
Variation in deferred tax rate ⁽³⁾	0.10%
Non-deductible charges and impact of non-French rate	(0.07%)
Rate of corporation tax on profit from ordinary business	31.95%

(1) The finance law introduced a sliding scale element in the tax rate applicable as of January 1, 2018. Profits up to €500,000 are subject to 28% corporation tax. The tax saving is therefore €165,000. The tax rate in Belgium is 29.58%, the one in Spain is 25%.

(2) The finance law fixed the percentage of non-deductible fees and charges on subsidiaries' dividends at 5%. This represents a corporation tax charge on dividends of €1,127,000 which will be paid to Thermador Groupe in 2020.

(3) The tax rate of 28% for 2020, 26.5% for 2021 and 25% as of 2022 were observed for December 31, 2019 to take into account the programmed changes to the tax rate according to the size of the company in the 2018 finance law (article 84). The impact of the variation in deferred tax rates is a €51,000 charge. This quantum concerns legal participation, losses carried forward, pension provisions and non-deductible provisions on stock.

Assets and liabilities of deferred taxes are not discounted and are offset when they relate to the same entity and when they have the same pay-back schedules. On December 31, 2019 deferred tax on assets and liabilities were divided between current and non-current deferred taxes as follows:

Non-current deferred tax assets	December 31, 2019	December 31, 2018	December 31, 2017
Provision for end-of-career commitment	718	636	606
Axelair and Aello deficit	549	692	816
IFRS 16 impact	3		
Temporary differences			7
Total	1,270	1,328	1,429

Current deferred tax assets	December 31, 2019	December 31, 2018	December 31, 2017
Axelair and Aello deficit	76	22	
Temporary differences	411	399	420
Total	487	421	420

Non-current deferred tax liabilities	December 31, 2019	December 31, 2018	December 31, 2017
Goodwill *	1,429	1,429	1,429
Goodwill of land and construction	898	935	105
Provision for end-of-career commitment	(221)	(187)	(39)
Sodeco valves deficit carried over	(69)	(91)	(107)
Gain on building	79	102	128
Brand and customer relations	1,248	873	
Depreciation on building	(35)	(35)	(36)
Total	3,329	3,026	1,480

(*) Cf. note 2 above.

Current deferred tax liabilities	December 31, 2019	December 31, 2018	December 31, 2017
Tax on subsidiaries dividends	315	308	305
Tax on subsidiaries dividends	(3)	(18)	(50)
Goodwill of land and construction	36	41	
Gain on building	8	9	(50)
Brand and customer relations	108	78	205
Temporary differences	(80)	(85)	(50)
Total	384	333	205

Note 5 STOCKS

Stocks were assessed according to the weighted average cost method. The gross value of merchandise and supplies includes the purchase price and incidental costs. A provision for depreciation is made when the inventory value is lower than the accounting value defined above. The inventory value is established reference by reference according to rotation, based on quantities in stock and sales completed, probability of stock movement and, where applicable, the rates used by metal dealers. The depreciation rates chosen are adapted to each situation.

	Provision for stocks losses
Amount at 31/12/2017	3,068
Included in the scope *	293
Increases in the period	565
Decreases	704
Amount at 31/12/2018	3,222
Included in the scope *	57
Increases in the period	994
Decreases	635
Amount at 31/12/2019	3,638

(*) Included in the scope: , 2018: Distrilabo on December 31, 2019 and Rousseau on December 31, 2018

Note 6 EMPLOYEE BENEFITS

No post-employment benefit was attributed to group staff. The group only uses mandatory contribution regimes. Pension compensation was calculated at €3,724,000 (including Board Members and Company Managers, €328,000) according to age, length of service, salary and the industry-wide agreement for wholesalers and that of the metallurgy sector (for our subsidiary FGinox and Edouard Rousseau).

No end-of-career commitment was accounted for on December 31, 2019 for three of our subsidiaries: Sodeco Valves, Rousseau SA (Spain) and Distrilabo. Distrilabo and Sodeco Valves signed up to an insurance contract covering compensation to be paid at the time of retirement.

For the other subsidiaries, the retirement compensation was calculated on the basis of a departure upon the employee's initiative.

6.3 Notes to the annual consolidated accounts

The calculation takes into account the following hypotheses:

- Reference retirement age: 64.5 to take the retirement age law and the average retirement age within Thermador Groupe into account.
- Rate of staff turnover: calculated by age group (under 35, 35-50 and over 50) and according to average age observed in each company over the past 5 years. In 2019 the average rates observed were: under 35 - 3.89% (2.72% in 2018), 35-50 y.o. 2.37% (1.67% in 2018) and over 50 - 0.58% (0.42% in 2018).
- Growth in salaries depends on the salary policy of each company: the average 2019 rate was 2.33% (1.88% in 2018).
- Probability of survival to retirement age.
- The discount rate, based on the IBOXX rate for AA10+ companies is 0.77% (1.57% in 2018).

The provision entered in the accounts therefore concerns all employees and Corporate Officers. Any actuarial discrepancies are registered as equity. At December 31, 2019 this concerned the variation of an actualisation rate, the reassessment of salaries rate and the employee turnover rate. They represented a gross amount of €346,000 and €260,000 net of corporation tax.

Note 7 RECEIVABLES

Receivables are recorded at their face value. A provision for bad debt is recorded when their balance sheet value is less than the book value. The inventory value is calculated on the basis of the probability of debt recovery, i.e. essentially in case of receivership (10%) and court-supervised liquidation (0%).

	Provision for bad debt
Amount at 31/12/2017	891
Included in the scope *	132
Increases in the period	416
Decreases	318
Amount at 31/12/2018	1,121
Included in the scope *	35
Increases in the period	323
Decreases in the period	263
Amount at 31/12/2019	1,216

(*) Included in the scope: , 2018: Distilabo on December 31, 2019 and Rousseau on December 31, 2018

Note 8 BANK LOANS AND DEBTS

In thousands of euros

At 31/12/2019	Current	Non-current	Total	Under one year late	Over one year and under five years late	Over five years
Bank loans	11,949	29,764	41,713	11,949	29,597	167
Rental debt (IFRS 16)	1,018	1,951	2,969	1,018	1,951	
Cash and equivalent	32,494		32,494	32,494		
Net cash	19,527	(31,715)	(12,188)	19,527	(31,548)	(167)

The cash and cash equivalent item equal to €32,494,000 is a combination of current accounts for €30,677,000 and deposit accounts for €1,817,000 with due dates shorter than a month. All of our bank loans are fixed-rate loans to limit any rate variation impact.

Note 9 OPERATIONS IN FOREIGN CURRENCIES, FINANCIAL INSTRUMENTS AND DERIVATIVES

Operations in foreign currencies are registered for their value at the date of the operation.

Debt and credit in foreign currency appear on the balance sheet for their for value in the course of the financial year or of the financial commitments made. The difference resulting from the reassessment of debt and credit in foreign currency at the most recent rate is included in the P&L account.

Amount of accounts payable on December 31, 2019 in the main foreign currency (US Dollars) : €7,755,000. Thermador Groupe uses no financial derivatives for speculative purposes.

The derivatives used serve only to cover exchange rate fluctuations corresponding to purchase of merchandise in foreign currencies.

Thermador Groupe decided to introduce centralised management of cash in dollars as of January 1, 2018 to cover the requirements of all the group subsidiaries.

In this respect, Thermador Groupe subscribed to USD forward currency purchases for 14,000,000 USD with instalments in the first half of 2020 and in the second half of 2020.

The IAS 39.9 criteria are respected, allowing the group to book this hedging according to hedging accounting methods. An effectiveness test was carried out on December 31, 2019. As a result, the fair value of these financial instruments was included in the accounts for a total of €(12,000) in equity.

There is no compensation between financial assets and liabilities.

FINANCIAL ASSETS AND LIABILITIES APPEARING ON THE BALANCE SHEET: VENTILATION PER CATEGORY OF INSTRUMENTS.

Assets at 31/12/2019	Balance sheet value	Fair value	Fair value per result	Receivables	Hedging instruments
Customers of commercial activities	63,931	63,931		63,931	
Other debtors	13,769	13,769		13,769	
Cash	32,494	32,494	32,494		
Total assets	110,194	110,194	32,494	77,700	

Liabilities at 31/12/2019	Balance sheet value	Fair value	Fair value per result	Payables	Hedging instruments
Loans and long-term financial debt	29,764	29,764		29,764	
Rental obligations of more than one year	1,951	1,951		1,951	
Non-current liabilities	7,053	7,053		7,053	
Short-term loans and financial debt	11,949	11,949		11,949	
Rental obligations of less than one year	1,018	1,018		1,018	
Suppliers	52,254	52,254		52,254	
Supplier fixed assets	1,510	1,510		1,510	
Financial instruments	12	12			12
Other creditors	31,357	31,357		31,357	
Total liabilities	136,868	136,868		136,856	12

Note 10 OFF-BALANCE-SHEET COMMITMENTS

Thermador Groupe subscribed to forward purchase contracts in US\$ for US\$14,000,000 with maturity dates in the first half of 2020 and the second half of 2020. The fair value of these financial instruments was assessed at €(12,000) on December 31, 2019. Maturities on hedging instruments are generally between 3 and 6 months, and do not exceed 12 months.

5 Notes on the balance sheet

Note 11 FIXED ASSETS (IN THOUSANDS OF EUROS)

Fixed assets	Goodwill on consolidation	Other intangible assets	Total intangible assets	Land	Buildings on own property	Machinery and equipment	General equipment, fixtures and fittings	Transport materials	Other equipment and furniture	Other tangible assets in progress	Rights of use in rental contracts	Total tangible assets	Other long term investments	Total investments	Grand total
Gross value 31/12/2017	49,401	3,879	53,280	8,728	57,118	8,591	4,323	283	3,584	732		83,359	250	250	136,889
Included in the scope *	1,428	3,950	5,378	1,146	5,763		1,677			2		8,588	28	28	13,994
Increases		718	718	959	1,202	839	(131)	1	951	921		4,742	2	2	5,462
Decreases	25	30	55		4	50	86	46	134			320	2	2	377
Gross value 31/12/2018	50,804	8,517	59,321	10,834	64,079	9,380	5,783	238	4,401	1,655	0	96,370	278	278	155,969
Impact of IFRS 16											3,096	3,096			3,096
Included in the scope *	2,488	1,976	4,464			62	303	60	111		379	915	10	10	5,389
Increases		679	679		17	606	583	16	451	6,195	335	8,203	40	40	8,922
Decreases	6	404	410		(1,570)	(869)	1,118	9	289	1,585	38	600	30	30	1,040
Gross value 31/12/2019	53,286	10,768	64,054	10,834	65,666	10,917	5,551	305	4,674	6,265	3,772	107,984	298	298	172,336

(*) Included in the scope: , 2018: Distrilabo on December 31, 2019 and Rousseau on December 31, 2018

In 2019, works began on the refurbishment of the building occupied by Dipra so as to improve working conditions for staff in the warehouse and optimise utilisation of the building. This project comes in two phases: delivery of a new building (office and warehouse) for Dipra planned for April 2020, construction of

two storage units for Aello and a temporary storage area.

We also refurbished the building occupied by Syveco and Isocel in 2019 and converted the lighting in the Jetly and PBtub warehouses to LED.

6.3 Notes to the annual consolidated accounts

Total real estate includes 296,166 m² of land and 121,452 m² of buildings (warehouses and offices).

Real estate value was reassessed in December 2016 for buildings in Saint-Quentin-Fallavier, in April 2017 for our subsidiary Domac's building, in August 2018 for our subsidiary Sodeco

Valves' building, and in December 2018 for our subsidiary Edouard Rousseau's building at around €60.8m (valuations made by Expertise Galtier, Chemin Moulin Carron-69 Ecully and CBRE in Brussels), which includes built and unbuilt land.

