

ANNUAL REPORT 2022



SOFINA

Purpose & Patience

Our mission

We aspire to partner with leading entrepreneurs and families, backing them with patient capital and supportive advice to foster sustainable growth of their businesses.

Our goal is to create sustainable economic value by supporting owner-led and innovative growing businesses

We believe the entrepreneurial spirit that characterises owners of many family businesses and growing companies is a source of economic and social progress. We intend to support these entrepreneurs and innovators in their quest for outstanding governance, sustainable growth and inclusive development.

Our heritage and culture make us unique

Relationships and alignment are at the heart of what we do. Our investments are stories of shared values, friendships, ambitious projects and healthy incentives gathering partners, entrepreneurs and their teams. By being faithful to our human-centric approach, we aspire to be the preferred investment partner of all like-minded stakeholders.

We believe successful entrepreneurs need long-term, knowledgeable and well-connected partners to be competitive and responsible in a globalised market

We provide patient capital, global networks and strong expertise and advice to support growing entrepreneurial and innovative companies as a reliable long-term partner. Few other equity providers can match our depth of connections and experience.

More than 120 years of experience & expertise

Founded more than 120 years ago as an engineering conglomerate, Sofina is an investment company listed on Euronext Brussels, investing patient capital in growing companies managed by like-minded entrepreneurs and partners, with equity holdings in Europe, Asia and the United States.

Foundation of Sofina ("Société Financière de Transport et d'Entreprises Industrielles"), an engineering conglomerate, active in the energy and transportation sectors

1898



Initial Public Offering

1910



The Luxembourg office opens

1938



The Boël family enters the share capital

1950's

Sofina becomes an investment company

1965-1970



First investments in venture and growth capital funds in the United States

1978

Reinforcement of the Boël family shareholding following the acquisition of Société Générale de Belgique's stake

1988

First investments in venture and growth capital funds in India and China

2005

Strategic move towards growth and more international exposure
Creation of the SofinaBoël Fund for Education and Talent, Sofina's philanthropic project

2011



First investment in e-commerce

2012

Singapore office opens and Sofina Growth is reinforced, mainly in India, China and the United States

2015



More than half of Sofina's portfolio is invested outside Europe

2017



Sofina adheres to the UN Principles for Responsible Investment

2019



Launch of the Sofina Covid Solidarity Fund

2020



Issuance of EUR 700 million senior bonds

2021



First investment in a B Corp certified company

2022

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Responsible person

In accordance with Article 12, §2, 3° of the Royal Decree of 14 November 2007, Harold Boël, Chief Executive Officer, certifies in the name and on behalf of the Board of Directors that, to the best of his knowledge:

- the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and of the fair value of its investment subsidiaries;
- the Management report contains a fair review of the development of the business, the results and the position of the Company and its investment subsidiaries, as well as a description of the principal risks and uncertainties they face.

The official ESEF version of the Annual report in French is available on Sofina's website. The ESEF version of the Annual report in English and Dutch will be available on Sofina's website at the latest on 15 April 2023.²

1. Sections of the Management report.

2. www.sofinagroup.com/investor-relations/financial-reporting/annual-reports/

Message to Shareholders



Dominique Lancksweert, Chairman
Harold Boël, Chief Executive Officer

“We firmly believe that our diversified model, supported by a family shareholder, focused on value creation through the cycle will enable us to continue to outperform in the long run.”

Dear Shareholders,

If one thing is predictable in today's world, it's that it's unpredictable. The past few years have been difficult and turbulent, marked by Covid-19, the war in Ukraine and the end of “free money”. As I write these lines, news of Silicon Valley Bank's failure has hit the wires, showing that 2023 is likely to be unpredictable as well.

As explained during last year's Annual General Meeting, excessive volatility driven by uncertainty is disturbing, and this has been true for Sofina. Our shareholders have seen a major swing in share price from a 28% premium to Net Asset Value (probably driven by the belief that the benign environment in which we operated would last longer) to the current discount of 26% to NAV (driven by fear of uncertainties).

Yet, we firmly believe that our diversified model, supported by a family shareholder, focused on value creation through the cycle will enable us to continue to outperform in the long run.

At the close of 2022, Sofina's NAV, the true measure of our performance, continued to prove robust, despite the turbulent times. We believe our scaled diversification across vintages, sectors and investment styles provides access to opportunities that are not readily available to our shareholders, potentially providing outsized returns whilst protecting from downside and exposure to single events. Furthermore, alignment between investors, our teams, founders and GPs - at the core of our operating model - combined with our focus on disruptors position us well on themes that benefit from tailwinds. Never have our two guiding principles, Purpose & Patience, been more relevant.

Our track record of regularly outperforming the MSCI ACWI on four of the last six 4-year cohorts and delivering growing dividends demonstrates the resilience of our model. We are confident it can adapt well to different economic environments. This is Sofina's DNA.

Crisis are opportunities to learn, and much as we continue to trust our investment model and execute our strategy with our core values as a compass, we have adapted our disclosure and communication to the growing expectations of our stakeholders, among others, by publishing our Half-year and Annual report in English for the first time or disclosing the weight of our most important holdings to ensure we improve accountability and address questions coming from a wider base of stakeholders.

“Our growing ESG expertise is proving to be added value to our portfolio companies, helping them as they create their sustainability roadmaps.”

Focusing on long-term outcomes

Given the events of 2022, our investment activity in the second half of the financial year centred largely on selectivity, supporting and re-investing in existing portfolio companies whose business model and management have shown resilience, while seizing certain exit opportunities as part of the capital rotation of our portfolio, as illustrated by the sale in the summer of parts of our LBO funds portfolio.

Indeed, our diversified investment styles enable us to rotate capital in a manner that generates liquidity for the next phase. Past crises have shown that the upturn which follows creates sizeable investment opportunities.

Agility and resilience

As we enter 2023, we continue to face a volatile macroeconomic and geopolitical environment, with an uncomfortably high inflation that remains.

As in 2022, we will be a long-term partner to our portfolio companies. In the past year, we have allocated resources to help them with contingency planning, sustainable development and capital efficiency. This support may take the form of additional capital, relevant insights, and engagement between our Investment team and corresponding founders and entrepreneurs has never been higher. Those efforts have demonstrated our enduring relevance to our partners.

We are also proud of the grit and adaptability shown by our teams, swiftly adapting to the new realities in the market, whilst remaining committed to our long-term goals. “Normal business” did not resume post pandemic; to the contrary, new issues have arisen, such as the war in Ukraine, inflation, an energy crisis and a severe market correction in the valuation of growth stocks, and the teams have taken all these challenges in their strides. I would like to publicly express my gratitude to them.

Holding firm to our values

Among the long-term values we have remain steadfastly committed to, are the ESG principles that start to permeate all aspects of our business. The ESG Board Committee, established in November 2021, oversees our ongoing projects and ensures that we “walk the talk”. Many topics were covered by the Committee and the organisation (CSRD future implementation, improvement of our UNPRI reporting, applying our ESG framework to our three investment styles). Our growing ESG expertise is proving to be added value to our portfolio companies, helping them as they create their sustainability roadmaps.

Incorporating ESG considerations into sourcing and selection on where we deploy our capital will build trust with our stakeholders and make our portfolio more resilient, more sustainable, and thus more valuable in the long run.

Let me end this message by thanking my Board colleagues: their experience, diversity and commitment has been an active support to management during a complicated 2022. I also thank our reference shareholder, investors and other stakeholders for their continued support and constructive engagement.

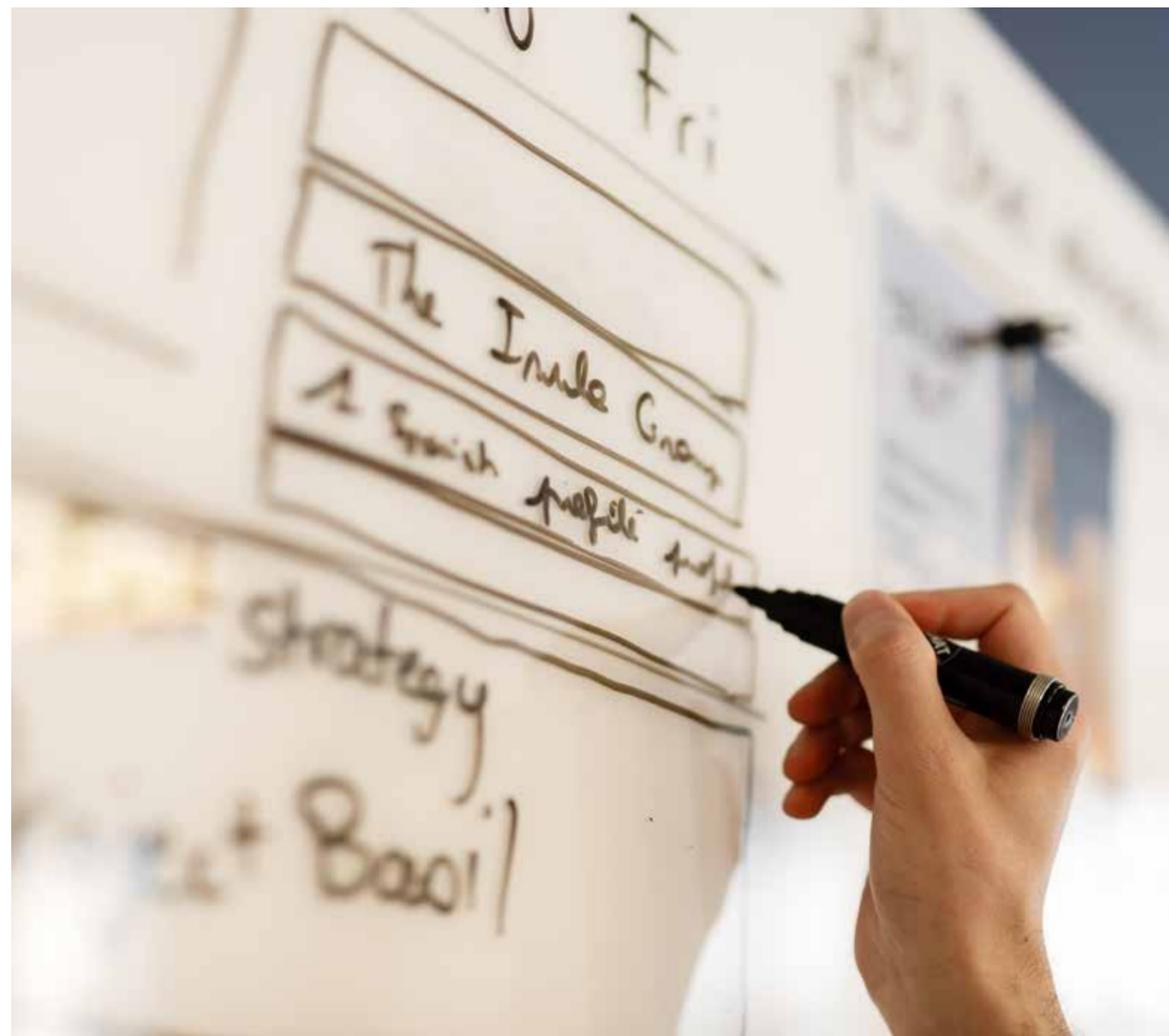
There are still challenges ahead but we also see opportunity. It is our belief that we will emerge stronger, ready to seize those opportunities as they arise to create long-term value for all our stakeholders.

Thank you.