Note 12 DEPRECIATION AND AMORTISATION (IN THOUSANDS OF EUROS)

Fixed assets	Goodwill on consolidation	Other intangible assets	Total intangible assets	Land	Buildings on own property	Machinery and equipment	General equipment, fixtures and fittings	Transport materials	Office equipment and furniture	Rights-of-use in rental contracts	Total tangible assets	Grand total
Amortisation 31/12/2017		3,438	3,438		22,089	5,978	2,788	118	2,892		33,865	37,303
Included in the scope *		123	123		3 010		1 189				4,199	4,322
Increases in the period		229	229		2,333	795	(30)	56	679		3,833	4,062
Decreases and write-offs		30	30		3	44	68	39	132		286	316
Amortisation 31/12/2018		3,760	3,760		27,429	6,729	3,879	135	3,439		41,611	45,371
Impact of IFRS 16												
Included in the scope *		50	50			44	141	34	84		303	353
Increases in the period	6	545	551		2,442	727	481	51	411	854	4,966	5,517
Decreases and write-offs	6	406	412			(724)	893	9	298	37	513	925
Amortisation 31/12/2019		3,949	3,949		29,871	8,224	3,608	211	3,636	817	46,367	50,316

(*) Included in the scope: , 2018: Distilabo on December 31, 2019 and Rousseau on December 31, 2018

Note 13 EQUITY

The capital is made up of 9,109,752 shares of €4 nominal value each, i.e. €36,439,008.

There are no stock options.

Thermador Groupe purchased 1,200 of its own shares during 2018 for a value of €62,000. These shares were valued at the time of closure at €53. This represented a latent gain of €900. The latent loss of €9,000 reflects the difference between the selling price of shares and the closing price valuation entered in the accounts on December 31, 2018 and was written off on December 31, 2019.

Note 14 PROVISIONS INSCRITES AU PASSIF (IN THOUSANDS OF EUROS)

	PROVISIONS INCLUDED IN LIABILITIES				
	Provisions for end-of-career commitments	Total non-current provision	Current provision	Total current provision	Of which, uses
Amount at 31/12/2017	2,530	2,530	820	820	
Included in the scope *	569	569	176	176	
Increases	345	345	49	49	
Actuarial gains	(89)	(89)			
Decreases	130	130	337	337	1,221
Amount at 31/12/2018	3,225	3,225	708	708	
Included in the scope *					
Increases	255	255	172	172	
Actuarial gains	347	347			
Decreases	103	103	275	275	1,093
Amount at 31/12/2019	3,724	3,724	605	605	

(*) Included in the scope: , 2018: Distilabo on December 31, 2019 and Rousseau on December 31, 2018

Note 15 RECEIVABLES (IN THOUSANDS OF EUROS)

	31/12/2019	31/12/2018	31/12/2017
Trade receivables	63,468	57,862	51,232
Bab debts	463	256	234
Corporate tax	685	851	291
Deferred corporate tax assets	487	421	420
Other debt			
VAT receivables	5,434	3,244	2,862
Other debtors	6,450	6,079	4 915
Prepaid expenses	713	694	607
Total other creditors	12,597	10,017	8,384
Total receivables	77,700	69,407	60,561

Note 16 DEBT (IN THOUSANDS OF EUROS)

	31/12/2019	31/12/2018	31/12/2017
Current provisions	606	708	820
Rental obligations of less than one year	1,018	1,029	1,618
Short-term loans	189	1,029	1,618
The current component of loans and debts	11,760	10,606	6,222
Accounts payable	52,254	44,268	44,423
Tax payable	1,983	942	1,743
Supplier fixed assets	1,510	417	204

Tax and social liabilities

Tax and social liabilities	10,419	9,424	7,838
Deferred corporation tax on liabilities	384	333	205
VAT payables	2,392	1,069	1,305
Other tax liabilities	732	954	560
Total fiscal and social debts	13,927	11,780	9,908
Other debtors	14,853	12,617	11,482
Total debts	98,100	82,367	76,420

Supplier debt maturity in 2019 was comparable to that of 2018.

Information on late supplier payments: Invoices received but not paid on the closing date of the financial year and whose due date has passed (table required under section 1 of article D. 441-4) in thousands of euros:

	0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
Number of invoices						1,538
Total value of invoices concerned (inc-VAT)		826	(226)	584	551	1,735
Purchases over the financial year (ex-VAT)*		267,973				
Percentage of the financial year's T/O (ex-VAT)		0.3%	-0.1%	0.2%	0.2%	0.6%

* External costs and purchases consumed

Note 17 CHARGES PAYABLE AND ACCRUALS (IN THOUSANDS OF EUROS)

CHARGES PAYABLE	31/12/2019	31/12/2018	31/12/2017
Trade notes and accounts payable	19,831	16,913	12,761
Tax and social liabilities	7,421	6,610	5,875
Liabilities on customer contracts	4,401	2,537	ND*
Other liabilities	86	106	527
Total	31,739	26,166	19,163

* Not available.

ACCRUALS	31/12/2019	31/12/2018	31/12/2017
Trade receivables	511	609	39
Other receivables	1,427	1,545	2,417
Total	1,938	2,154	2,456

Note 18 COMMITMENTS OR OPERATIONS WITH ASSOCIATED PARTIES

Associated parties concern all Board members of Thermador Groupe who are usually directors of the group's main subsidiaries.

There is no commitment or operation with associated parties besides elements of earnings, commitments to pensions on 2019. The group uses no assets belonging directly or indirectly to directors or members of their families.

Total gross earnings and benefits of all types, both direct or indirect, for each corporate representative of the group (consolidating company and controlled companies included, according to article 357-1 of the law on commercial companies) allocated for the financial year to members of the Board on account of their function was €1,150,800 including allocated earnings.

Commitments to executives:

The retirement commitment concerns the payment of a retirement bonus authorised by the Board meeting of December 19, 2003. This bonus is calculated in the same way as that paid to a manager according to the conventions of article 5 of amendment I of the industry-wide agreement for the wholesale business. At December 31, 2019 the total of the commitment corresponding to this bonus for Board members and corporate officers was €328,000. No pension compensation was paid to executives. There is no commitment to separation compensation for executives.

6.3 Notes to the annual consolidated accounts

Note 19 LEGAL RISKS

To the company's knowledge, there are no other exceptional items or legal proceedings that may have or may have recently had an impact on the business, the results, the financial situation or on the company's or the group's assets.

Note 20 SIGNIFICANT EVENTS OCCURRING AFTER THE CLOSURE OF THE ACCOUNTS

The epidemic caused by propagation of coronavirus is first and foremost a human catastrophe which affects the Chinese people in particular. We spare a special thought for our Chinese employees and those of our suppliers who will, in all likelihood, be directly or indirectly impacted.

Whether manufacturers or importers, most players on our markets will be impacted by this crisis. We will not escape that since a substantial part of our supplies come from continental China, and we have many dotted all over the country. Although it is very difficult to measure operating losses linked to these events, we will be doing this calculation more precisely at the end of the first half of 2020.

In practical terms, our team based in Shanghai have so far not yet returned to work, respecting the Chinese government's quarantine instructions (15 days) after the return from their holidays, and limiting outdoor movement to the strictly necessary.

Confronted with the same difficulties, a lot of our suppliers have postponed the re-start of their factories by one or two weeks after the traditional break for Chinese New Year. As we go to print, we expect those factories to return to normal between the end of February and the end of March, depending on the location of their production sites. The restart of freight transport and port activities will be delayed in the same proportions. This will probably cause stock-outs for some of our products.

However, we feel that our stock levels are generally bigger than those of our competitors, obviously a big advantage in this type of situation.

Also, we have had excellent relations with our Chinese partners for many years, which should allow us to be treated as a priority for deliveries.

Finally, we have every confidence in our teams who are extremely mobilised to deal with this crisis.

Note 21 RISK ASSESSMENT (SEE CHAPTER 4)

The company performed a review of risks that could have an unfavourable effect on its business, financial position and results, and considers that there are no other significant risks apart from those presented below.

The nature of the main risks was not modified in 2019, with the exception of a legal risk.

The management and assessment methods put in place within the Group have proved to be effective to date.

- **Credit risk:** This is primarily the risk of not recovering customer receivables. A control is carried out monthly using accounting statements drawn up according to due dates.

Accounts receivables (excluding bad debts) at 31/12/2019 (in thousands of euros)	Total amount	Total for due dates after 31/12/2019	Amounts with expired due dates			
			Under 30 days late	Over 30 days and under 60 days late	Over 60 days and under 90 days late	Over 90 days late
Customer receivables on December 31, 2019	63,468	53,568	6,835	1,109	697	1,257
Payments cashed in January 2020			3,782	559	171	194
Receivables not cashed by end January 2020			3,054	550	526	1,063

Accounts receivables (excluding bad debts) at 31/12/2018 (in thousands of euros)	Total amount	Total for due dates after 31/12/2018	Amounts with expired due dates			
			Under 30 days late	Over 30 days and under 60 days late	Over 60 days and under 90 days late	Over 90 days late
Customer receivables on December 31, 2018	57,862	50,033	5,611	838	372	1,009
Payments cashed in January 2019 *			2,712	298	245	416
Receivables not cashed by end January 2019			2,899	540	127	593

* Excluding Rousseau. Information non available on 31/01/2019.

Accounts receivables (excluding bad debts) at 31/12/2017 (in thousands of euros)	Total amount	Total for due dates after 31/12/2018	Amounts with expired due dates			
			Under 30 days late	Over 30 days and under 60 days late	Over 60 days and under 90 days late	Over 90 days late
Customer receivables on December 31, 2017	51,232	45,481	4,416	628	235	472
Payments cashed in January 2018			3,992	337	3	32
Receivables not cashed by end January 2018			424	291	232	440

Total customer losses represent less than 1% of turnover. We have no credit insurance.

Invoices raised and not paid upon closing of the financial year and whose due date has passed (table required under section 1 of article D. 441-4), in thousands of euros:

	0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
Number of invoices concerned						16,337
Total value of invoices concerned (inc-VAT)		6,835	1,109	697	1,257	9,900
Turnover for the financial year (ex-VAT)	368,836					
Percentage of the financial year's T/O (ex-VAT)		2%	0%	0%	0%	3%

• **Interest rate risk:**

Between 2017 and 2019, we took out six 5-year fixed-rate loans with CM CIC and Société Générale banks. Early repayment is possible without penalty. We are therefore not exposed to a rate risk.

• **Liquidity risk:**

The company carried out a specific review of its liquidity risks. It believes that it can meet its future commitments. The situation on December 31, 2019 was positive (cash-flow statement, p112). Furthermore, the group does have unused overdraft facilities.

• **Investment risk:**

Any spare cash is placed on long-term accounts, at zero risk.

• **Currency risk:**

Around 36% of our purchasing – primarily from China – is paid for in US dollars. Since January 1st, 2019, Thermador Groupe has introduced centralised management of its dollar cash to cover the needs of all the Group's subsidiaries and fix the exchange rate at the time of purchase. Mathematically, a 10% variation in the US dollar rate would have a €9.2m impact on our commercial margin.

Since January 1, 2018, Thermador Groupe has had centralised dollar cash management to cover the needs of all its subsidiaries. This ability to keep ahead of the exchange rate gives those subsidiaries greater visibility in terms of selling price, and better control over their margins.

• **Raw material price fluctuations:**

It is our manufacturer-suppliers who manage the raw material purchase costs in their products. In case of major price variations of certain raw materials (copper, steel, etc.) there may be a purchase price impact for us, which we seek to pass on as far as possible in our sale price. There are many different scenarios depending on the supplier and the product,

which make any precise calculation impossible; making it more to do with our management of cost prices and margins. This has been a day-to-day practice within our business from the outset, and we feel that we manage these problems with minimum risk for our shareholders. Our results are proof of that...

• **Brexit risk:**

We insist on the fact that our group's business in the United Kingdom is non-significant. We do not anticipate any impact or risk linked to Brexit.

• **Legal risks:**

Over the past twelve months, there has been no governmental, judicial, arbitration or administrative procedure (including any procedure of which we may have knowledge, any that may be subject to suspension or any that represents a potential threat) which could have or would recently have had significant effects on the Group's financial situation or profitability.

On April 3rd 2017, Thermador Groupe and its subsidiaries Aello and Jetly were taken before the commercial tribunal of Rennes by the companies Diffusion Equipements Loisirs – D.E.L. and Multifija on the grounds of unfair competition and parasitism on the market for swimming pool equipment and accessories.

At this stage of the procedure, we are appearing before the Appeal Court to ask that the issue of jurisdiction be moved to the Arbitration Court. As to the unfair competition case before

Rennes Commercial Tribunal, the latter ordered the closure of this case in October 2019 on account of lack of diligence by the applicants, D.E.L. and Multifija. To date, this case has not reappeared on the books. The amount claimed by the applicants was €1.8m.

We remain confident as to the results of these procedures. No provision was entered on December 31, 2019 because to date we have no obligation to do so, and it cannot be estimated in any reliable way.

6.3 Notes to the annual consolidated accounts

6 Notes on the profit and loss account

Note 22 EXPLANATION CONCERNING 2019 TURNOVER

Turnover is made up primarily of sales of merchandise which are accounted for upon delivery.

Distribution of turnover by geographical area: France €298,069,000 – Export: €70,767,000 of which Syveco for €26,793,000, Sodeco Valves for €19,601,000 and Rousseau SA (Spain) €7,843,000.

In thousands of euros	31/12/2019	2019 constant scope	31/12/2018	2018 constant scope
Turnover	368,836	333,821	311,190	308,277

To constant scope 2019 turnover was €333,831,000 compared to constant scope 2018 turnover of €308,277,000. 2019 turnover includes that of Rousseau, a company purchased on December 31, 2018. As for 2018 turnover to constant scope, it includes the sale of the Sodeco Sedin business, the French subsidiary of Sodeco Valves.

Note 23 EXPLANATION CONCERNING 2019 OPERATING PROFIT AND NET PROFIT AS A PORTION OF THE GROUP

In thousands of euros	31/12/2019	2019 constant scope	31/12/2018	2018 constant scope
Operating profit	47,821	46,946	44,052	43,393
Portion of net profit allocated to the group	32,373	31,786	29,142	28,547

To constant scope 2019 operating profit was €46,946,000 compared to an operating profit to constant scope for 2018 of €43,393,000. Again to constant scope the 2019 net profit as a portion of the Group was €31,786,000 compared to a constant scope net profit for 2018 of €28,547,000. The operating profit and profit as a net portion of the Group at December 31, 2019 includes the profit generated by Rousseau, a company purchased on December 31, 2018. The operating profit and the net result for 2018 to constant scope include the sale of the Sodeco Sedin business, the French subsidiary of Sodeco Valves.

Note 24 PERSONNEL CHARGES

Personnel charges include the total salary cost of employees of the group. These charges evolve in particular according to the number of employees, the average level of earnings and the operating result performance of our subsidiaries, which determines the level of variable earnings.

In thousands of euros	31/12/2019	31/12/2018	31/12/2017
Staff earnings	31,039	25,278	20,116
Social security charges	11,828	9,770	8,310
Total personnel charges	42,867	35,048	28,426

Distribution by function	31/12/2019 **			31/12/2018 *			31/12/2017		
	Total	Man	Woman	Total	Man	Woman	Total	Man	Woman
General management, sales, administrative and purchasing	54	35	19	51	32	19	53	35	18
Itinerant sales staff	119	112	7	100	95	5	93	89	4
Sedentary technical sales representative	130	54	76	114	53	61	100	48	52
Purchasing-Marketing	49	25	24	38	19	19	30	16	14
Administrative personnel	87	22	65	48	8	40	49	6	43
Warehouses staff	160	140	20	125	122	3	114	113	1
Total	599	388	211	476	329	147	439	307	132

* Hors Rousseau. ** Excluding Distilabo in 2019.

Note 25 STATUTORY AUDITORS FEES

	MAZARS			CABINET ROYET			OTHER CABINETS			TOTAL		
	In thousands of euros			In thousands of euros			In thousands of euros			In thousands of euros		
	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017
Fees for certification of accounts												
Issuer	32	30	28	32	30	28	Néant	None	None	64	60	56
Globally integrated subsidiaries	48	65	62	48	38	36	115	84	70	211	187	168
Non-Audit Service (NAS)												
NAS required by the texts - Issuer	4	4	4	4	4	4	None	None	None	8	8	8
NAS required by the legal texts – Globally integrated subsidiaries	3	3	3	2	2	2	20	4	4	25	9	9
Other NASs – Issuer	None	None	None	None	None	None	None	None	None	None	None	None
Other NASs – Globally integrated subsidiaries*	None	None	1	None	None	1	None	None	None	None	None	2
Total Statutory Auditors fees	87	102	98	86	74	71	135	88	74	308	264	243

* NAS = Non-Audit Services: examination of regulated conventions, management report review, annual financial report review.

7 Sector-based information (in thousands of euros)

Note 26

Cash Generating Units are defined according to business sector criteria.

Given the group's organisation and the distribution of their different professions, Cash Generating Units appointed by the group are made up of the legal entities Jetly, Sferaco including Groupe Valfit (since December 31, 2017), Thermador, Dipra and Edouard Rousseau (since December 31, 2018), Isocel, Pbtub, Sectoriel, including Nuair France since July 1, 2015, Syveco, Axelair, Mecafer (since July 1, 2015), including Domac since March 1, 2017, Aello, Sodeco Valves, FGinox, Distrilabo (acquired on December 31, 2019) and a separate business unit made up of Thely, Opaline, Tagest et Thermador Groupe.

Profit and loss account:	2019				2018			
	Turnover	Profit before tax	Depreciation and amortisation	Allocation net of provision reversals	Turnover	Profit before tax	Depreciation and amortisation	Allocation net of provision reversals
Mecafer / Domac ⁽¹⁾	31,114	1,928	(438)	(56)	28,862	2,771	(109)	37
Dipra / Rousseau ⁽⁵⁾	54,997	1,707	(805)	171	19,661	697	(72)	(16)
Isocel	6,453	890	(18)	18	5,771	707	(15)	33
Aello	8,873	296	(28)	(46)	6,992	57	(32)	(1)
Jetly	49,189	10,635	(190)	74	46,921	10,168	(248)	(21)
Thermador	47,201	9,961	(202)	(218)	40,354	7,733	(190)	(216)
Pbtub	24,538	1,746	(141)	(51)	23,927	2,095	(137)	(49)
Axelair	5,742	(16)	(12)	(5)	4,201	(249)	(3)	(1)
Sferaco ⁽⁴⁾	56,320	10,483	(327)	(213)	53,080	10,039	(320)	118
Sectoriel	21,629	3,281	(223)	(73)	20,069	2,923	(188)	(39)
FG Inox ⁽³⁾	16,036	2,045	(412)	9	15,743	2,162	(93)	(20)
Syveco	26,831	3,614	(37)	(31)	24,344	3,333	(28)	(46)
Sodeco Valves ⁽²⁾	19,600	1,086	(219)	(51)	20,957	2,127	(184)	361
Distrilabo ⁽⁶⁾								
Other structures	313	19,783	(2,464)	8	308	17,643	(2,443)	(33)
Eliminations		(19,856)				(18,281)		
Total	368,836	47,583	(5,516)	(464)	311,190	43,925	(4,062)	107

(1) With the acquisition of Domac on March 1, 2017. (2) With the acquisition of Sodeco Valves on September 1, 2017.

(3) With the acquisition of FGinox on October 1, 2017. (4) With the acquisition of Groupe Valfit on December 31, 2017.

(5) With the acquisition of Edouard Rousseau (formerly called Sanidom) on December 31, 2018. (6) With the acquisition of Distrilabo on December 31, 2019.

Balance sheet:	2019									2018								
	Assets	Goodwill on consolidation	Including intangible investments	Including stock	Including accounts receivable	Debt and provisions	Including accounts payable	Incl. equipment	Investments	Assets	Goodwill on consolidation	Including intangible investments	Including stock	Including accounts receivable	Debt and provisions	Including accounts payable	Incl. equipment	Investments
Mecafer / Domac ⁽¹⁾	24,681	15,658	2,415	9,805	6,517	10,969	4,937		142	35,977	15,658	742	8,439	5,409	7,346	4,372		178
Dipra / Rousseau ⁽⁵⁾	42,090	1,459	4,409	21,151	12,491	17,112	11,037	5	230	45,757	1,459	4,541	20,779	11,162	15,629	8,303	3	15
Isocel	4,098	76	68	1,360	1,133	1,498	1,191		24	3,573	76	56	1,121	859	1,120	881		13
Aello	3,352		116	2,797	310	1,719	828		58	3,413		91	2,918	263	1,891	425		5
Jetly	28,456	1,646	560	13,321	7,272	9,544	5,409		323	27,396	1,646	445	13,259	6,710	8,902	5,120		136
Thermador	31,663	2,546	612	13,630	8,625	13,333	8,250	9	105	26,232	2,546	678	14,777	7,157	9,626	6,212	49	105
Pbtub	14,716	313	664	8,529	3,123	4,833	2,126		251	13,807	313	569	8,209	3,036	3,835	1,632		346
Axelair	3,033	819	31	1,358	771	2,207	691		18	2,645	819	11	1,194	684	1,234	798	3	14
Sferaco ⁽⁴⁾	50,924	6,484	1,327	32,651	10,417	21,478	12,077		303	48,006	6,484	1,338	34,424	10,865	20,863	10,291		324
Sectoriel	15,594	1,974	682	6,935	4,988	4,289	2,744	3	143	13,789	1,974	731	6,780	4,844	3,670	2,348	14	238
FG Inox ⁽³⁾	10,757	15,930	691	5,498	3,214	2,029	986		74	26,904	15,930	153	5,787	3,458	2,618	1,571		28
Syveco	11,983	31	222	279	3,347	4,384	3,092	13	145	11,009	31	76	196	2,824	3,797	2,704		38
Sodeco Valves ⁽²⁾	14,541	3,862	3,151	4,532	4,749	6,339	1,477		69	17,857	3,868	3,228	4,899	3,900	6,239	2,294		43
Distrilabo ⁽⁶⁾	2,932	2,488	613	1,200	939	1,639	760											
Other structures	166,728		46,058		660	46,192	698	1,480	6,704	165,191		42,099		584	49,506	567	348	3,979
Eliminations	(69,017)				(4,625)	(10,697)	(4,049)			(113,373)				(3,637)	(11,562)	(3,250)		
Total	356,531	53,286	61,619	123,046	63,931	136,868	52,254	1,510	8,589	328,183	50,804	54,758	122,782	58,118	124,714	44,268	417	5,462

(1) With the acquisition of Domac on March 1, 2017. (2) With the acquisition of Sodeco Valves on September 1, 2017.

(3) With the acquisition of FGinox on October 1, 2017. (4) With the acquisition of Groupe Valfit on December 31, 2017.