Dominique Lancksweert,
Chairman

Key Indicators

Sofina SA adopted the Investment Entity status in application of IFRS 10, §27, which provides that a company, as long as it meets the definition of an Investment Entity, does not consolidate its subsidiaries¹. In the present Annual report, the financial statements as an Investment Entity give the fair value of Sofina SA's direct investments (in portfolio investments or in investment subsidiaries). The Net Asset Value ("NAV") reported below under the Investment Entity status or in transparency (i.e. considering all portfolio investments whether held by Sofina SA directly or indirectly through its investment subsidiaries) is the same.



1. For a definition of the different terms, see the Glossary.

Key financial figures

FINANCIAL STATEMENTS – OVERVIEW OF THE YEAR²

	31/12/2022	31/12/2021		2022	2021
Total assets (in million EUR)	10,198	12,085	Net result (share of the group) (in million EUR)	-1,872	2,593
Net Asset Value (in million EUR)	9,313	11,354	Net result (share of the group) per share (in EUR) ⁴	-55.85	76.99
Net Asset Value per share (in EUR) ³	279.41	337.86			

The Annual General Meeting of 5 May 2022 decided to pay a gross dividend of EUR 3.128571 per share.

FINANCIAL FIGURES IN TRANSPARENCY⁵ (IN MILLION EUR)

KEY FIGURES IN TRANSPARENCY	31/12/2022	31/12/2021
Net debt / (Net cash)	-233	-319
Investment portfolio	9,062	11,063
Loan-to-value (in %)	-2.6%	-2.9%
KEY COMPREHENSIVE INCOME FIGURES IN TRANSPARENCY	2022	2021
Dividends	53	59
Net result of the investment portfolio	-1,828	2,621
Total comprehensive income ⁶	-1,869	2,596
KEY CASH FLOW STATEMENT FIGURES IN TRANSPARENCY	2022	2021
Investments in portfolio	-1,013	-1,284
Divestments from portfolio	1,174	1,161

BALANCE SHEET IN TRANSPARENCY	31/12/2022	31/12/2021
Investment portfolio	9,062	11,063
Sofina Direct	4,760	5,811
<i>Long-term minority investments</i>	2,797	3,884
<i>Sofina Growth</i>	1,962	1,927
Sofina Private Funds	4,302	5,252
Net cash	233	319
Gross cash	929	1,049
Financial liabilities	-696	-730
Other	18	-28
NAV	9,313	11,354

2. The consolidated financial statements are presented under the Investment Entity status, in application of which direct subsidiaries of Sofina SA are stated at fair value, including the fair value of their equity investments and other assets and liabilities (mainly intra-group debts and receivables), through profit and loss. For further explanation, see the Glossary.

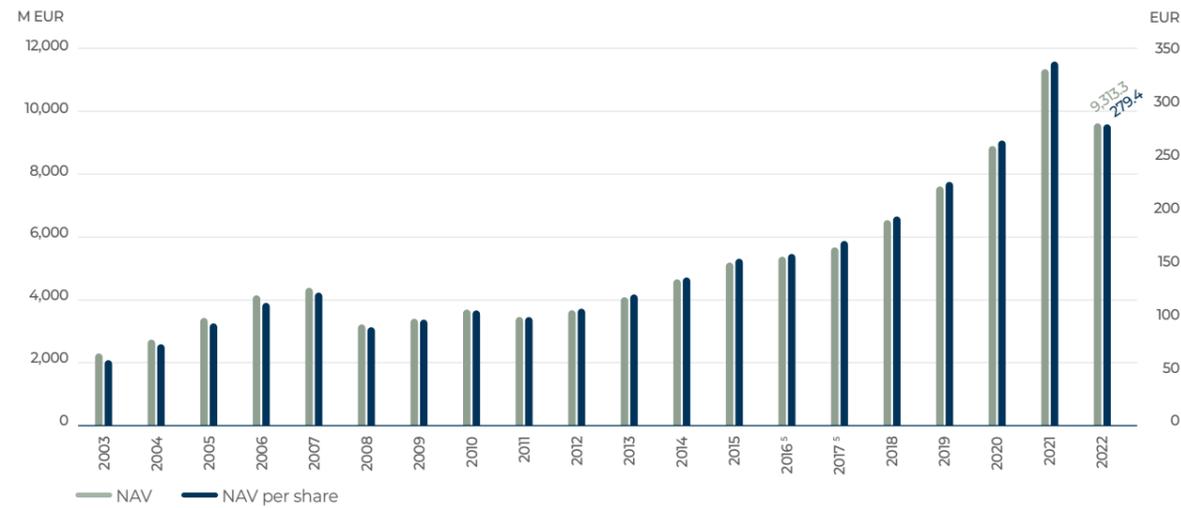
3. Calculation based on the number of outstanding shares at closing date (33,332,072 shares at 31 December 2022 and 33,607,072 at 31 December 2021).

4. Calculation based on the weighted average number of outstanding shares (33,510,733 shares at 31 December 2022 and 33,683,906 shares at 31 December 2021).

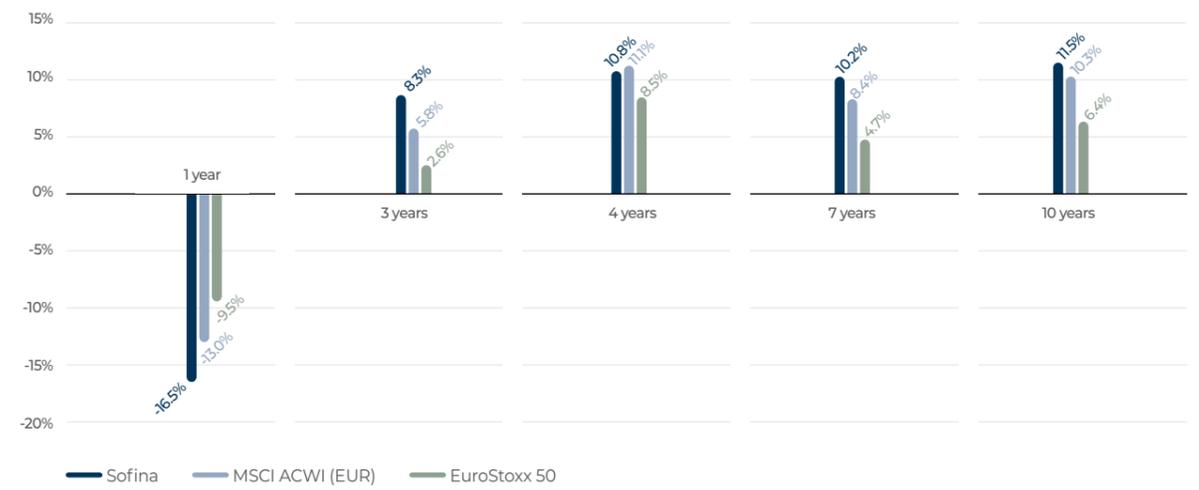
5. Based on the portfolio in transparency (see point 2.1 of the Notes to the consolidated financial statements). For a definition of the different terms, see the Glossary.

6. The small difference between the net result and the total comprehensive income comes from income and expenses recognised directly in the shareholders' equity and subsequently reclassified in the net result.

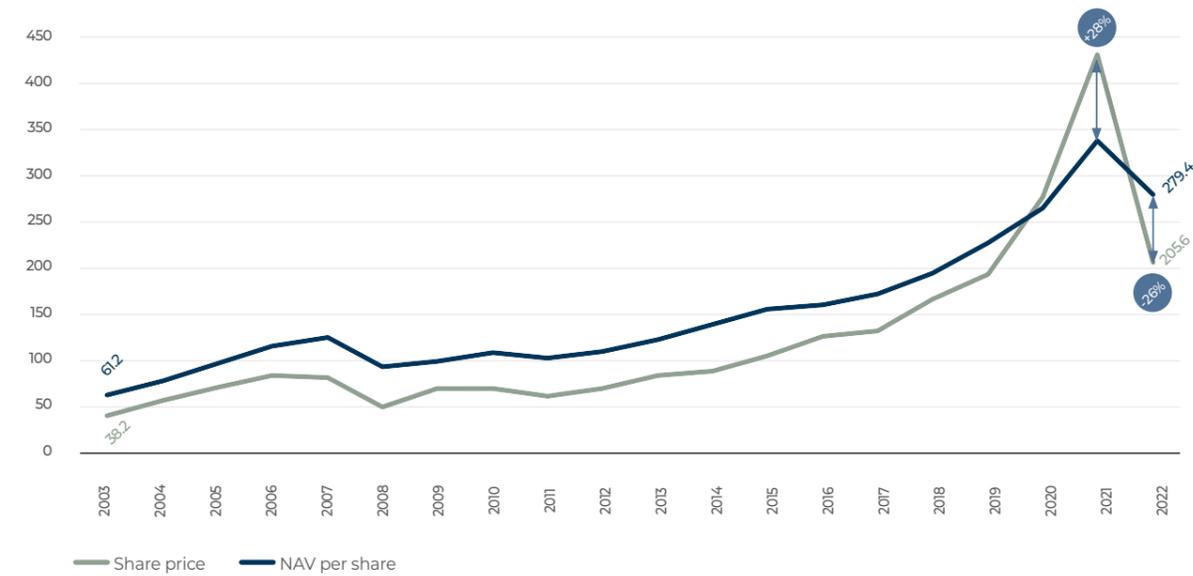
EVOLUTION OF THE NET ASSET VALUE OVER THE LAST 20 YEARS⁷



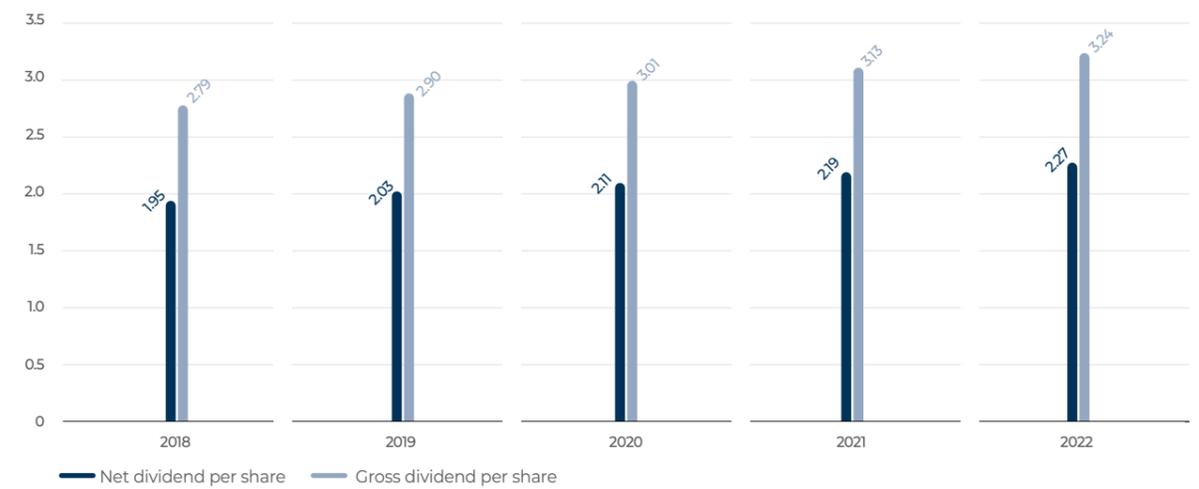
AVERAGE ANNUAL RETURN⁹ (IN %)



EVOLUTION OF THE SHARE PRICE AND THE NAV PER SHARE OVER THE LAST 20 YEARS⁸ (IN EUR)



GROSS AND NET DIVIDEND PER SHARE (IN EUR)



7. The financial data at 31 December have been prepared under IFRS standards since the financial year ending 31 December 2004. The Net Asset Value for financial years prior to 2004 corresponds to the estimated value of the assets at 31 December. Figures relating to 2016 and 2017 have been restated in accordance with IAS 28, §18 to ensure that the Net Asset Value for 2016 and 2017 can be compared with that of the following years as prepared under the Investment Entity status.

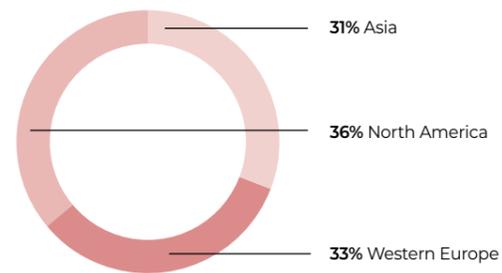
8. Data at 31 December.

9. For a definition of the different terms, see the Glossary.

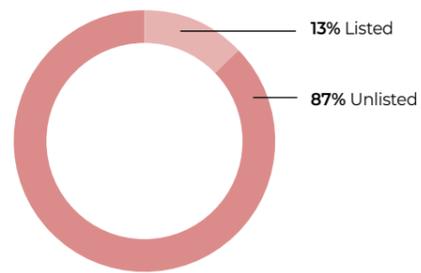
Key portfolio indicators

Breakdown of the total portfolio in transparency

BY GEOGRAPHIC REGION ¹⁰



BETWEEN LISTED AND UNLISTED INVESTMENTS ¹¹



TOP 10 OF SOFINA DIRECT ¹²

1	GRUPE PETIT FORESTIER
2	SC CHINA CO-INVESTMENT 2016-A (BYTEDANCE)
3	COGNITA
4	BYJU'S
5	CAMBRIDGE ASSOCIATES
6	BIOMÉRIEUX
7	DRYLOCK TECHNOLOGIES
8	NUXE
9	VERSE INNOVATION
10	MÉRIEUX NUTRISCIENCES

The 10 largest investments of Sofina Direct represent 27% of the fair value of the portfolio in transparency.

The 6 largest investments of Sofina Direct represent more than 15% but less than 20% of the portfolio in transparency, whereas the 7 largest investments represent more than 20% of the portfolio in transparency.¹²

Out of the above-listed investments taken individually, when taking into account our combined holdings through Sofina Direct and Sofina Private Funds when applicable, ByteDance is the sole asset representing more than 5% of the fair value of the portfolio in transparency.¹³

TOP 10 OF SOFINA PRIVATE FUNDS ¹⁴

1	SEQUOIA CAPITAL (US, CHINA & INDIA)
2	LIGHTSPEED
3	INSIGHT PARTNERS
4	BATTERY VENTURES
5	ICONIQ CAPITAL
6	THOMA BRAVO
7	TA ASSOCIATES
8	SPARK CAPITAL
9	VENROCK
10	ANDREESSEN HOROWITZ

The 10 largest General Partners of Sofina Private Funds represent 25% of the fair value of the portfolio in transparency.

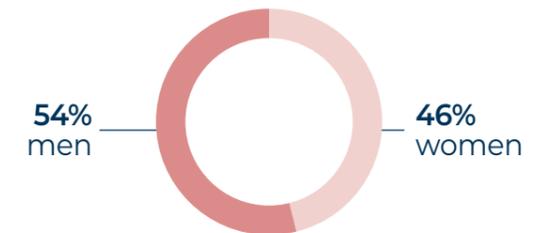
10. Based on the portfolio in transparency considering the country of the main or historical headquarters of the investments as used in the management information (see point 2.6 of the Notes to the consolidated financial statements as well as in the Investments Overview section).
 11. Based on the portfolio in transparency.
 12. Largest investments in terms of representation in the fair value of the portfolio in transparency and following the valuation principles set in point 2.5 of the Notes to the consolidated financial statements. Listed in decreasing order of fair value at 31 December 2022. The ranking of our Sofina Direct investments does not take into consideration indirect holdings in these entities through certain partnerships of Sofina Private Funds.
 13. Based on latest reports obtained from the General Partners until mid-March 2023. The valuation of such investments through Sofina Private Funds is therefore based either on a report as at 31 December 2022 or on a report as at 30 September 2022.
 14. Largest General Partners in terms of estimated representation of their funds in the fair value of Sofina's portfolio in transparency. Listed in decreasing order of fair value at 31 December 2022.

Key ESG indicators ¹⁵

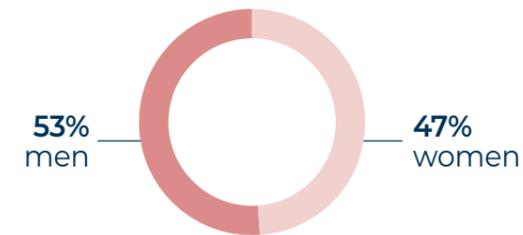
54%
of independent Directors



Gender diversity at the Board



Employees



79
employees



16
nationalities



100%
attendance to the annual compliance training

10.01 tCO₂e
greenhouse gas emissions of Sofina's operations per FTE



94%
of renewable energy used



100%
of new investment opportunities subject to the ESG framework (Sofina Direct and Sofina Private Funds)

29%
of Sofina Direct invested in SDG contributors ¹⁶



15. As at 31 December 2022.
 16. Based on the portfolio in transparency.

Strategy

What makes us unique

RELIABILITY ...

Family-run

Investment company with +120 years history



Patient capital

Reliable partner through economic cycles



Diversification

Across sectors, geographies and investment styles



Purpose-driven

Helping companies build sustainable businesses and embedding ESG in operations & investment decisions



Strong partnerships

Longstanding relationships with like-minded entrepreneurs and investors



Teamwork

Diverse talents with shared values and sector expertise



... & DYNAMISM

Growth investor

Investments at all stages of the lifecycle to foster further growth



Active ownership

Supportive advice for portfolio companies



Value creation

Delivering competitive long-term return



Innovation

We believe innovation drives economic and societal progress



Liquid exposure

To top-tier private businesses



Agility

Fast decision-making process

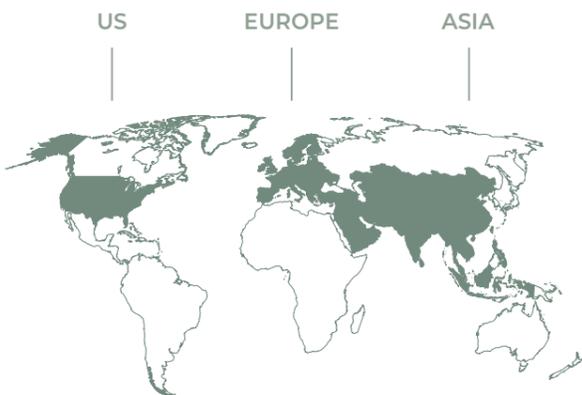


A diversified strategy ...

4 sectors of focus

-  Consumer and retail
-  Digital transformation
-  Education
-  Healthcare and life sciences

3 regions



3 complementary investment styles

SOFINA DIRECT

Long-term minority investments

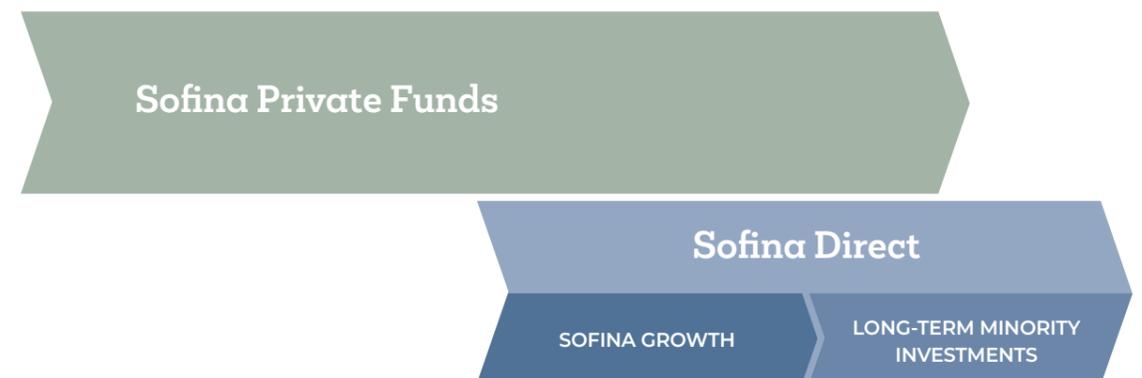
Sofina Growth

SOFINA PRIVATE FUNDS

ESG



... across stages of a business lifecycle



Value creation model

Resources

LONG-TERM FINANCIAL RESOURCES

Stable shareholding:

54.60% held by the reference shareholder

45.40% free float

EUR 700m 7y senior unsecured bonds

EUR 925m of undrawn credit facilities

-2.6% loan-to-value

DIVERSIFIED TEAM OF EXPERTS

79 employees across our 3 offices in Brussels, Luxembourg and Singapore working as One Team

16 nationalities

34 investment professionals (incl. 35% of women)

4 SECTORS OF FOCUS

Sector groups building expertise on



Consumer and retail



Digital transformation



Education



Healthcare and life sciences

GLOBAL NETWORK

Global network of General Partners, business partners, entrepreneurs and advisors



Activities

SOURCING OF INVESTMENT OPPORTUNITIES

Careful screening and selection of investment opportunities, in accordance with our investment criteria, incl. sectors of focus and ESG factors

INVESTMENT

Investing patient capital in innovative and growing businesses and supporting further growth of our portfolio companies

SUPPORTIVE ADVICE

- Ongoing and active support to portfolio companies, including on ESG matters to foster sustainable growth
- **63** representatives in the governance bodies of our portfolio companies

PORTFOLIO ROTATION

Exiting investments and transitioning stewardship to ensure sustainable growth

EMPLOYEE DEVELOPMENT AND SUPPORT

- Frequent performance assessments and feedback sessions
- Trainings and development programmes to assist our employees in their growth
- Fulfilling workplace with flexible working arrangements

Diversified investment portfolio



SOFINA DIRECT

78 portfolio companies

31% of portfolio in transparency
Long-term minority investments

22% of portfolio in transparency
Sofina Growth – Investments in fast-growing businesses

SOFINA PRIVATE FUNDS

491 funds

47% of portfolio in transparency
Investments in venture and growth capital funds

Outcomes

VALUE CREATION FOR SOFINA AND ITS SHAREHOLDERS

EUR 9.3 bn NAV

Annual average return: **-16.5 %**

EUR 7.0 bn market capitalisation

EUR 3.24 gros dividend per share - increasing year-on-year

GROWTH OF PORTFOLIO COMPANIES

Increased development and innovation of sectors of focus: Consumer and retail, Digital transformation, Education, Healthcare and life sciences.