(5) With the acquisition of Edouard Rousseau (formerly called Sanidom) on December 31, 2018. (6) With the acquisition of Distrilabo on December 31, 2019.

6.4 Auditors' report on the consolidated accounts

To the Annual General Meeting of the company Thermador Groupe.

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Thermador Groupe for the year ended December 31, 2019.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Observation

Without qualifying our conclusion above, we draw your attention on the paragraph 2 to the notes regarding the new mandatory standards, in particular IFRS 16 "Leases", whose effect at December 31, 2019 is presented in the same note.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Assessment of goodwill

Identified risks

During its development, the group made several acquisitions and recognized significant amounts of goodwill.

In 2019, the group acquired Distrilabo.

In these conditions, the goodwill recognized went from €50,8m in 2018 to €53,3m in 2019 with the acquisition of Distrilabo.

These goodwill correspond to the difference between the price paid and the fair value of the assets and liabilities acquired in the context of external growth operations. They are described in the Note 3 as the synergies expected from the integration of new activities and the economies of scale generated by the pooling of resources. The goodwill have been allocated to cash-generating units represented by each acquired company.

The allocation of the price paid given the identified assets and liabilities was made by the management.

The management shall ensure at each closing, or more frequently in the case of a loss of value index, that the net book value of goodwill is not greater than the recoverable amount. Any unfavorable evolution of the expected returns from activities linked to the allocated goodwill, because of internal or external factors, has a significant impact on the recoverable amount of goodwill which needs to be impaired. Such an evolution implies a new estimation of the assumptions made for the determination of the goodwill.

The terms of the impairment test implemented and the details of the assumptions selected are described in Note 2 of the consolidated financial statements.

The recoverable amount of goodwill is the highest value between its fair value and its utility value. The determination of this utility value incorporates a significant portion of management's estimation and assumptions as it is based on the foreseeable future net cash flows of each UGT over a five-year period and the discount rate applied. A variation of these assumptions may change the recoverable amount of goodwill.

So we considered the valuation and the allocation of goodwill as a key audit matter because of the necessary level of management judgement to conduct these value-loss tests.

Audit procedures implemented in the face of identified risks

We examined the conformity of the methodology applied by the company to the current accounting standards.

We also carried out a critical review of how to implement this methodology. As such, our work has consisted in:

- assessing the appropriateness of the hypotheses and terms retained to evaluate assets and liabilities acquired in view of the accounting standards concerned.
- analyzing the completeness of the elements composing the carrying value of UGT ;

- examining the modalities to calculate the utility value obtained from the projections of cash flows, in particular:
 - to appreciate the reasonableness of these projections in relation to the economic and financial context in which the activities and the reliability of the estimation process are carried out by examining the causes of the differences between the forecasts and the achievements;
 - appreciate the coherence of these cash flow projections with the latest management estimates as presented in the context of the budget processes;
- assessing the coherence of the growth rate selected for the projected flows with market analyses and the consensus of the main actors ;
- verifying the calculation of the discount rate applied to the estimated cash flows of the activities by ensuring that the different discount parameters composing the weighted average cost of the capital of the UGT allow to approach the rate of pay that Market participants would currently require for such activities;
- checking the arithmetic accuracy of the sensitivity analysis of the utility value carried out by the management to a variation of the main assumptions selected.

Inventory assessment

Identified risks

The inventory of goods appears on the consolidated balance sheet as at 31 December 2019 for a net amount of EUR 123 million and represents one of the most important items of the consolidated balance sheet.

As indicated in note 5 to the consolidated accounts, they are recorded using the weighted average cost method and a provision for depreciation is applied when the inventory value is less than the carrying value.

The inventory value is determined, reference by reference, depending on the turnover, based on the quantities in stock and the past sales, the probability of flow, and, where applicable, the realization course in force for the scrap metal. The depreciation rates retained are tailored to suit each situation.

In this context, we have considered this subject to be a key audit matter because any provisions resulting therefrom are inherently dependent on assumptions, estimates or appraisals made by the group management.

Audit procedures implemented in the face of identified risks

Our work has been to assess the data and assumptions retained by management to determine the inventory value and identify the items that must be accounted for at this value.

We have in particular:

- taken cognizance of the internal control procedures established to identify the items to be depreciated;
- tested the effectiveness of key controls related to these procedures;

- compared the cost of items in stock with the net selling price used, by sampling, to confirm the amount of depreciation found in the consolidated accounts;
- Identified, from a computer query, the slow-rotating items and verified their correct valuation to the inventory value when it is less than their weighted average unit cost, or validated the consistency of the absence of depreciation by interviews with the management.

Verification of the Information Pertaining to the Group Presented in the Management Report

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the annual general meeting.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We certify that the consolidated extra financial performance statement is provided for in Article L. 225-102-1 of the French Commercial Code, which is included in the Group Management Report, in accordance with the provisions of Article L 823-10 of the Code. The information recorded in this statement were not verified by us and must be certified by an independent third party.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Thermador Groupe by the annual general meeting held on 2nd October 1986 for Mazars and on 4th April 2005 as substitute for Cabinet Royet and on April 17, 2015 as titular.

As at December 31, 2019, Mazars is in the 33rd year of total uninterrupted engagement, which is the 32st year since securities of the Company were admitted to trading on a regulated market. Cabinet Royet is in the 15th year of engagement which is the 5th as titular statutory auditor.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

6.4 Auditors' report on the consolidated accounts

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

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

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Saint-Etienne and Villeurbanne, February 19, 2020

The statutory Auditors

CABINET ROYET
Stéphane Guichard

MAZARS
Frédéric MAUREL

7.

COMPANY ACCOUNTS AND LEGAL INFORMATION REGARDING THE PARENT COMPANY

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7.1 Company accounts

7.1.1 Business report Thermador Groupe

Thermador Groupe company, managed by Guillaume Robin, defines and implements the group's development strategy and, in collaboration with the managers of the different subsidiaries, ensures coordination of business activities.

Furthermore, Thermador Groupe provides centralised management of the group's cash, shared IT services and ensures harmonised rules are applied throughout subsidiaries on accounting, legal and fiscal issues.

In 2019 Thermador Groupe's resources totalled €30,730,000 broken down as follows:

1 Profits paid into Thermador Groupe by the subsidiaries €19,848,000.

For a number of years now, we have practised the policy of allocating equity capital to the subsidiaries to a degree that is compatible with their funding requirements.

Thus, a portion of each subsidiary's results is put into reserve. Also, we would remind you that the dividends paid to Thermador Groupe in 2019 were those taken from the subsidiaries' 2018 results.

2 Financial earnings from loans to the subsidiaries for reasons of cash balance and current account advances €18,000.

3 Investment earnings from the group's superfluous cash €4,000.

4 LEASE MANAGEMENT RENTS €5,653,000.

Reminder: Thermador Groupe, the parent company, was created in 1986 in preparation for it being floated on the stock exchange in 1987. The legal restructuring of the group at the time transferred the business of the existing subsidiaries (Jetly, Sferaco and Thermador) to Thermador Groupe which, through a lease management contract, leases these businesses to the same three subsidiaries. However, all the other subsidiaries own their businesses and do not make such payments to Thermador Groupe.

The rents paid in 2019 by Jetly, Sferaco and Thermador, were as follows:

- **€3,075,000** for the intangible component of the funds, which is a percentage of turnover (1.7% for Sferaco, 2.3% for Thermador and 2.5% for Jetly).
- **€2,000** for equipment rented, equal to 10% of the net value of the equipment concerned.
- **€2,576,000** of rent for the offices and warehouses, with 8,600m² for Thermador, 14,950m² for Sferaco and 11,419m² for Jetly.

5 Detachment of personnel or service-providers €105,000.

Each subsidiary is invoiced at cost, calculated according to the estimated amount of time spent..

6 Roll-out of shared IT system €720,000.

In 2001, we introduced an ERP tool within the group for commercial management and accounting and finance.

Thermador Groupe bought the necessary hardware and software and wrote the purchases down. Each subsidiary is invoiced at cost for use of the system, based on the number of users.

7 Centralised management of insurance €464,000.

Each subsidiary is invoiced at cost, calculated according to each company's capital and risk.

8 One-off payment for assistance and consulting to subsidiaries €825,000.

Fees range from €6,000-€153,000 depending on the size of the subsidiary, to cover the cost of assistance and consulting on legal, accounting, fiscal and IT issues.

In 2019 the main items of expenditure for Thermador Groupe were as follows:

1 Rent of €2,600,000 of which €24,000 for Thermador Groupe's own offices and €2,576,000 invoiced on to Jetly, Sferaco and Thermador as part of the lease management arrangement.

2 Wages and salary cost €1,462,000.

3 Depreciation expenses €305,000
(mainly for IT hardware and software).

4 Net exchange rate variation for €36,000
resulting from the introduction of centralised cash management in dollars as of January 1, 2018.

5 Other costs totalling €2,347,000.

6 Charges after corporation tax of €1,203,000 calculated according to Thermador Groupe's result and on the proportion of SCI Thely's results.

7 Significant post-closing events. No significant change has occurred since the end of the financial year.

In 2019 Thermador Groupe, the listed parent company, reported net profit of €19,554,000.

We propose a dividend of €1.80 per share, i.e. €16.397m, €3.157m being put into our reserves.

7.1.2 Profit and loss account of Thermador Groupe at December 31, 2019

Values in thousands of euros.

	2019	2018	2017
Operating profits			
Business lease payments	2,576	2,432	2,206
Other business lease payments	3,077	2,847	2,785
Payment for services	1,650	1,341	1,165
Cost transfer / Release of provisions	508	543	678
Other revenues		1	
Total operating profits	7,811	7,164	6,834
Operating expenses			
Business lease payments recharged	2,576	2,432	2,206
Other purchases and external charges excluding business lease payments	2,036	2,009	2,058
Taxes other than corporation tax	198	181	160
Wages and salaries	1,042	927	712
Social security charges	420	380	299
Depreciation and amortisation	305	254	206
Increase of provisions	29	37	24
Other operating expenses	108	101	116
Total operating expenses	6,714	6,321	5,781
Operating profit	1,097	843	1,053
Financial profits			
Dividends from investments (1)	19,848	18,273	15,281
Interests on intercompany loans	29	50	38
Net earnings from sales of investment securities			
Financial income from investments	12	16	73
Reversals of provisions and expense transfers	9		
Positive exchange rate variations	3,020	2,447	
Total financial profits	22,918	20,786	15,392
Financial expenses			
Amortisation and provisions for financial assets		9	
Net interest payable (2)	200	143	56
Negative exchange rate variations	3,056	2,858	
Total financial expenses	3,256	3,010	56
Net interest (payable)	19,662	17,776	15,336
Profit on ordinary activities before tax	20,759	18,619	16,389
Total extraordinary income	(2)		(1)
Current tax charge	1,203	1,028	547
Net profit	19,554	17,591	15,841
(1) Of which income from associated companies.	19,885	18,323	15,318
(2) Of which interest from associated companies.	32	33	28