CONTINUOUS EMPLOYEE DEVELOPMENT AND WELL-BEING

17 promotions between 2020-2022

1,569 hours of training

26 employees following a coaching/personal development programme

GHG EMISSIONS

122.50 tonnes of CO₂e (scope 1 & 2)

533.91 tonnes of CO₂e (travels)

10.01 tonnes of CO₂e/FTE (scope 1, 2 and travel)

PROGRESSIVE INTEGRATION OF ESG IN PORTFOLIO COMPANIES

40% of Sofina Direct with a sustainability roadmap in discussion

31 portfolio companies contributing to the SDGs

29% of Sofina Direct contributing to the SDGs*

INVOLVEMENT IN SOFINA'S COMMUNITIES

899 hours of volunteering

EUR 20m Sofina Covid Solidarity Fund fully deployed

* UN Sustainable Development Goals - set of 17 Sustainable Development Goals set out by the United Nations.

Key Events

Sofina Direct

Sofina Direct combines **Long-term minority investments** and **Sofina Growth**, the two investment styles in which the Sofina group directly owns shares in portfolio companies or is involved through a syndication vehicle.

New investments

CONSUMER AND RETAIL



Sofina invested in **Biobest**, a global leader in biological crop protection and natural pollination. It reinforced its shareholding through a secondary acquisition a few months later.



Everdrop is a purpose-driven, eco-friendly household product and personal care brand enabling people to live a more sustainable lifestyle.



Rohlik is a technology leader in e-grocery with a focus on convenience, assortment and local sourcing.



DIGITAL TRANSFORMATION



Cleo is a UK company that developed an app that supercharges the financial health of young generations.



Typeform develops a cloud-based web application designed to offer engaging and conversational online forms.



EDUCATION



Established in Denmark, **Labster** is a company that developed the world's leading platform for virtual labs and science simulations.



CoachHub is a German B2B online platform designed to provide personalised business coaching globally for large enterprises and mid-market companies.



Skillmatics is an Indian company building a global direct-to-consumer education brand for affordably priced physical and digital learning games that help kids aged 1-12 years to develop various skills through play.



HEALTHCARE AND LIFE SCIENCES



Birdie is a B Corp certified company established in the UK that operates an all-in-one homecare software which connects health practitioners, care communities and patients to ensure the best care outcomes.



Vizgen is a US life science company dedicated to improving human health by mapping spatial genomics information at single-cell resolution.



Follow-on investments

<p>CONSUMER AND RETAIL</p>	<p>EDUCATION</p>
<p>DIGITAL TRANSFORMATION</p>	<p>HEALTHCARE AND LIFE SCIENCES</p>

Divestments

Hillebrand
FORWARDING PASSION

Sofina closed the sale of its stake in **Hillebrand**, a global leading service provider in the shipping, transportation and logistics of beverages and products that require special care, which had been in its Long-term minority investments since 2016.

BIOTECH DENTAL

Sofina signed an agreement with Henry Schein, the world's largest provider of healthcare solutions to office-based dental and medical practitioners, for the sale of its stake in **Biotech Dental**, a European dentistry leader, offering exclusive digital products and services. The sale is subject to customary closing conditions and is expected to close in the first half of 2023. Sofina has been an investor in Biotech Dental since 2018.

pine labs

Sofina closed the second tranche of the partial sale of its stake in **Pine Labs**, a provider of innovative IT solutions for the payments ecosystem.

MISS FRESH

We fully divested our holding in **Missfresh**, an e-commerce platform offering fresh groceries in China, in which Sofina had been an investor since 2018.

HEALTHKART

We sold our shareholding in **HealthKart**, a manufacturer and distributor of sports nutrition and health supplements in India, which was in our Sofina Growth portfolio since 2019.

ESG

The Investment team engaged with the management teams of certain Sofina Direct portfolio companies on their ESG priorities and sustainability roadmaps throughout the year 2022. This will allow Sofina to closely monitor the ESG performance of its portfolio companies based on agreed milestones.

Sofina Private Funds

Sofina Private Funds is complementary to Sofina Direct. Our involvement in this investment style relies on building long-term partnerships with carefully selected external General Partners managing mainly **venture and growth capital funds**.

Market update

As regards Sofina Private Funds, private markets have been in a transition period to adapt to the volatile market environment. Macroeconomic worries, high inflation, and rising interest rates have caused contractions of multiples. The cost of capital has increased, affecting the appetite for risk and valuations of high-growth assets. The pricing adjustment for technology companies in the public markets seems to have stabilised over the last months of 2022. Sofina Private

Funds are exposed to private technology companies at different stages of maturity. Early-stage investing has been more shielded from public market volatility than late-stage as companies are farther away from liquidity events. The underlying portfolio companies' quality and the secular themes' strength supporting their performance over an extended horizon should mitigate the trend.

Divestments

In line with its strategic objectives, Sofina Private Funds sold a portion of non-core investments in funds through

a secondary sale to focus its exposure on core venture and growth General Partners and crystallise performance.

ESG

The Investment team developed and started to implement its own **ESG framework** to assess the ESG performance of our existing and future General Partners.

POST-CLOSING EVENTS

Since year-end, Sofina increased its existing holdings in **Biobest**, a global leader in biological crop protection and natural pollination and **Dott**, a micromobility company operating a fleet of shared e-scooters and e-bikes.

Sofina is also pleased to announce a first investment in **Too Good To Go**, a pioneering company dedicated to reducing food waste. Our partnership aims to empower communities and drive sustainable change within the global food industry. This investment was made through a syndication vehicle managed by Blisce.

The impact of the Silicon Valley Bank's failure on Sofina's portfolio is minimal, further to the announcement from the US authorities of various measures to strengthen the US banking system, including the protection of deposits with Silicon Valley Bank and HSBC's takeover of its UK subsidiary. Sofina itself has no direct exposure to Silicon Valley Bank.



Internal activities

Engaging with our shareholders and investors

We were pleased to welcome our shareholders in person during our **Annual General Meeting** that took place physically (with a webcasting) at our headquarters.

We organised **analyst meetings** after the issuance of our annual and half-year results and published voice-over presentations on these results on our website.

We had several meetings with **bondholders** and other **investors** throughout the year and participated to **investor presentations**¹.

We also issued our **ESG brochure**, a document that centralises and sets out our commitment to responsibly create lasting value as a long-term investor and details how our ESG approach is translated in our daily operations.



Team activities

All employees from our three offices could enjoy a company-wide **team building event** in October during which they spent time together and re-connected. This was the first full team offsite since Covid-19.

In line with our commitment to improve the diversity within our teams and pursue our efforts on inclusiveness, we held an interactive **diversity and inclusion workshop** to raise awareness on these themes.

In the framework of our efforts to create a supportive work culture, we also held a **well-being week** in November.



Our people

Sofina welcomed seven new team members in 2022 and 13 trainees in the Investment team, Finance team and ESG team. More information about the new team members is provided in the [Teams section](#) of this Annual report.



1. Relevant materials are available on www.sofinagroup.com/investor-relations/ir-presentations/

Engaging with our communities

We participated in many volunteering activities throughout the year. A group of colleagues participated to the Brussels Marathon to run and support [Farming For Climate](#), an organisation that helps to accelerate the agroecological transition of farmers in Belgium.



Sofina employees also spent time at the [Environmental Observatory](#) in Arlon to help preserve nature, [Les Arbres du Souvenir](#), a Belgian non-profit organisation which primary mission is to soothe the bereaved through reconnection with the forest and its sacredness, [Cuistots solidaires](#), which aims at feeding daily more than 350 refugees, and [KidSTART](#) in Singapore by delivering dry food packages to families in need.



Finally, Sofina hosted [WAPA \(War-Affected People's Association\)](#) in its Brussels office during a two-days campaign.



As regards the conflict in Ukraine, Sofina supported [H.U.K.](#), a Luxembourgish non-profit association and [BEforUkraine](#), a Belgian non-profit organisation. Four employees participated in the convoy that drove the ambulances to the Ukrainian border. Two refrigerated trucks were also sent to Ukraine after having been refurbished with the sponsorship of Sofina, its family shareholders and Groupe Petit Forestier, a portfolio company.



The **Sofina Covid Solidarity Fund**, a EUR 20+ million fund launched to address the adverse consequences of the global Covid-19 pandemic in Healthcare and Education, initiated an independent impact analysis to assess the concrete actions carried out by those projects.

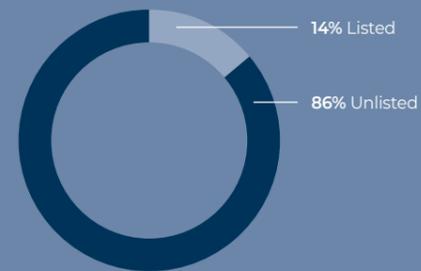


Sofina Direct

BREAKDOWN OF THE PORTFOLIO¹ BY GEOGRAPHIC REGION



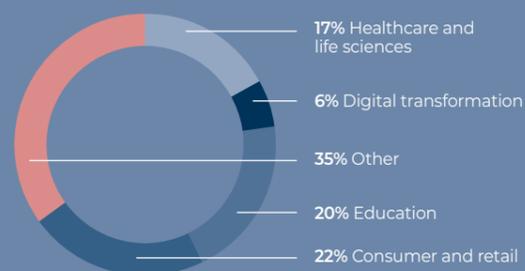
BREAKDOWN OF THE PORTFOLIO¹ BETWEEN LISTED AND UNLISTED INVESTMENTS



Long-term minority investments

<p>Minority stakes in private and listed companies</p> <p>Taking account of Environmental, Social and Governance criteria in our investment decisions</p>	<p>Patient capital and reference shareholder with a long-term horizon to create sustainable value</p> <p>Flexible approach seeking alignment with trusted partners</p>	<p>31% of the portfolio in transparency¹</p> <p>Companies mainly in Europe with global exposure</p>	<p>Investment size between EUR 100 million and EUR 300 million</p> <p>In partnership with entrepreneurs and families for 60 years</p>
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BREAKDOWN OF THE PORTFOLIO¹ BY SECTOR



PORTFOLIO EVOLUTION

2022 ACTIVITY	IN M EUR	# COMPANIES
Investments (new and follow-on)	53	3
Divestments (partial and full)	305	1
Portfolio at 31/12/2022	2,797	26

1. Based on the fair value of the Sofina group's investments as at 31 December 2022 (portfolio in transparency).

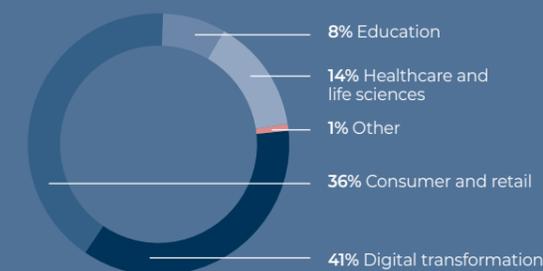
“At Everdrop, we are tremendously grateful to have Sofina as our trustworthy partner. With their invaluable experience and long-term focus, they are a most supportive companion on our mission to bring sustainable living to even more people in more international markets.

Chris Becker and David Löwe, co-founders, Everdrop

Sofina Growth

<p>Minority stakes in private and listed companies</p> <p>Taking account of Environmental, Social and Governance criteria in our investment decisions</p>	<p>Patient capital and reference shareholder with a long-term horizon to create sustainable value</p> <p>Flexible approach seeking alignment with trusted partners</p>	<p>22% of the portfolio in transparency¹</p> <p>High-growth sectors with a global approach</p>	<p>Investment size between EUR 20 million and EUR 100 million</p> <p>First investment in 2010</p>
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BREAKDOWN OF THE PORTFOLIO¹ BY SECTOR



PORTFOLIO EVOLUTION

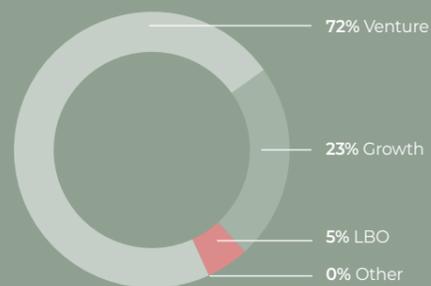
2022 ACTIVITY	IN M EUR	# COMPANIES
Investments (new and follow-on)	519	22
Divestments (partial and full)	104	5
Portfolio at 31/12/2022	1,962	52

Sofina Private Funds

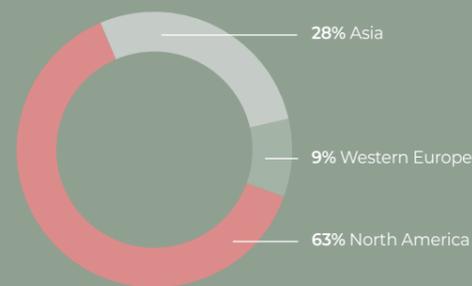
Investments in venture and growth capital funds

<p>Mainly venture and growth capital funds</p>  <p>Taking account of Environmental, Social and Governance criteria in our investment decisions</p> 	<p>Long-term partner across cycles</p>  <p>~80 core General Partners</p> 	<p>47% of the portfolio in transparency²</p>  <p>Active in the US, Asia and Europe</p> 	<p>Equity commitment between EUR 5 million and EUR 50 million</p>  <p>First investments in 1978</p> 
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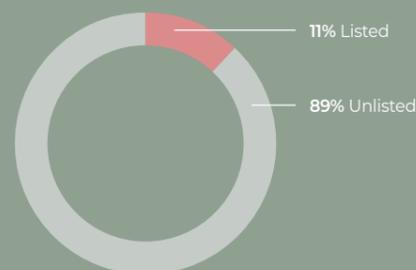
BREAKDOWN OF THE PORTFOLIO² BY STRATEGY



BREAKDOWN OF THE PORTFOLIO² BY GEOGRAPHIC REGION



BREAKDOWN OF THE PORTFOLIO² BETWEEN LISTED AND UNLISTED INVESTMENTS³

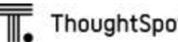


2. Based on the fair value of the Sofina group's investments as at 31 December 2022 (portfolio in transparency).
3. Estimated based on available information provided by the General Partners.

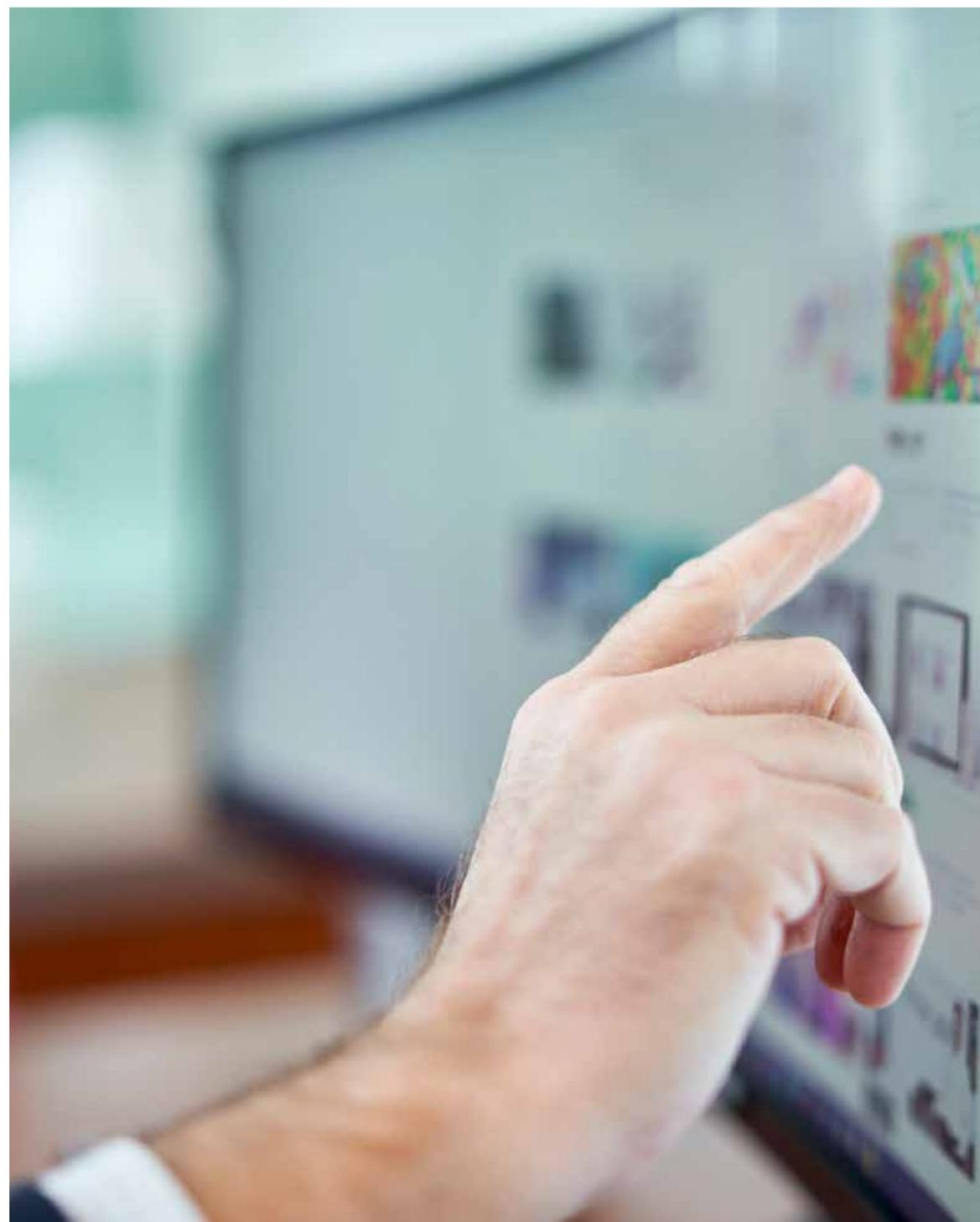
Selected portfolio companies in our sectors of focus

Sector knowledge is paramount. We have teams focusing on our four preferred sectors with the belief, in line with our mission, that these sectors are well positioned to contribute to global growth, development and innovation.

We have gathered significant industry expertise and investment experience in those areas across our investment styles. This knowledge, alongside our partners' industry experience, enables us to support the growth of our portfolio companies.

 CONSUMER AND RETAIL	 DIGITAL TRANSFORMATION	 EDUCATION	 HEALTHCARE AND LIFE SCIENCES
        	  GRAPHCORE     Typeform 	 COGNITA    	        

Investments Overview



Sofina Direct – Long-term minority investments¹



CONSUMER AND RETAIL

- Belgium
- 2022
- www.biobestgroup.com

Biobest* is a global leader in biological crop protection and natural pollination.



DIGITAL TRANSFORMATION

- Belgium
- 2022
- www.collibra.com

Collibra*, "the" data intelligence company, helps organisations to unlock the value of their data and turn it into a strategic, competitive asset.



DIGITAL TRANSFORMATION

- Spain
- 2020
- www.saltosystems.com

SALTO Systems* is a global leader in the development and production of leading-edge electronic access control solutions, particularly in sectors where security is critical.



CONSUMER AND RETAIL

- France
- 2019
- www.nuxe.com

In 30 years, pioneering French brand **NUXE*** became the reference player in natural cosmetology in France.



CONSUMER AND RETAIL

- Belgium
- 2019
- www.drylocktechnologies.com

Drylock Technologies* is a family-owned manufacturer of personal hygiene products.



COGNITA

EDUCATION

- United Kingdom
- 2019
- www.cognita.com

Cognita* is a global K-12 schools platform (from kindergarten to high school).



¹ In general, companies in which Sofina holds, directly or indirectly, a participating interest whose fair value exceeds EUR 5 million are subject to a notice. The classification of the notices follows the chronological order of the date of the initial investment made by Sofina (from the most recent to the oldest). The country of the main or historical headquarters of each investment is indicated in the respective notice. The sector of focus in which each investment is classified is also mentioned in the notice.
* Sofina is represented in the decision-making bodies of the company.



OTHER

- United States
- 2018
- www.cambridgeassociates.com

Cambridge Associates* is an investment firm helping its clients build custom portfolios.



OTHER

- United States
- 2016
- www.firsteagle.com

First Eagle Investment Management^o acts as an independent investment management firm, providing investment advisory services.



THG

CONSUMER AND RETAIL

- United Kingdom
- 2016
- www.thg.com

THG*^A is an international technology company focused on digital retail in the beauty and well-being sectors.



HEALTHCARE AND LIFE SCIENCES

- France
- 2018
- www.biotech-dental.com

Biotech Dental* is a European dentistry leader offering exclusive digital products and services.



CONSUMER AND RETAIL

- France
- 2016
- www.veepee.fr

Veepee* is the European leader in online event sales and the expert in clearance sales for major brands.



EDUCATION

- India
- 2016
- www.byjus.com

Byju's^o is a leading provider of online educational content and an operator of tuition and test preparation centers.



OTHER

- United States
- 2014
- www.merieuxnutrisciences.com

Mérieux NutriSciences*^o offers analysis and support services for the development of new products with the aim of preventing health risks related to food.



HEALTHCARE AND LIFE SCIENCES

- France
- 2009
- www.biomerieux.com

bioMérieux*^A is a global leader in in vitro diagnostics and provides diagnostics solutions that improve patient health and ensure consumer safety.



CONSUMER AND RETAIL

- France
- 2007
- www.chapoutier.com

Chapoutier* is one of the leading wine producers in the Rhône Valley with presence in other regions. The Maison Chapoutier is a leader in biodynamic viticulture.



OTHER

- France
- 2012
- www.gl-events.com

GL events*^A is a key player in the three major events markets: congresses and conventions; cultural, sporting, institutional or political events; trade shows and exhibitions.



OTHER

- France
- 2007
- www.petitforestier.com

Groupe Petit Forestier* is the European leader in refrigeration rentals, including vehicles, cabinets, and containers.



OTHER

- Luxembourg
- 1992
- www.luxempart.lu

Luxempart*^A is an investment company listed on the Luxembourg Stock Exchange managing a portfolio of listed and non-listed holdings.



* Sofina is represented in the decision-making bodies of the company.
^o Sofina has an observer seat in the decision-making bodies of the company.
^A Listed company.

Sofina Growth²



DIGITAL TRANSFORMATION

- China
- 2016
- www.bytedance.com

ByteDance³ is a global internet and technology company with leading products in areas such as social networking, content distribution, enterprise software and gaming.



Valuation method

Sofina values its holding in SC China Co-Investment 2016-A on the basis of the market multiples valuation method with an illiquidity discount.

Investment history

In 2016, Sofina took a minority stake in **ByteDance** through a special purpose vehicle (SC China Co-Investment 2016-A, L.P.) alongside other investors. It is also exposed to the asset through several partnerships at Sofina Private Funds level.