7.1 Company accounts

7.1.3 Balance sheet at December 31, 2019 Values in thousands of euros.

Assets	Gross	31/12/2019 Depreciations provisions	Net	31/12/2018 Net	31/12/2017 Net
• Fixed assets					
Intangible assets					
- Business goodwill	5,717		5,717	5,717	5,717
- Other intangible assets	3,614	2,463	1,151	861	379
Tangible assets					
- Technical facilities, industrial equipment and tooling	1	1			
- Other tangible assets	1,050	644	406	426	267
Financial assets					
- Investments	115,031		115,031	109,831	87,831
- Intercompany receivables	16,723		16,723	16,705	18,680
- Other financial assets	1		1	1	1
Total fixed assets	142,137	3,108	139,029	133,541	112,875
• Current assets					
Receivables					
- Customer receivables and other				2	
- Other	5,369		5,369	7,874	9,664
Investment securities	62		62	53	
Cash assets	1,941		1,941	4,201	4,529
Regularisation account					
- Prepaid expenses	106		106	146	156
Total current assets	7,478		7,478	12,276	14,349
Overall total	149,615	3,108	146,507	145,817	127,224
Liabilities			31/12/2019 Net	31/12/2018 Net	31/12/2017 Net
• Shareholders' equity					
Capital			36,439	36,439	36,439
Issue premium			20,541	20,541	20,541
Reserves					
- Legal reserve			3,644	3,644	3,599
- Other			22,273	20,622	20,312
Result for the financial year (profit)			19,554	17,591	15,841
Total shareholders' equity			102,451	98,837	96,732
• Provisions for liabilities and charges					
Provisions for charges			208	179	142
Total provisions for charges			208	179	142
• Liabilities					
Bank borrowings			42,144	45,317	29,280
Trade notes and accounts payable			398	318	197
Tax and social liabilities			1,102	812	724
Debt on fixed assets and related accounts			43	45	52
Other liabilities			161	309	97
Total liabilities			43,848	46,801	30,350
Overall total			146,507	145,817	127,224

LIST OF SUBSIDIARIES (IN THOUSANDS OF EUROS)	SFERACO S.A.	THERMADOR S.A.	JETLY S.A.	DIPRA S.A.	PBTUB S.A.	ISOCOL S.A.	SECTORIEL S.A.	THELY S.C.I.	TAGEST S.A.R.L.	SYNECO S.A.	OPALINE S.A.S.	AXELAIR S.A.	MECAFER S.A.	AELLO S.A.	FGINOX S.A.S.	DECO HOLDING S.P.R.L.	ÉDOUARD ROUSSEAU S.A.S.	DISTRILABO S.A.S.
Share capital at 31/12/2019	3,200	3,200	3,200	960	960	160	780	3,100	8	1,000	80	1,000	540	2,000	490	2,703	2,096	500
Premium, reserves and retained earnings	19,743	9,028	9,339	7,128	7,731	1,815	5,899	23,769	66	4,104	200	(147)	10,536	(658)	6,836	3,243	9,289	569
Percentage of share capital held at 31/12/2019	99.99	99.99	99.87	97.99	99.98	99.9	99.96	99.95	99.8	99.99	100	100	100	100	100	100	100	100
Book value of holdings: gross	3,048.7	3,048.7	3,044.9	2,445.1	896.1	152.3	3,254.6	8,667.9	11.6	999.9	80.0	2,999.9	24,300.0	1,999.9	22,881.5	10,000	22,000	5,200
net	3,048.7	3,048.7	3,044.9	2,445.1	896.1	152.3	3,254.6	8,667.9	11.6	999.9	80.0	2,999.9	24,300.0	1,999.9	22,881.5	10,000	22,000	5,200
Outstanding loans and ad-vances granted by the company	4,000	None	None	None	None	None	None	16,705	None	None	None	None	None	600	None	None	None	None
Guarantees and endorsements granted by the company	None	None	None	None	None	None	None	None	None	None	None	None	None	None	None	None	None	None
Turnover ex-VAT of the last year end	71,482	49,554	49,903	21,371	25,559	6,467	25,243	5,263	None	26,835	1,534	5,883	23,536	8,948	16,280	19,891	29,447	5,427
Profit of the last year end	6,503	6,102	6,373	111	1,191	625	2,224	1,957	5	2,494	76	(27)	1,074	292	1,402	692	807	224
2018 profit received by the parent company in 2019	3,849.6	4,199.6	5,592.6	None	1,199.8	449.6	877.2	None	None	2,099.8	40.0	None	540.0	None	1,000.0	None	None	None
Year end	31/12	31/12	31/12	31/12	31/12	31/12	31/12	31/12	31/12	31/12	31/12	31/12	31/12	31/12	31/12	31/12	31/12	31/12

7.1.4 Thermador Groupe corporate accounts in thousands of euros at December 31, 2019

Table of past five financial years	31/12/2019 12 months	31/12/2018 12 months	31/12/2017 12 months	31/12/2016 12 months	31/12/2015 12 months
Share capital at year-end					
Share capital (in thousands of euros)	36,439	36,439	36,439	35,994	35,522
Number of ordinary shares	9,109,752	9,109,752	4,554,876	4,499,267	4,440,310
Income at year end (in thousands of euros)					
Profits excluding tax (operating and financing)	30,221	27,407	21,548	21,471	20,022
Profit before tax, depreciation and amortisation	21,081	18,919	16,618	16,797	15,633
Current tax charge	1,202	1,027	547	1,381	1,438
Profit after tax, depreciation and amortisation	19,554	17,591	15,841	15,295	14,003
Dividends	16,398	15,942	15,487	14,398	13,910
Net earnings per share (in euros)					
Profit after tax and before depreciation and provisions	2.18	1.96	3.53	3.43	3.20
Profit after tax, depreciation and provisions	2.15	1.93	3.48	3.40	3.15
Net dividends payable per share	1.80	1.75	3.40	3.20	3.20
Employees					
Average number of employees during the year	9	7	5	5	5
Wages and salaries of the year (in thousands of euros)	1,042	927	712	969	760
Social benefit charges paid during the year (in thousands of euros)	420	380	300	319	298

* Dividend proposed at the AGM of 06/04/2020

Statement of changes in financial position (in thousands of euros)	31/12/2019	31/12/2018	31/12/2017
Ressources			
Annual profit	19,554	17,591	15,841
Depreciation and amortisation	305	254	206
Increase and release of provisions	29	46	24
Cash flow from operations	19,888	17,891	16,071
Net book value of fixed assets sold			1
Sales of investments and reimbursement of intercompany receivables		2,000	2,000
Subscriptions to bank loans	5,200	22,000	30,000
Increase in capital			
Total sources of long-term funds	25,088	41,891	48,072
Uses			
Dividends	15,940	15,487	9,629
Long-term investments	5,218	22,025	33,610
Other non-current assets	574	865	297
Reimbursement of loans	10,348	5,966	745
Total uses of funds	32,080	44,381	44,281
Net change in working capital	6,992	2,490	(3,791)
Change in long-term capital	3,644	2,142	6,236
Change in shareholders' equity	3,615	2,105	6,212
Change in provisions for retirement indemnities	29	37	24
Subscription to bank loans minus reimbursements	(5,148)	16,034	29,255
Change in net fixed assets	5,488	20,666	31,700

7.1 Company accounts

7.1.5 Notes to the years financial statements

Thermador Groupe is the lead company of the Thermador Groupe consolidation.

Main events of the financial year

On December 31, 2019, Thermador Groupe acquired all the shares in the company Distrilabo based in Bischheim (Bas-Rhin county, France) for a total of €5.2m paid in cash on December 31, 2019. For the purchase, Thermador Groupe will be taking out 2 very competitive fixed-rate bank loans over a period of 5 years from CIC Lyonnaise de Banque and Société Générale banks.

Distrilabo distributes a wide range of technical materials for pressure, temperature, level and flow measurements and control for industrial processes and air conditioning. Its customers are primarily wholesalers in industrial supplies and sanitation and heating.

The 20 employees of this family company based in Alsace achieved €5.5m turnover in 2018 and €387,000 operating profit. The operation is designed to secure Distrilabo's future, allow it to continue its growth and confer upon it leadership on its specialty markets within Thermador Groupe through commercial synergies with customers and suppliers.

A firm bid for the acquisition of 100% of the shares in Thermacome based in Saint-James (Manche county, France) was tabled by Thermador Groupe and accepted by Acome on January 31, 2020.

Thermacome specialises in the design, thermal engineering and sale of domestic water distribution and thermal comfort systems in buildings. The company's know-how and development projects dovetail well with those of PBtub – a Thermador Groupe subsidiary – both in terms of customer base and markets. Thermacome reported turnover of €20.2m in 2018 with a trading profit of €613,000.

Elements of this project include keeping the Saint-James site and its skills, as well as developing a close historic partnership for the supply of PER tubes by Acome manufactured in the Mortain factory (Manche county, France).

Thermador Groupe and Acome plan to finalise this operation before the end of the first half of 2020.

Accounting rules and methods

The accounts for the financial year ended were drawn up and presented in compliance with accounting regulations respecting the principles outlined in articles 121-1 and 121-5 et seq. of the 2016 General Accounting Plan.

The base method used to assess elements entered in the accounts was the historical cost method. Accounting conventions were applied in compliance with the provisions of the French Companies Act, the accounting decree of 29/11/83 as well as the ANC 2016-6 ruling relating to the re-writing of the general accounting plan applicable to the closure of the financial year. The write-down periods used comply with service life periods.

Note 1 FIXED AND INTANGIBLE ASSETS

Fixed and intangible assets were assessed at their acquisition cost (purchase price plus accessory cost).

Amortisations for depreciation are calculated in linear fashion according to expected service life:

Software	3 and 5 years
Renovation and installation	3, 6 and 10 years
Office and IT equipment	2, 3, 4, 5 and 6 years
Furniture	2, 4, 5, 6 and 10 years

Intangible assets concern software in particular. The balance sheet includes a 'goodwill' item valued at €5,717,000 representing the three businesses acquired by Thermador Groupe through the merger/absorption in 1987 with three former private limited companies: Thermador, Sferaco and Jetly. This 'goodwill' item has not been amortised since amortisation is not legally compulsory in France.

They were not written down because their values - assessed either according to market values or to the method based in particular on future forecastable net cash flows over a period of 5 years and a post factum growth rate of 1%, updated to 7.2% - exceed their accounting values.

Note 2 INVESTMENTS AND OTHER ASSET STOCK

The gross value of investments and other asset stock is calculated according to the acquisition cost of the stock. A list of subsidiaries and participations appear on page 132.

Method of valuation: Equity securities appear on the balance sheet at their acquisition value, or their current value if it is lower. The current value is assessed either in relation to the market value or via an analysis of the most recent accounts closed by the companies whose shares we own. The analysis above concerns the equity position, profit level and development prospects of the companies concerned. When the current value of shares is lower than the acquisition cost of those shares, a provision for depreciation is entered.

Note 3 RECEIVABLES

Receivables are assessed at their nominal value. A provision for depreciation is applied when the inventory value is lower than the accounting value.

Note 4 TREASURY SHARES

Thermador Groupe had purchased 1,200 of its own shares during 2018 representing a value of €62,000. These shares were valued at the close-of-trading price, i.e. €53. This represented an unrealised gain of €900. An unrealised loss of €9,000 corresponding to the difference between the cost price of shares and the closing price valuation recorded in the accounts on December 31, 2018 was written off on December 31, 2019.

Note 5 RETIREMENT COMPENSATION

Pension compensation was calculated at €208,000 including charges (of which Board members and corporate officers €173,000) according to age, length of service, salary and the collective agreement for wholesalers. They are calculated on the basis of departure at the employee's initiative.

The calculation takes into account the following hypotheses:

- Reference retirement age: 64.5 to take the retirement age law and the average retirement age within Thermador Groupe into account.
- Rate of staff turnover: calculated by age group (under 35, 35-50 and over 50).
- Growth in salaries according to salary policy.
- Probability of survival to retirement age and an adjustment coefficient of 0.77%.

The provision entered in the accounts of €208,000 therefore concerns all employees and company managers. The 2019 allocation is €29,000.