INTERNATIONAL PRESENCE IN

150+

COUNTRIES

1.9 bn

MONTHLY ACTIVE USERS GLOBALLY

Founded in 2012 and headquartered in Beijing, ByteDance is a global internet and technology company active in more than 150 countries. The company offers a portfolio of leading consumer apps including Douyin (short video platform in China), Toutiao (news aggregator and content discovery platform in China), Xigua Video (live streaming and video sharing platform in China), Lark (global digital collaboration product), and TikTok (short video platform outside of China).

Initially focused on the Chinese market, its international expansion was accelerated from 2018 after merging its nascent product TikTok with Musical.ly (acquired in 2017). ByteDance currently also operates a diverse set of products across six business units in areas such as enterprise software, gaming and education.

Driven by the success of Douyin and TikTok, ByteDance has grown at a rapid pace in recent years. According to public sources, 2021 and Q1 2022 revenue reached USD 61.7 billion (up 80% year-over-year) and USD 18.3 billion (up 54% year-over-year) respectively. At the same time, the company's revenue base has diversified away from its traditional stronghold in digital advertising to e-commerce, live streaming and other new initiatives. Although ByteDance continues to enjoy attractive prospects, it also faces the impact of global macroeconomic conditions which have slowed the recent growth of other internet players.

Today, ByteDance operates globally with a growing international presence while China remains its largest market. It also continues to navigate the complex regulatory landscape in major markets including the United States and China.

2. In general, companies in which Sofina holds, directly or indirectly, a participating interest whose fair value exceeds EUR 5 million are subject to a notice. The classification of the notices follows the chronological order of the date of the initial investment made by Sofina (from the most recent to the oldest). The country of the main or historical headquarters of each investment is indicated in the respective notice. The sector of focus in which each investment is classified is also mentioned in the notice.

3. ByteDance represents more than 5% of the fair value of the portfolio in transparency as at 31 December 2022 (when taking into account our combined holdings through Sofina Direct and Sofina Private Funds). As a result, additional information is provided for this holding in this Annual report. Source of the picture used in this notice: ByteDance.



CONSUMER AND RETAIL

- Germany
- 2022
- www.everdrop.de

Everdrop* is a purpose-driven, eco-friendly household product and personal care brand enabling people to live a more sustainable lifestyle.



EDUCATION

- Germany
- 2022
- www.coachhub.com

CoachHub* is a B2B online platform designed to provide personalised business coaching globally for large enterprises and mid-market companies.



EDUCATION

- India
- 2022
- www.skillmaticsworld.com

Skillmatics* is a global brand dedicated to developing learning and play experiences for children of all ages.



CONSUMER AND RETAIL

- Czech Republic
- 2022
- www.rohlik.group

Rohlik* is a leading online grocery business with the vision to elevate food quality and service standards in the grocery industry.



HEALTHCARE AND LIFE SCIENCES

- United Kingdom
- 2022
- www.birdie.care

Birdie* is a home healthcare technology company that aims to reinvent care at home and radically improve the lives of millions of older adults.



HEALTHCARE AND LIFE SCIENCES

- United States
- 2022
- www.vizgen.com

Vizgen^o is a life science company that develops technologies able of mapping spatial genomic information at single-cell resolution to better understand diseases and develop novel therapies.



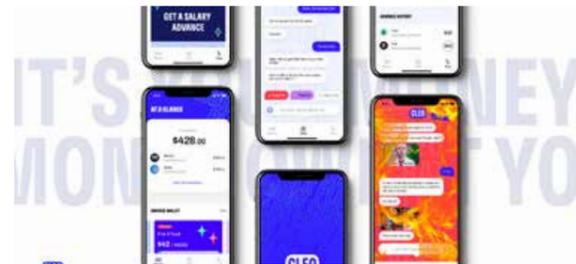
* Sofina is represented in the decision-making bodies of the company.
^o Sofina has an observer seat in the decision-making bodies of the company.



DIGITAL TRANSFORMATION

- United Kingdom
- 2022
- www.meetcleo.com

Cleo* is the AI that is fighting for the world's financial health.



Typeform

DIGITAL TRANSFORMATION

- Spain
- 2022
- www.typeform.com

Typeform* develops a cloud-based web application designed to offer engaging and conversational online forms.



CONSUMER AND RETAIL

- France
- 2021
- www.ankorstore.com

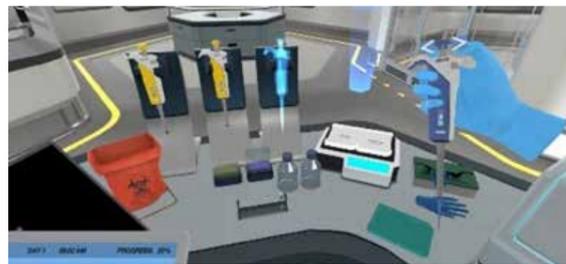
Ankorstore is a leading marketplace that connects brands and creators with shops all over Europe.



EDUCATION

- Denmark
- 2022
- www.labster.com

Labster° is the world's leading platform for virtual labs and science simulations.



HEALTHCARE AND LIFE SCIENCES

- China
- 2021
- www.zgbiotech.com

ZhenGe Biotech° is a biologics contract development and manufacturing organisation supporting the development and manufacturing of drugs from the pre-clinical stage to commercial-stage manufacturing.



CONSUMER AND RETAIL

- China
- 2021
- www.moodylenses.com

Moody° is a leading coloured contact lenses brand in China.



CONSUMER AND RETAIL

- Indonesia
- 2021
- www.lemonilo.com

Lemonilo*° is a brand focused on providing healthier food alternatives to Indonesian consumers.



CONSUMER AND RETAIL

- Germany
- 2021
- www.sellerx.com

SellerX* is building a portfolio of next generation brands that touch people's everyday lives.



CONSUMER AND RETAIL

- India
- 2021
- www.agrevolution.in

DeHaat*° is an AgTech player offering end-to-end solutions and services to the farming community in India.



DIGITAL TRANSFORMATION

- United Kingdom
- 2021
- www.tessian.com

Tessian's mission is to secure the human layer.



CONSUMER AND RETAIL

- China
- 2021
- www.petkit.com

PETKIT* is a fast-growing pet care company in China.



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 ° Sofina has an observer seat in the decision-making bodies of the company.



HEALTHCARE AND LIFE SCIENCES

- United States
- 2021
- www.twinhealth.com

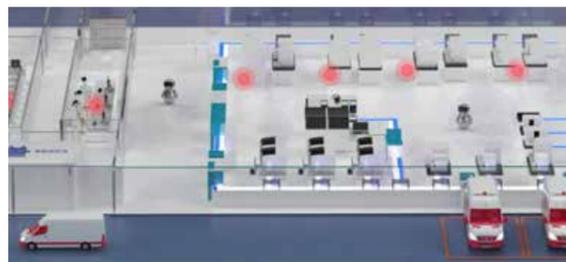
Twin Health is the developer and provider of the AI-powered Whole Body Digital Twin™ which provides individualised nutrition, sleep, activity and breathing guidance for the reversal and prevention of chronic metabolic diseases.



HEALTHCARE AND LIFE SCIENCES

- China
- 2021
- www.reetoo.com

ReeToo is an innovative China-based in vitro diagnostics company.



CONSUMER AND RETAIL

- The Netherlands
- 2021
- www.ridedott.com

Dott is a micromobility company operating a fleet of shared e-scooters and e-bikes.



CONSUMER AND RETAIL

- Turkey
- 2021
- www.getir.com

Getir is an on-demand inventory led online grocer.



CONSUMER AND RETAIL

- India
- 2021
- www.mamaearth.in

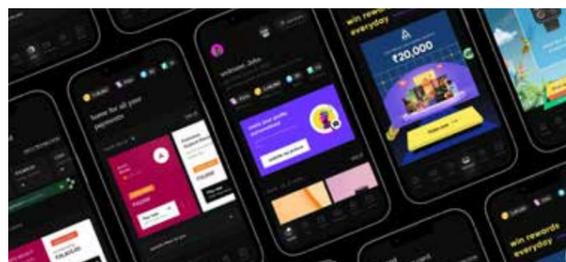
Mamaearth is an online-first certified toxin-free baby and personal care brand in India.



DIGITAL TRANSFORMATION

- India
- 2021
- www.cred.club

CRED is a credit card bill payment platform.



EDUCATION

- India
- 2020
- www.k12technoservices.com

K12 Techno Services is an educational services platform which provides a suite of services including academic support, administration, and technology solutions.



CONSUMER AND RETAIL

- China
- 2020
- www.qinghotel.com

Qingzhu is an asset-light, tech-enabled economy hotel chain in China.



CONSUMER AND RETAIL

- India
- 2019
- www.lenskart.com

Lenskart is a leading eyewear manufacturer and retailer in India.



CONSUMER AND RETAIL

- Indonesia
- 2020
- www.kopikenangan.com

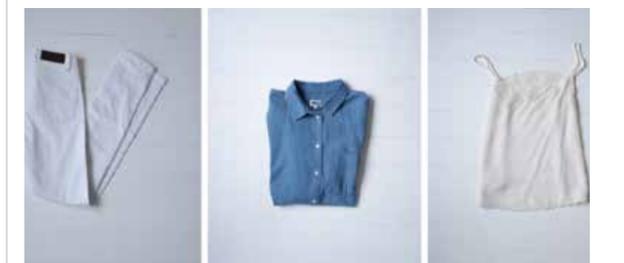
Kopi Kenangan is a fast-growing Indonesian grab-and-go coffee chain which offers fresh affordable coffee to consumers.



CONSUMER AND RETAIL

- Lithuania
- 2019
- www.vinted.com

Vinted is Europe's largest online marketplace dedicated to second-hand fashion.



DIGITAL TRANSFORMATION

- India
- 2019
- www.verse.in

VerSe Innovation is a technology platform that delivers personalised content to users based on their preferences.



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 ° Sofina has an observer seat in the decision-making bodies of the company.

GRAPHCORE

DIGITAL TRANSFORMATION

- United Kingdom
- 2018
- www.graphcore.ai

Graphcore[®] designs microprocessors for artificial intelligence applications.



CONSUMER AND RETAIL

- China
- 2018
- www.censh.com

Xinyu is the largest watch retailer and wholesaler in China.



DIGITAL TRANSFORMATION

- United States
- 2017
- www.thoughtspot.com

ThoughtSpot is the Modern Analytics Cloud company.



HEALTHCARE AND LIFE SCIENCES

- Germany
- 2016
- www.opseo-intensivpflege.de

opseo Intensivpflege is a company active in the ambulatory healthcare sector.



HEALTHCARE AND LIFE SCIENCES

- China
- 2018
- www.aohua.com

Aohua^A is one of the leading Chinese endoscopy equipment and consumables manufacturers.



CONSUMER AND RETAIL

- India
- 2018
- www.bira91.com

Bira 91[®] is an Indian beer brand.



HEALTHCARE AND LIFE SCIENCES

- China
- 2016
- www.jiahui.com

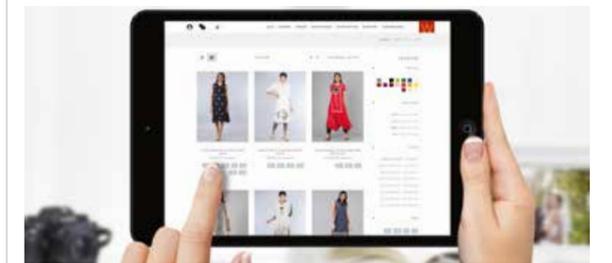
Carebridge[®] is an integrated healthcare services network which differentiated itself by the quality of its services and its impact in clinical care, clinical research, and professional training.