Note 6 EXPLANATION OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT ITEMS: FIXED ASSETS AND AMORTISATIONS (IN THOUSANDS OF EUROS)

Fixed assets	Value at the opening of the period	Increases	Decreases	Value at the end of the period
Business goodwill	5,717			5,717
Other intangible assets	3,282	474	142	3,614
Total intangible assets	8,999	474	142	9,331
Machinery and equipment	1			1
General installations, fixtures and improvements	479		7	472
Office equipment and furniture	640	87	164	563
Tangible assets in progress		15		15
Total tangible assets	1120	102	171	1,051
Long-term investments ⁽¹⁾	109,831	5,200		115,031
Intercompany receivables ⁽²⁾	16,706	17		16,723
Other financial assets	1			1
Total financial assets	126,538	5,217		131,755
Grand total	136,657	5,793	313	142,137

⁽¹⁾ This relates to affiliated companies. ⁽²⁾ Loan to S.C.I. Thely.

Depreciation and amortisation	Gross value at the opening of the period	Increases	Decreases in amortisation of removed items	Gross value at the end of the period
Business goodwill				
Other intangible assets	2,421	184	142	2,463
Total intangible assets	2,421	184	142	2,463
Machinery and equipment	1			1
General installations, fixtures and improvements	296	37	5	328
Office equipment and furniture	397	83	164	316
Total tangible assets	694	120	169	645
Grand total	3,115	304	311	3,108

Note 7 PROVISIONS (IN THOUSANDS OF EUROS)

	Montant au début de l'exercice	Dotations de l'exercice	Reprises de l'exercice	Montant à la fin de l'exercice
Provisions for retirement indemnities	179	29		208
Provision for liabilities and charges	179	29		208
Provision for company-owned share depreciation	9		9	0
Grand total	188	29	9	208
Including:				
- operating items		29		
- financial			9	
Including uses				

Note 8 BREAKDOWN OF RECEIVABLES (IN THOUSANDS OF EUROS)

Breakdown of receivables	Gross	Affiliated companies	Within one year	More than one year
Receivables from equity interests	16,723	16,723	792	15,931
Other financial assets	1			1
Customers				
Other debtors	188		188	
Group	5,181	5,181	2,881	2,300
Prepaid expenses	106		106	
Total	22,199	21,904	3,967	18,232

The group aggregate includes in particular current accounts of the group for €4,600,000. Thermador Groupe made a current account advance to its subsidiary Aello, €600,000 of which still has to be reimbursed. made a current account advance to its subsidiary Sferaco, €4m of which still has to be reimbursed, to finance the acquisition of Groupe Valfit shares in 2017. These current account advances are subject to interest according to the EONIA +0.5% rate.

Note 9 STATE OF DEBT (IN THOUSANDS OF EUROS)

The state of the debts	Gross	Affiliated companies	Under one year	More than one year
Loans and debt from credit establishments	42,144		13,424	28,720
Loans and miscellaneous financial debt	4		4	
Suppliers	398		398	
Supplier – fixed assets	43		43	
Corporation tax	238		238	
Personnel and employment bodies	458		458	
VAT	308		308	
Other taxes and duties	97		97	
Group	148	148	148	
Other parties	10		10	
Total	43,848	148	15,128	28,720

7.1 Company accounts

7.1.6 Notes to the years financial statements

Note 10 OFF BALANCE-SHEET COMMITMENT

Thermador Groupe decided to introduce centralised management of cash in dollars as of January 1, 2018 to cover the requirements of all the group subsidiaries. In this respect, Thermador Groupe subscribed to USD forward currency purchases for 14,000,000 USD with a maturity date in the first quarter of 2020. The fair value of these financial instruments was assessed at €(12,000) at December 31, 2019.

Note 11 INFORMATION LINKED TO SIGNIFICANT TRANSACTIONS CONCLUDED WITH THE PARTIES BOUND BY ARTICLE R-123-197-1 OF THE FRENCH COMPANIES ACT

- Rent invoiced by SCI Thely €2,600,000 of which €24,000 or Thermador Groupe's own offices.
- Lease with Jetly, Sferaco and Thermador:
 - Rent invoiced on to the 3 companies for the following amounts respectively: Jetly €893,000, Sferaco €1,141,000 and Thermador €542,000,
 - Levy on the 3 companies' turnover: Jetly €1,236,000, Sferaco €854,000 and Thermador €987,000.

Note 12 OTHER INFORMATION

Accrued income - Group: €410,000 in fees, €1,000 in bank charges and expenses.

Charges payable - Suppliers and related accounts: €268,000, ax and employment debt: €403,000 of which €202,000 for the

variable earnings of corporate representatives (Guillaume Robin and Patricia Mavigner) subject to a vote of the AGM on April 6, 2020, group: €0,000, interest accrued: €4,000, interest accrued on loans: €7,000.

Pre-paid expenses: €106,000.

Average headcount - managers 8 and non-manager 1.

Make-up of capital: capital was fixed at €36,439,008 divided into €9,109,752 shares with a nominal value of €4 each.

There are no stock options.

Executives' earnings - The gross earnings and all direct and indirect fringe benefits for each corporate representative in the group (including consolidating and controlled officer companies, according to article 357-1 of French Companies' Code) allocated for the financial year to members of the Board of Directors on account of their functions totalled €1,047,000.

Tax on profit - Taxes due.

Total taxes plus social security contributions of 3.3% came to €1,203,000 on the financial year's profit with no tax on the exceptional profit. The tax burden is therefore €1,203,000 of net profit. For the planned distribution of €16,397,000, on duties and contributions will be €7,355,000.

Tax deductions - Retirement provision €208,000, acquisition costs €292,000, total deductions €500,000.

Note 13 Auditors fees

	MAZARS		CABINET ROYET		TOTAL	
	In thousands of euros		In thousands of euros		In thousands of euros	
	2019	2018	2019	2018	2019	2018
Fees for certification of accounts						
Fees for certification of accounts	32	30	32	30	64	60
Non-Audit Service						
NAS required by the texts	4	4	4	4	8	8
Other NASs						
Total Statutory Auditors fees	36	34	36	34	72	68

NAS = Non-Audit Services: examination of regulated conventions, management report review, annual financial report review.

7.1.7 General legal information

INFORMATION

- Company name: Thermador Groupe.
- Head office: Parc d'Activités de Chesnes, CS 10710 - 80, rue du Ruisseau, 38297 Saint-Quentin-Fallavier Cedex France
Tel. +33 (0)4 74 95 63 28
- Companies Register number: 339 159 402 RCS Vienne.
- APE Code: 7420Z.
- Legal form: Société Anonyme (plc) with Board of Directors governed by the French Companies Act of July 24, 1966 (French law).
- Date of incorporation and term: the company was founded on October 2, 1986 and for a period of 99 years as from the date of incorporation in the Companies Register, i.e. October 31, 1986.
- Fiscal period: January 1 to December 31
- Consultation of corporate documents: at the company's head office.

During the period of validity of this Document of Reference, the company by-laws, the auditors' reports and the financial statements of the previous 3 financial years, along with all reports, correspondence and other documents, historical financial information about Thermador Groupe and its subsidiaries over the past three financial years, valuations and declarations drawn up by experts at the request of the issuer, and any other document required by law are available for consultation at the issuer's head office.

Company business (article 2 of the by-laws)

The company's business includes:

- acquisition of all interests through whatever means, contributions, purchase of stocks, bonds and ownership interests, in all companies, businesses or commercial, industrial, financial, real estate companies, as well as management and promotion of these interests,
- ownership, management or leasing of all businesses,
- providing of consulting and all other services,
- and more generally, any transactions, of whatever nature, whether in France or abroad, directly or indirectly connected to this business purpose, and liable to contribute to the business or facilitate its development.

Form of the shares - Identification of bearer shares (article 11 of the by-laws)

Shareholders may choose whether fully paid-up shares are in registered form or bearer form. Shares are registered in the name of the owner in accordance with applicable regulations.

To enable identification of holders of bearer shares, the company can at any time request that the central clearing organisation to disclose the name or, in the case of a legal entity, the company

name, nationality and address of the holders that confer or will confer voting rights during the shareholders' general meetings, along with the number of shares held by each and any restrictions that may apply to those shares.

Share transfer (article 12 of the by-laws)

Shares may be freely negotiated. Transfer of shares is by transfer from one account to another in accordance with applicable regulations.

Conditions required in order to acquire voting rights (article 22 of the by-laws, § right of vote):

Each shareholder has as many votes as he owns or represents shares, without limitation. In application of the provisions of article L225-123, paragraph 3, of the Commercial Code, the ability to benefit from dual voting rights for shareholders whose shares have been registered for more than two years, or any other period defined by law, in the name of that same shareholder, is expressly excluded from the terms and conditions of these company bylaws. Votes are cast either with a show of hands or by roll-call. Secret ballots can only be held at the request of members representing the majority required for the vote of the resolution in question, in person or by proxy.

As soon as current regulations are applied, any shareholder may vote by correspondence using a form that complies with legal requirements and which is only taken into account if it is received by the company two days at least before the date of the AGM. Forms giving no indication of vote or expressing abstention will be considered as negative votes.

Participation in General Meetings

(article 22 of the by-laws, § Participation in meetings):

All shareholders have the right to attend the General Meetings or to be represented at such meetings, regardless of the number of shares held, on condition that the shares have been fully paid up. However, shareholders must have registered their shares in a holder account in their name and holders of bearer shares must obtain a certificate, issued by the accredited financial intermediary, stating the number of shares owned by the holder and certifying that the said shares are not transferable prior to the date at which the meeting is to be held.

These formalities must be carried out at least five days prior to the date set for the meeting. The Board of Directors may reduce this delay by means of a general provision that would apply to all shareholders.

Distribution of profits (article 27 of the by-laws):

The AGM decides, in accordance with current laws and regulations, the allocation of the profits from the financial period and the amount of dividends distributed.

The AGM allows each shareholder the choice, for all or part of the dividends, to receive payment or instalments in the form of shares in the company. Payment of dividends or instalments on company shares will be performed out in compliance with current laws and regulations.

Statutory limits of change in ownership requiring registration: None.

Change in capital structure and voting rights

The share capital is €36,439,008 divided into €9,109,752 fully paid-up shares of €4.

Change in capital and rights attached to shares

The company's capital can be increased, decreased or amortized by any means authorised by law. Any modification to voting rights attached to the shares representing the company's capital is subject to prevailing legal and regulatory provisions, as the by-laws contain no specific contingency in this case.

Powers of the CEO

The Board or company by-laws imposed no specific limitation on the powers of the CEO who operates according to the powers given to him by law.

Authorised capital not issued: €2,000,000 until June 9, 2020

Potential capital: none.

Trading in its own shares: none.

Company's or subsidiaries' pledged shares or assets: none.

Other information

The company respects the conditions concerning members' terms imposed by the NRE law. There are no family ties between the members of the Board of Directors. No loan or guarantee has been extended by the company or a company of the group to Corporate Officers. No conflict of interests exists between the Board members' duties to Thermador Groupe and their private interests.

To our knowledge, over the past five years, no Board member:

- Exercises or has exercised mandates or functions outside Thermador Groupe, except as independent Board members.
- has been found guilty of fraud;
- has been involved in a bankruptcy, receivership or liquidation;
- has been incriminated or penalised publicly and officially by the statutory or regulatory authorities;
- has ever been forbidden by a court to act as a member of a body dedicated to the administration, management and supervision of a company, or involved in the management or running of such a company's affairs;
- is subject to any arrangement or agreement struck with the main shareholders, customers, suppliers or others by way of which a member of the Board of Directors may have been chosen as a member of a body dedicated to the administration, management and supervision of a company or as a member of the management team.

Evolution of share capital over the last five years

Year	Transaction	Nominal value in Euros	Capital increase	Number of shares issued	Total number of shares	Successive amounts of capital in Euros
12/05/2014	Payment of the dividend in shares	€8	€469,064	58,633	4,323,733	€34,589,864
12/05/2015	Payment of the dividend in shares	€8	€262,008	32,751	4,356,484	€34,851,872
07/08/2015	Increase in capital in exchange for the contribution of Mecafer shares	€8	€670,608	83,826	4,440,310	€35,522,480
09/05/2016	Payment of the dividend in shares	€8	€471,656	58,957	4,499,267	€35,994,136
17/05/2017	Payment of the dividend in shares	€8	€444,872	55,609	4,554,876	€36,439,008
09/05/2018	Division of the nominal share	€4			9,109,752	€36,439,008

7.2 Auditors' report on the company accounts

To the annual general meeting of THERMADOR GROUPE.

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Thermador Groupe for the year ended December 31, 2019.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Board of Directors acting as the Audit Committee.

Basis for opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the 'Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements' section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of assessments - key audit matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Assessment of equity securities of THERMADOR GROUPE

Identified risks

The equity securities and related receivables, shown in the balance sheet as at December 31, 2019 for a net amount of €131.8 million, represent 90% of the total balance sheet. They are accounted for on their acquisition date and depreciated on the basis of their utility value representing what the company would agree to disburse to obtain them if they had to acquire them. The receivables related to equity securities are assessed at their nominal value and a provision for depreciation is applied when the inventory value is lower than the accounting value.

As indicated in note 2 to the financial statements, the present value is assessed either in relation to the market value or by the analysis of the last annual accounts closed by the companies whose securities are held. The analysis deals with the situation of equity, the level of results and the prospects for the evolution of the companies concerned.

The estimation of the present value of these securities requires the exercise of the management's judgement in its choice of the elements to be considered according to the interests concerned, elements which may correspond according to the case to historical elements, or to forecasting elements.

In this context, and because of the uncertainties inherent in certain elements and in particular the likelihood of the forecasts being made, we considered that the correct assessment of the equity and related receivables was a key audit matter.

Audit procedures implemented in the face of identified risks

In order to assess the reasonableness of the estimation of the present values of equity securities, based on the information provided to us, our work consisted mainly in verifying that the estimation of these values determined by the management is based on an appropriate justification of the valuation method and the quantified elements used and, according to the securities concerned, to:

For valuations based on historical elements:

- Verify that the retained equity is consistent with the accounts of the entities that have been audited or subject to analytical procedures.

For evaluations based on forecast elements:

- Obtain the cash flow forecasts of the activities of the entities concerned established by their operational managements and to assess their consistency with the forecast data from the latest strategic plans, established under the control of their general management for each of these activities;
- Verify the consistency of the assumptions selected with the economic environment at the closing date and at the date the preparation of the accounts.

In addition to appreciating the present values of equity securities, our work has also consisted in assessing the recoverability of receivables related to the analysis of equity securities.

Specific verifications

Verification of the Management Report and of the Other Documents Provided to Shareholders

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to Shareholders with respect to the financial position and the financial statements.

Report on the corporate governance

We attest that all information given in accordance with the requirements of Article L. 225-37-3 and L.225-37-4 of the French Commercial Code (code de commerce) are in the management report of the Board of Directors on the corporate governance.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights and the cross-shareholdings has been properly disclosed in the management report.

We hereby attest 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. However pursuant to Article L. 823-10 of the same code, we point out that we did not verify that this statement gives a true and fair view or matches the consolidated financial statements. The information in the statement requires a report from an independent third party.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Thermador Groupe by:

- the annual general meeting held on October 2, 1986 for Mazars;
- the annual general meeting held on 4th April 2005, and took office following the resignation of the cabinet SSEC dated April 17, 2015 for the cabinet Royet.

As at December 31, 2019, Mazars is in the 33rd year of total uninterrupted engagement, which is the 32nd year since securities of the Company were admitted to trading on a regulated market.

Cabinet Royet is in the 15th year of engagement which is the 5th as titular statutory auditor.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory auditors' responsibilities for the audit of the financial statements

Audit objective and approach

It is up to us to prepare a report on the annual accounts. Our objective is to obtain reasonable assurance that the annual accounts taken as a whole do not have significant anomalies. Reasonable assurance corresponds to a high level of insurance, but does not guarantee that an audit carried out in accordance with professional practice standards can systematically detect any significant anomalies. Anomalies may originate from fraud or result from errors and are considered significant when it can reasonably be expected that they may, individually or cumulatively, influence economic decisions that Account users take based on these.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

7.2 Auditors' report on the company accounts

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Board of Directors acting as the Audit Committee

We submit a report to the Board of Directors acting as the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Board of Directors acting as the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Board of Directors acting as the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Board of Directors acting as the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Saint-Étienne and Villeurbanne, February 19, 2020.

The statutory Auditors.

CABINET ROYET
Stéphane Guichard

MAZARS
Frédéric MAUREL

7.3 Special auditors' report on conventions and regulated commitments

To the shareholders,

As statutory auditors of your company, we hereby present to you our report on the regulated agreements and commitments. We are required to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements notified to us or which we might have discovered when we performed our assignment. It is not our role to determine whether they are useful or appropriate or to investigate whether any other agreements exist. It is your responsibility, under the terms of article R 225-31 of the French Commercial Code, to evaluate the benefits arising from these agreements prior to their approval.

Moreover, in accordance with article R. 225-31 of the French Companies Act, we are required to inform you of the execution of the agreements during the year ended already authorised by your AGM.

We have completed the due diligence that we felt necessary in relation to the professional doctrine of the Compagnie Nationale des Commissaires aux Comptes in relation to this mission. That due diligence involves verifying the concordance between the information given to us and the basic documents it came from.

Agreements and commitments submitted to the approval of the AGM

We inform you that we were informed of no agreement or commitment approved during the financial year ended to be submitted to the AGM in accordance with article L.225-38 of the French Companies Act.

Agreements and commitments already approved by the AG

Of which, execution continued during the financial year ended

In accordance with article R. 225-30 of the French Companies Act, we have been advised of the execution of the following conventions, which have already been approved during previous years and have been carried over into the current year.

Business lease payments and leases for warehouse and administrative premises with some companies of the group.

In application of that agreement, your company has recorded the following earnings for the financial year ended on December 31, 2019 (in thousands of euros):

	Leases (1)	Fees on turnover (2)	Fees on equipment (3)
Thermador	542	987	-
Sferaco	1,141	854	-
Jetly	893	1,234	2
Total	2,576	3,075	2

(1) Earnings depending upon the surface area occupied by each subsidiary (i.e. offices, workshops and warehouses): 8,800, 14,650 and 11,419m² respectively during FY 2019.

(2) Rents depending upon application of the rate marked in the contract, i.e. 2.3%, 1.7% and 2.5% respectively of turnover linked to the business.

(3) Rents linked to equipment hired out, i.e. 10% of the net value of the equipment concerned.

Given the way the group is organised, regulated agreements on business lease payments and leases should continue to exist.

Commitments on corporate officers' earnings

The company has committed to pay compensation to its corporate officers should they retire. This retirement compensation is calculated in the same way as for that paid to a salaried manager, according to provisions of the industry-wide agreement to which your company is subject.

This convention was not used during FY 2019.

Your legal counsel has informed us that this convention will be continued.

Saint-Étienne and Villeurbanne February 19, 2020.

The statutory Auditors.

CABINET ROYET
Stéphane Guichard

MAZARS
Frédéric MAUREL

7.4 Statutory Auditors

Lead auditors:



Mazars

131, bd Stalingrad in Villeurbanne (Rhône), appointed on October 2, 1986, and renewed on April 10, 2017 for a last mandate of six years, following a tender process in 2017, represented by Frédéric Maurel since 2017 and previously by Pierre Beluze, change made with the advent of the financial security law.



Cabinet Royet

9, place Jean Moulin BP 5 - 42001 Saint-Etienne (Loire), appointed on April 4, 2016, and renewed on April 10, 2017, represented by Stéphane Guichard.

8.1 Correlation tables

According to the sections appearing in annexes 1 and 2 of the Delegated Regulation (EU) 2019/980 of March 14, 2019:

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1 PERSONS RESPONSIBLE, INFORMATION FROM THIRD PARTIES, EXPERT REPORTS AND APPROVAL BY THE COMPETENT AUTHORITY	
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1.4. Certificate relating to information from a third party	N/A
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2.2. Possible changes	7.4
3 RISK FACTORS	
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4.3. Date of incorporation and term of the issuer	7.1.7
4.4. Registered office and legal form of the issuer, legislation governing the activities, country of origin, address and telephone number of the registered office, website with a warning	8.3
5 OVERVIEW OF THE ACTIVITIES	
5.1. Main activities	
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5.1.2. Important new products and services	N/A
5.2. Main markets	6.3 Notes to the annual consolidated accounts - Note 26 - Chapter 5
5.3. Important events	6.3 Notes to the annual consolidated accounts - Point 1
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5.7. Investments	
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5.7.2. Main ongoing or future investments of the issuer for which its management bodies have already made firm commitments and financing methods	6.3 Notes to the annual consolidated accounts - Note 12
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7.1.2. Future development forecasts and research and development activities	N/A
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7.2.1. Significant factors, unusual, infrequent events or new developments	1.1
7.2.2. Reasons for significant changes in net sales or revenues	N/A

		Section of the Universal Registration Document
8	CASH AND CAPITAL RESOURCES	
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8.2.	Cash flow	6.2
8.3.	Financing needs and financing structure	4.1 / 6.2
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8.5.	Expected sources of funding	N/A
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11	PROFIT FORECASTS OR ESTIMATES	
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11.2.	Statement setting out the main assumptions for the forecasts	N/A
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12	EXECUTIVE, MANAGEMENT AND SUPERVISORY BODIES AND GENERAL MANAGEMENT	
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12.2.	Conflicts of interest	2.3.2 / 2.5.9 / 7.1.7
13	COMPENSATION AND BENEFITS	
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14	OPERATION OF THE ADMINISTRATIVE AND MANAGEMENT BODIES	
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14.2.	Service contracts between members of the administrative, management or supervisory bodies and the issuer	2.3 7.1.7
14.3.	Information on the audit committees and the compensation committee	2.4
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14.5.	Potential significant impacts on corporate governance	N/A
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15.2.	Shareholdings and stock options	1.14 / 1.15
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16	MAIN SHAREHOLDERS	
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16.3.	Direct or indirect control	N/A
16.4.	Agreements whose implementation could result in a change of control	N/A
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8.1 Correlation tables

		Section of the Universal Registration Document
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18.1.2.	Change in the accounting reference date	N/A
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18.1.6.	Consolidated financial statements	Chapter 6
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18.3.2.	Other audited information	N/A
18.3.3.	Sources and reasons why information was not audited	N/A
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18.5.	Dividend distribution policy	
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19.1.3.	Number, book value and nominal value of shares held by the issuer	6.3 Notes to the annual consolidated accounts - Notes 4 et 14
19.1.4.	Information relating to convertible, exchangeable or securities with share warrants attached	N/A
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8.2 Component elements

Elements	Pages of the document
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Report on the governance of the company	Chapter 2
Annual accounts	Chapter 6 & Chapter 7
Auditors' reports	6.4 - 7.2 - 7.3
Statement	8.3

8.3 Statement of the person responsible for the universal registration document

Having taken all reasonable measures to those ends, I can certify that, to my knowledge, the information contained in this reference document reflects reality and contains no omissions which may alter its scope.

To my knowledge, I certify that the accounts have been drawn up in compliance with applicable accounting standards and give a faithful reflection of the assets, financial situation and profits of the company and of all the companies included in the consolidation, and that the management report, which appears in this reference document, offers a reliable representation of trends in business and results and the financial situation of the company and all companies included in the consolidation as well as a description of the main risks and uncertainties which they face.