CONSUMER AND RETAIL

- India
- 2016
- www.wforwoman.com

TCNS Clothing Company is India's leading women's apparel company.



HEALTHCARE AND LIFE SCIENCES

- United States
- 2018
- www.grandrounds.com

Included Health is a diversified healthcare platform which partners with employers across the US to provide care to employees and their families.



HEALTHCARE AND LIFE SCIENCES

- India
- 2017
- www.medgenome.com

MedGenome[®] is a genomic-driven diagnostics and research company.



DIGITAL TRANSFORMATION

- India
- 2016
- www.actcorp.in

ACT is a broadband internet and cable TV provider in India.



DIGITAL TRANSFORMATION

- India
- 2015
- www.pinelabs.com

Pine Labs[®] is a provider of innovative IT solutions for the payments ecosystem.



* Sofina is represented in the decision-making bodies of the company.
 ° Sofina has an observer seat in the decision-making bodies of the company.
 ^ Listed company.

1&DIBS

CONSUMER AND RETAIL

1stdibs^A operates an online marketplace for luxury items.

- United States
- 2015
- www.1stdibs.com



CONSUMER AND RETAIL

Hector Beverages^o is a producer of traditional Indian beverages and foods.

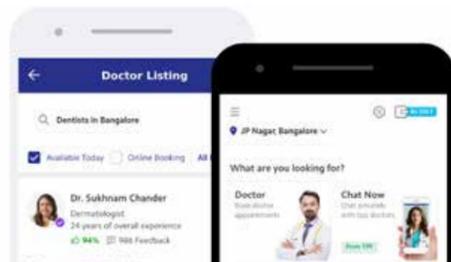
- India
- 2015
- www.paperboatdrinks.com



HEALTHCARE AND LIFE SCIENCES

Practo^o is a technology company for the healthcare industry.

- India
- 2015
- www.practo.com



DIGITAL TRANSFORMATION

IHS Towers^A is an owner, manager and independent operator of shared telecommunications infrastructure.

- Nigeria
- 2014
- www.ihstowers.com



^o Sofina has an observer seat in the decision-making bodies of the company.
^A Listed company.

Sofina Private Funds

INVESTMENTS IN VENTURE AND GROWTH CAPITAL FUNDS

Selected GPs based in the US or with global footprint

Selected GPs based in Asia

Selected GPs based in Europe

“GGV’s vision is to fuel the dream of entrepreneurs and our mission is to be their partner of choice globally. Since 2000, we have been fortunate to work with long-term partners who hold deep synergies with our global thesis to capture the profound impact of digitisation across tech sectors. We are proud to call Sofina not only a strong partner of our funds since 2016, but also a meaningful collaborator on an increasing number of investments first in China, and now with a widened geographic scope across the US, Europe, and Asia – a truly global partnership. Over the years, our partners and CEOs have appreciated the quality, consistency, and depth of our interactions with the knowledgeable and thoughtful Sofina team, and we look forward to deepening our collaboration in the years to come.

Jenny Lee, managing partner, GGV Capital

History and description

Since the late 70’s, Sofina has supported private funds managers, focusing on venture capital and growth equity.

The investment activity of this type of funds can be summarised as follows: in most cases, investments take the form of fixed-term partnerships of 10 to 12 years that are managed by specialised teams (the “Managers”, or “GPs”). The latter raise funds from professional investors such as Sofina, who undertake to fund them in capital for an amount defined at the time of subscription.

Managers generally have a period of five or six years to find investments corresponding to their preferred strategy and progressively call the committed capital made available to them. Each time an investment is completed, the proceeds are distributed to investors and the Managers receive an incentive (“carried interest”) when a capital gain is realised.

In practice

Over the past fifteen years, Sofina Private Funds has become a formalised investment activity, representing 47% of the group’s portfolio in transparency. Each year, new commitments are made in the funds raised by different Managers. The amount of the annual commitment has increased gradually to ensure vintages diversification through cycles and reflect the global markets growing activity.

The activity is managed by an Investment team with experience in the field, with members in all of Sofina’s offices and reinforced by support teams. The team seeks to build a balanced portfolio by developing a proactive business approach to access the most exclusive funds. Like Long-term minority investments and Sofina Growth strategies, Environmental, Social and Governance criteria are taken into account in the decision-making process of Sofina Private Funds.



“Since we met Sofina and began to work together in 2018, we have been struck by their approach to long-term partnerships and alignment of values. It is rare in building any business, nevermind a venture capital business from Europe, to find a partner who brings high-quality entrepreneurial insights and constructive operational feedback to the table while supporting the long-term evolution of your business. We are thrilled to be working with such a high-quality, high-integrity team that shares our mission of backing founders from the seed stage at LocalGlobe to IPO and beyond.

Saul Klein, co-founder, Phoenix Court Group

Breakdown by strategy

Sofina Private Funds portfolio has always favoured venture capital and growth equity funds, mostly because of the risk-return profile of their strategy and their resonance with Sofina’s DNA. These funds are generally invested in companies where founders are still shareholders and present in management, unlike acquisition targets where financial investors take control of the company (“LBO”). This bias explains the current exposure of the Sofina Private Funds portfolio to those strategies.

Strategy at 31/12/2022 (in m EUR)	Portfolio fair value ¹		Residual commitments	
Venture capital	3,075	72%	830	62%
Growth equity	1,002	23%	422	32%
LBO	216	5%	72	5%
Other strategies	9	0%	12	1%
TOTAL	4,302	100%	1,336	100%

Breakdown by geographic region

The United States remain the most developed market for venture capital and growth equity funds, as reflected in Sofina Private Funds portfolio with a relatively high exposure to this region (63% in 2022).

To further diversify its geographic footprint and capitalise on high-growth sectors and regions, Sofina Private Funds’ exposure to Asia has gradually increased. Sofina can thus benefit from the trends identified by its Managers in this region: growth of the middle class, rapid urbanisation, and younger population.

The Sofina Private Funds portfolio continued to strengthen in European venture capital and growth equity funds, thus aligning with the group’s strategy.

In addition, by focusing on venture capital and growth equity funds as well as the geographical footprint of its portfolio, Sofina benefits from global exposure to its sectors of focus: Consumer and retail, Digital transformation, Education and Healthcare and life sciences.

Geographic region at 31/12/2022 (in m EUR)	Portfolio fair value ¹		Residual commitments	
North America	2,711	63%	778	58%
Western Europe	407	9%	191	14%
Asia	1,184	28%	367	28%
TOTAL	4,302	100%	1,336	100%

1. Based on the fair value of the Sofina group’s investments as of 31 December 2022 (portfolio in transparency).

Concentration by Manager

Over the last decade, Sofina Private Funds portfolio concentration has decreased, even though the top 20 Managers still represent more than 50% of this portfolio. Moreover, while Sofina rigorously monitors the performance of its Managers, its policy is to maintain long-term relationships with them.

Currently, the main Managers are Andreessen Horowitz, Atomico, Bain, Battery, DST, General Atlantic, GGV, Iconiq Capital, Insight Partners, IVP, Lightspeed, NEA, Sequoia Capital, Source Code, Spark, TA Associates, Thoma Bravo, Thrive, Tiger Global, and Venrock.

PORTFOLIO EVOLUTION²

(in m EUR)	2022	2021
Fair value at 1 January	5,253	3,458
Investments (called capital)	445	629
Distributions ³	-788	-815
Other fair value variation	-608	1,981
Fair value as at 31 December	4,302	5,253

“ The Sofina team has been a great limited partner and syndication partner for ARCH in life science investing. The team has deep sector knowledge, gets up to speed quickly and has a solid understanding of the entrepreneurial management processes that drive value creation. The Sofina team also has a great network which has added value in recruiting top talent, partners and customers to portfolio companies.

Keith Crandell, co-founder and managing director, ARCH Venture Partners

² Based on the fair value of the Sofina group's investments as at 31 December 2022 (portfolio in transparency).

³ Includes the proceeds from the secondary sale of a portion of non-core investments.

Key success factors

The rationale of launching and developing the Sofina Private Funds activity is now proven by the performance of the portfolio. These performances are mainly driven by the growth of the portfolio companies.

Access to the best performing Managers is one of the key portfolio success factors. These Managers are courted and the funds they raise are generally oversubscribed. Sofina's profile and long-term vision, the stability of its team and its commitment program, its experience in the sector, its network, and the credibility of its performance, are the key success factors in getting access to these renowned Managers.

However, Sofina is constantly reassessing these relationships. This applies both to the best who might face challenges such as changes in the team, and to promising Managers gradually becoming references in their sectors. The team is also regularly in contact with emerging Managers to identify early those who will be able to outperform their peers in the future.

2022 market environment

UNITED STATES

While favourable economic conditions characterised the year 2021, the 2022 industry dynamics have been different for US venture capital and growth equity funds. The dry powder has reached an all-time high this year due to a strong 2021 fundraising activity, but capital deployment has been slower. Market confidence was challenged by the public market downturn, mainly impacting the technology sector, soaring inflation cutting into consumption, higher interest rates contracting valuations, geopolitical uncertainties, and global supply chain disruptions.

The new narrative also caused the retreat of crossover and large non-traditional investors that have flooded the venture capital market in recent years. The largest deals in the market had been mostly reliant on capital from these investors. With now less capital available, the number of new unicorns has dropped in 2022. While the pressure on seed and venture capital has been limited, the financing of late-stage companies is being further impacted by fewer exit opportunities. In those conditions, the best performing Managers stand out with resilience, leveraging their ability to select quality assets and being disciplined in capital efficiency rather than growth at all costs.



ASIA

Just as with developed markets, the global growth slowdown and elevated inflation were similarly experienced in Asia albeit to a smaller extent. This has also led to the decrease in investment activity, with investors expecting private market valuations to further correct in 2023. In the big picture, this represents a return to normality after investment value in 2021 almost doubled from the annual average from 2019-20. However, the dynamics underpinning each region differ significantly.

In China, the unpredictable macroeconomic, geopolitical and regulatory environment continued to deter private fund activity. This was exacerbated by reduced exit activity offshore due to subpar capital market conditions as well as ongoing discussions between the US and China on Public Company Accounting Oversight Board (PCAOB) issues. Onshore capital markets stepped in partially to fill the gap, and show promise to become a viable exit channel for international investors going forward. Towards the end of the year, there have been positive signs that the Chinese government was prepared to exit its strict zero Covid-19 policy, what eventually materialised early 2023.

Southeast Asia continues to be a bright spot attracting capital inflows from international investors. While fundraising and valuation levels have dipped as compared to 2021 levels, wider macroeconomic indicators and digital penetration growth remain resilient.

The negative impact of the challenging macro-economic climate in Europe and the US should not blind us to the fact that certain geographies, in particular India, enjoyed a happy convergence of having emerged from the worst of the pandemic while facing less exposure to the global economy. They continued on an accelerated path of internally driven economic growth, while seizing the opportunity of supply chain relocations to offer alternative global manufacturing hubs.

EUROPE

Despite markets tribulations across economies and global corrections, the European market has been resilient with capital invested remaining broadly on pace with 2021. Non-traditional investors have continued to participate in European venture capital rounds, as well as US investors pursuing deals at lower valuations. However, bullish forecasts from the Covid-19 pandemic have been recalibrated and securing capital has become challenging across the financial spectrum with valuation haircuts and down rounds reported in 2022. In general, the UK, France, Germany, and the Nordics remain the most dynamic regions. Several sectors have been slowing down, especially technology and consumer, while healthcare has remained strong.