From the legal financial controllers of the accounts I obtained a letter of consent in which they state they have checked the information concerning the financial situation and accounts given in this document and have read the document in full.

The historical financial information presented in this document has been reviewed by legal controllers whose none observation.

Saint-Quentin-Fallavier, February 20, 2020

Guillaume ROBIN
Chairman & CEO
Tel. +33 4 74 95 63 28

9.



DRAFT RESOLUTIONS

9. Draft resolutions

Ordinary and Extraordinary Annual General Meeting of April 6, 2020

ORDINARY RESOLUTIONS

First resolution

Having heard the reports of the Board and the auditors, the AGM approves the annual accounts closed on December 31, 2019 as presented, as well as the operations translated into the accounts or summarised in the above-mentioned reports.

Second resolution

Having heard the report on the management of the group and the auditors' report, the AGM approves the consolidated accounts closed on December 31, 2019 as presented, as well as the operations translated into the accounts or summarised in the above-mentioned reports.

Third resolution

The Annual General Meeting decides to allocate the profits for the financial year of €19,554,530.89 as follows:

- distribution of a dividend of €1.80 per share, i.e. for 9,109,752 shares a total of €16 397 553,60,
- allocation of the remainder to 'other reserves' i.e. €3,156,977.29.

The Annual General Meeting takes note that this dividend allocation is based on the total number of shares existing on the day of publication of the resolutions potentially opening up the right to dividends, given also that the treasury shares held on the day of the detachment of the rights to dividend will not generate dividends. As a result, the total amount of dividends may fall depending on the number of shares that actually give rise to dividends on the day of the detachment of the said right and any difference will automatically be attributed to the 'other reserves' account.

The whole of the amount distributed is for private individuals fiscally domiciled in France, for the single one-off allowance (PFU) of 30% or the 40% refraction mentioned in article 158-3-2° of the General Tax Code, whichever is more advantageous.

The agreed dividend distribution will be detached on April 9 and paid on April 15, 2020.

The Annual General Meeting also acknowledges that it has been reminded that the company has distributed the following dividends for the past three financial years in order to meet the legal requirements in reference to article 243 Bis of the General Tax Code:

Financial years	Revenues eligible for allowances		Revenues not eligible for allowances
	Dividends	Other revenues distributed	
2018	€15,939,966		
2017	€15,486,578	-	-
2016	€14,397,654	-	-

BOARD MEMBERS



Guy Vincent resigned from his directorship at the Thermador Groupe Board Meeting of January 28, 2020 after holding that position since October 2, 1986.

As a reminder, Thermador Groupe was created at that time to allow the four distribution companies created by five Lyon-based entrepreneurs to be floated on the stock exchange: Guy Vincent, Geneviève Boreil, Jacques Borde, Marc de Sereys and Hubert Fournier.

The whole story began in 1968, when Guy Vincent created Thermador, a heating equipment distribution company exclusively targeting French wholesalers. The originality of the business model and modernity of the operating principles very quickly made the company a success.

Thermador Groupe today federates the energy, expertise, loyalty and ambition of 600 employees, 6,600 shareholders, 31,000 customers, 570 suppliers and a number of associations. All this was made possible by Guy Vincent's daring vision.

The chairman and members of the board, on behalf of all those who see themselves in the company's founding values, thank him most respectfully and most warmly for his discernment, exemplarity, humility, and for 51 years' dedication to the development of Thermador Groupe, during which time the collective interest has always come before personal interests.

To fill the vacancy left by Guy Vincent, we propose the candidature of Yves Ruget CEO of Thermador, along with his team the author of a stunning FY 2019. Christophe Arquillière's mandate is coming to an end. Having taken on board and practised the rules of governance to which our Board is answerable, he is giving up his place so that another member of the Comex can enjoy the experience. We propose the candidature of Lionel Grès, highly meritorious CEO of our young company Axelair.

The mandate of Laurence Ravet is coming to an end after an exemplary period of service on the Board. To represent our employees, we propose the appointment of Noémie Gonin who has just been elected with Christophe Lecocq to one of the positions reserved to employees on the company savings scheme (PEE) supervisory board (cf: p61).

Fourth resolution

Upon a proposal of the Board of Directors, the AGM appoints Mrs Noémie Gonin, living at 106 B rue Lacassagne in Lyon 3^e (Rhône) as a new Board Member for a period of four years, i.e. until the end of the Annual General Meeting of 2024 voting on the 2023 accounts.

9. Draft resolutions

Fifth resolution

Upon a proposal from the Board of Directors, the Annual General Meeting appoints Mr Yves Ruget, Chairman & CEO of Thermador domiciled at 7 lot du Verger du Rognard in Chaponnay (Rhône-Alpes, France) as a new Board Member for two years i.e. until the end of the AGM in 2023 voting on the 2022 accounts.

Sixth resolution

Upon proposal of the Board of Directors, the AGM appoints a new board member Mr Lionel Grès, CEO of our subsidiary Axelair, domiciled at 409 Rue du Verdier in Chuzelles (Isère, France) for a period of two years, i.e. until the end of the Annual General Meeting of 2023 voting on the 2022 accounts.

EXECUTIVES' EARNINGS

- Approval of the elements of the executives' earnings policy

In accordance with the Sapin 2 law on transparency, the fight against corruption and the modernisation of economic life, shareholders are asked to speak about 'the principles and criteria of determination, distribution and allocation of fixed, variable and one-off elements which make up total earnings and benefits of all types, which are attributable to executives' at the AGM.

Seventh resolution

The Annual General Meeting, voting according to the conditions of quorum and majority voting required for Ordinary General Meetings, having heard the report of the Board of Directors on the earnings policy of the Chairman & CEO, the Deputy CEOs and the CEO Board Members in their subsidiaries drawn up in application of article L.225-37-2 of the Commercial Code, approves the renewal of the earnings policy for 2020 as presented in this report (Cf. pages 34 and 35).

- Approval of the elements of executives' earnings

The law has introduced an ex-post control procedure of shareholders which will apply as of the closing of the financial year following the first financial year closed after December 9, 2016, the date the law was promulgated (Law art. 161, II).

The Annual General Meeting of April 9, 2019 renewed the principles and criteria for directors' earnings. The shareholders must rule during the Annual General Meeting to approve the accounts held the following financial year, i.e. that of April 8, 2019 on the fixed, variable and one-off elements which make up total earnings and benefits of all types, which are attributable to the Chairman & CEO, the Deputy CEOs and other executives (C. com. art. L 225- 100, II).

Eighth resolution

The Annual General Meeting, voting according to the conditions of quorum and majority voting required for Ordinary General Meetings, having heard the report of the Board on the earnings of Mr Guillaume Robin, Chairman & CEO of Thermador Groupe, approves his earnings in application of the quantitative and qualitative criteria presented in the Board of Directors' report to the Annual General Meeting of April 8, 2019 and approved at the same Annual General Meeting (Cf. page 35).

Ninth resolution

The Annual General Meeting, voting according to the conditions of quorum and majority voting required for Ordinary General Meetings, having heard the report of the Board on the earnings of Mrs Patricia Mavigner, Deputy CEO of Thermador Groupe, approves her earnings in application of the quantitative and qualitative criteria presented in the Board of Directors' report to the Annual General Meeting of April 9, 2019 and approved at the same Annual General Meeting (Cf. page 35).

APPROVAL OF REGULATED CONVENTIONS

Tenth resolution

The Annual General Meeting, having heard the auditors' special report stating that there are no new conventions, takes note of same (see pages 136 and 141). The Annual General Meeting approves the operations which continued throughout the financial year ended as resulting from the special auditors' report on conventions and regulated commitments referred to in article L.225-38 of the Commercial Code. You are reminded that the conventions applied to the financial year concern lease contracts signed with subsidiaries which are 99.9972% to 99.9975% owned. That concerning earnings commitments to corporate officers in case of retirement continued and was not applied in 2019.

PURCHASE OF SHARES BY THERMADOR GROUPE

Eleventh resolution

Upon a proposal of the Board, compliant with the provisions of article L.225-209 et seq of the Commercial Code, the Annual General Meeting authorises the Board of Directors to allow the company to buy its own shares. The maximum purchase price per share is fixed at €59, excluding handling costs. This maximum purchase price can however be adjusted in the event of a change to the nominal price of the share, increases in capital by incorporation of reserves or other assets, and any other equity operation, in such a way that the value of the share takes account of those operations.

The company can buy its own shares or use its own shares with a view to :

- generating activity on the market,
- satisfying obligations resulting from any stock option programme or other share issues to employees or members

of corporate or management bodies of the company or companies linked to it,

- holding and subsequently using the shares in exchange or as payment for any external growth, merger, separation or contribution operations respecting market practices and authorised by the French financial markets authority (AMF);
- more generally, completing any operations which are not expressly forbidden by law, in particular if they fall within the scope of market practices which may become authorised by the French financial markets authority (AMF) in the future.

These shares can be acquired by any means and in one or more instalments on the market or or by private sale, including by the acquisition of blocks of shares. These operations can be performed at any moment, as long as prevailing regulations are respected as of the date of the operations under consideration, outside periods of public offerings on the company's shares.

The Annual General Meeting decides that this authorisation shall end after a period of 18 months, as of this Annual General Meeting.



Annual General Meeting at the Lumière Institute in Lyon on April 8, 2019

EXTRAORDINARY RESOLUTIONS

Twelfth resolution

The Annual General Meeting, voting under the conditions of quorum and majority as required for Extraordinary General Meetings, and having heard the report of the Board, decides the following:

- To reduce the age limit for board members to seventy-two.
- To reduce the age limit of the Chairman, CEOs and the Deputy CEOs to sixty-nine.

The Annual General meeting decides as a result to modify the following:

- Article 14 of the by-laws, adding at the end of the second paragraph: 'In any event, whatever the duration for which they have been entrusted with it, the functions of a Board member legally come to an end at the latest on December 31st of the year during which he or she reaches the age of seventy-two.'
- Article 17 of the bylaws replacing 'eighty-one years of age' by 'sixty-nine years of age'.

Thirteenth resolution

'Having heard the Board's report, the Annual General Meeting:

- 1) Authorises the Board to increase capital in one or more instalments for a nominal total of €2m within a maximum of 26 months by incorporating reserves, profits or issue or merger bonuses into the capital by the distribution of free shares or increasing the nominal value of existing shares.

- 2) Confers upon the Board the broadest powers, within the framework of the law, to fix all characteristics, terms and limits and means for completing such operations, take all necessary measures and fulfil all necessary formalities.

The Annual General Meeting authorises the Board, in case of allocation of new shares to shareholders after the incorporation of reserves, profits or issue or merger bonuses into the capital, to decide, notwithstanding the provisions of article L225-149 of the Commercial Code, that rights to fractions of shares will be non-transferable and that corresponding shares should be sold under the conditions laid down by law.'

Fourteenth resolution

All powers are given to the holder of the original, an extract or a copy of these minutes in pursuit of any formalities relating to publicity, filing or other that may apply, as well as any necessary modifications to the company bylaws.



www.thermador-groupe.fr



Let us respect our planet

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Annual General Meeting at the Lumière Institute in Lyon on April 8, 2019.



Parc d'Activités de Chesnes - 80, rue du Ruisseau - CS 10710

38297 St-Quentin-Fallavier Cedex - France

Tel. +33 474 95 63 28 - Fax +33 474 95 46 35

Website : www.thermador-groupe.fr

Write to us : actionnaires@thermador-groupe.fr

And find us on social networks.