Outlook

Private markets are in a period of transition to adapt to the volatile market environment. Macroeconomic worries, high inflation, and rising interest rates have caused contractions of multiples. The cost of capital has increased, affecting appetite for risk and valuations of high growth assets. Seed and early-stage investing has remained active, while late-stage and technology-growth investing slowed down as it is more correlated to public markets.

The value of Sofina Private Funds' exposure to technology companies might be affected in the short term by the sector pricing adjustment in the public markets. The trend should however be mitigated by the quality of the underlying portfolio companies and the strength of the secular themes supporting their performance over an extended horizon.

Our Managers are guiding their portfolio companies to weather the cycle. Venture capital valuations and investment terms have begun to reflect the public markets, opening opportunities for patient market participants in the innovation economy.

Access to top performing firms will likely remain difficult and Sofina can rely on its privileged position to continue building long-term partnerships with the most successful Managers.



ESG

Purpose & Patience, our two guiding principles in our investments, also apply to Sofina's approach towards Environmental, Social and Governance ("ESG") matters. As a long-term minority investor, Sofina builds relationships with partners who share our values and seek to ensure the sustainability of their businesses through sound governance principles, attention to human capital and its environmental footprint, and an emphasis on ensuring their business has a positive impact on the UN Sustainable Development Goals (the "UN SDGs")¹.



“The commitment to responsibly create enduring value lies at the heart of Sofina's culture. Our role as a long-term shareholder and investor is to foster sustainable growth.

Anja Langenbacher,
Chair of the ESG Committee



“As a signatory of the United Nations Principles of Responsible Investment, we want to contribute to a more sustainable economy. Our commitment is for our portfolio as a whole to show constant progress on ESG performance and our conviction is that sustainability is a lever for long-term value creation.

Harold Boël,
Chief Executive Officer

The principles underpinning ESG have long been at the heart of Sofina's strategy. Sofina formalised them through six principles and beliefs (set out below) which constitute the compass of its ESG journey.

Our principles and beliefs



SUSTAINABLE GROWTH

The commitment to create enduring value lies at the heart of Sofina's culture. Our role as a long-term shareholder and investor is to foster sustainable growth. We believe that assessing the effect of our actions and those of our portfolio companies on all dimensions of society and environment, as well as positively impacting our communities, is the foundation of any sustainable value creation.



RISK REDUCTION AND VALUE CREATION

ESG issues are and will continue to be one of the defining challenges of this decade. This challenge, much like those before it, presents risks and opportunities. We aim to mitigate the former and embrace the latter as we believe that giving attention to ESG issues reduces risk and creates value, while having a positive impact on society.



FOR ALL STAKEHOLDERS

We believe there is no trade-off between investment returns and responsible investment. We are also convinced that to achieve sustainable returns, we need to grow the value our activities bring to all our stakeholders.



A PROCESS AND A PATH

Maximisation of the impact of our business for our stakeholders is a continuous process and a path, more than a destination to be reached. Our commitment is to follow the path and to progress. We will therefore report our achievements on a yearly basis and commit to positive change.



RECOGNITION AND RESPECT OF DIFFERENCES

As a global investor, we recognise that ESG issues though relevant globally, will not find the same expression in the regions and sectors in which we are active. Our approach will recognise and respect these differences, whilst our commitment to progress will remain the same.



INSPIRATION FOR OUR PORTFOLIO

Our ESG commitments are also a commitment made by each and every one working at Sofina. We believe that Sofina must act on ESG matters and be an inspiration for our portfolio companies active in sectors in which incorporating ESG considerations in decision-making is more challenging.

1. UN Sustainable Development Goals - set of 17 Sustainable Development Goals set out by the United Nations - sdgs.un.org/goals

Approach

Stakeholder engagement

At Sofina, we recognise the importance of considering the interests, needs, and concerns of our stakeholders and strive to find a balance between the different groups presented below.



Engaging with our stakeholders on a regular basis allows us to understand their perspectives, answer their questions, gather their feedback, share information on our activities and strategy and take all necessary actions accordingly to build long-term relationships and create long-term value for them and the Company. Sofina's approach towards stakeholders' engagement is based on transparency, open communication and listening, bearing in mind that the manner we interact with our various stakeholders depends on the group they belong to:

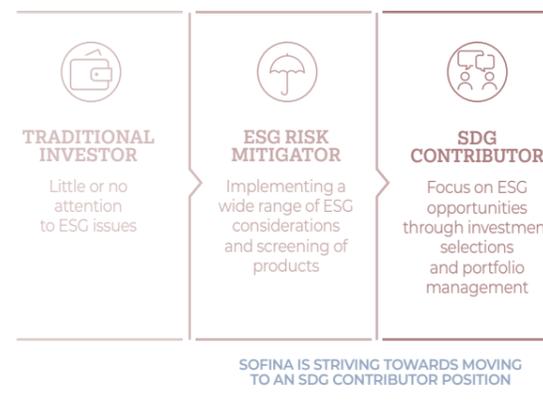
- **Employees:** the limited size of the headcount allows an engagement made in the framework of day-to-day relationships, dialogues, meetings and team events (in wider or smaller groups);
- **Reference Shareholder:** meetings of the Board of Directors and its Committees and interactions with the CEO and the Chair of the Board;
- **Shareholders, bondholders and investors:** shareholders' meetings, investor presentations (incl. on the annual and half-year results) including a Q&A session;
- **Analysts:** meetings held after the issuance of the Annual report and Half-year report and ad hoc interactions;
- **Portfolio companies:** meetings of their decision-making organs, shareholders' meetings and interactions with their management;
- **Investment partners and General Partners:** business meetings, attendance at shareholders' meetings and ad hoc interactions;
- **Communities:** direct engagement through active participation in volunteering activities.

Two-fold approach towards ESG matters

As an investment company, Sofina has adopted a two-fold approach towards ESG matters: as an investor and as a company (i.e. considering its operations).

SOFINA AS AN INVESTOR

We intend to continuously make progress on our path to move from a position of only tackling ESG considerations from a risk management perspective to becoming a contributor to the SDGs.



This translates into our investment decision-making and strategy as follows:

- **As an investor,** we target investments in companies active in Sofina's four sectors of focus and which have a positive impact on the SDGs, either (i) on the "What" dimension, i.e. through their products or services they offer and/or (ii) on the "How" dimension, i.e. through the way they operate. At the level of Sofina Private Funds, Sofina targets General Partners that incorporate ESG into their investment strategy and operations.
- **As an owner,** we engage with our portfolio companies to encourage and support them in their journey to improve ESG performance and contribution to the SDGs. This can include providing ESG expertise and guidance, as well as advocating for the adoption of the best business ethics and governance practices. This engagement is further illustrated in the sustainability roadmaps that certain of our portfolio companies are developing.

SOFINA AS A COMPANY

Sofina tackles ESG considerations as a company with an equal focus on the environmental, social and governance aspects. In this respect, we take many initiatives to be sustainable, to minimise as far as possible our environment footprint and to have a positive impact on our communities and stakeholders.

To frame this ambition, we focus on:



BEL ESG index

Sofina is member of the BEL ESG index launched by Euronext Brussels on 15 February 2023 with the aim at identifying and tracking the companies within the BEL 20 and the BEL Mid indices that have demonstrated the best ESG practices. The BEL ESG index is according to Euronext "designed to facilitate the adoption of mainstream ESG investment solutions by investors". For the index market data, Euronext has partnered with Sustainability, a leading global provider of ESG research, ratings and data that provides the ESG assessment of the selected companies.





ESG governance and team

Sofina's governance relating to ESG matters has evolved over the years. At management level, it evolved from working groups dedicated to specific topics such as the reduction of our carbon footprint, electricity, gas and paper consumption, employee well-being and volunteering activities to the creation of an ESG Core Team. At Board level, the Board oversight started with periodic presentations, with some topics being discussed more in-depth by an ESG Board workshop and has moved towards an ESG Committee created in November 2021.



BOARD OF DIRECTORS

- Review of Sofina's strategic direction, including ESG;
- Oversight on the implementation of the ESG strategy and reporting in this area.



ESG COMMITTEE

- Established by the Board of Directors in November 2021;
- Chaired by Anja Langenbucher, composed of five Board members, including the CEO and three independent Directors;
- Responsible for making recommendations on the ESG strategy to the Board and ensuring its integration into the overall strategy of the Sofina group;
- Supervises the identification, assessment, and management of ESG risks and opportunities;
- Monitors the ESG performance;
- Discusses Sofina's approach towards ESG reporting to our stakeholders.



EXECUTIVE COMMITTEE

- Supervises and monitors the ESG Core Team, including its recommendations on the ESG strategy;
- Ensures ESG matters are reflected in investment memorandums and incorporates ESG in Sofina's decision-making process.



ESG CORE TEAM

- Composed of members of management and lead by a member of the Executive Committee;
- Proposes the overarching ESG strategy of the Sofina group;
- Responsible for identifying, coordinating and monitoring the ESG initiatives carried out by working groups composed of members of the personnel;
- Supervises the implementation of the ESG frameworks and the sustainability roadmaps;
- Oversees the ESG communication and reporting.



GREEN COMMITTEE

- Composed of members of the personnel;
- Coordinates and monitors initiatives related to Sofina's involvement in communities, philanthropic activities, building effective teams and well-being of our employees;
- Monitors Sofina's carbon footprint (for our operations).

Environment

General

At Sofina, we attach great importance to our impact on the environment as a company and at the level of our portfolio companies. Firstly, climate change and degradation of the environment can lead to a range of negative impacts on society and the economy, including global warming, scarce resources and increased health risks. As an investment company, we feel Sofina has a responsibility to consider these impacts and to support efforts to address environmental challenges. In addition, it is important for portfolio companies to address environmental issues as this can affect their reputation, overall performance and access to capital. Finally, addressing environmental challenges can also create business opportunities which can be attractive for Sofina's portfolio companies. Overall, considering the impact of the environment is important for Sofina from both a risk management and investment perspective, and supports our efforts to reduce Sofina's environmental impact.

We perform a review of the carbon footprint of our operations with the aim to reducing it over the years.

Implementation

We have adopted **an environmental policy for our operations** which aims to:

- reduce electricity and gas consumption in our operations;
- use green electricity in our operations where available;
- ensure any renovation work in our buildings is undertaken in a sustainable manner and with the aim to improve energy efficiency;
- reduce our carbon emissions linked to travels by favouring videoconferencing or soft mobility such as travel by train for business trips of less than 800 km;
- reduce our carbon emissions linked to the mobility of our employees through our low carbon car policy, offering and promoting greener mobility solutions to our employees such as soft mobility, mobility passports and charging points for electric cars. This results in a fleet of 24 hybrid or electrical cars on a fleet of 44 vehicles. Based on an employee survey, 34% of our employees also commute by bike or public transport on a regular basis.

In addition to our efforts to reduce carbon footprint and consumption, Sofina offsets the CO₂e emissions generated by the Sofina group's operations and travel². The group holds the CO₂ neutral label since 2020.

All employees are further expected to be mindful of Sofina's environmental impact and to comply with the commitments made in this area. Within this framework, Sofina takes initiatives to raise awareness on environmental issues within the organisation, especially on climate change through workshops, internal conferences and sharing knowledge. We also implement ecological initiatives at the office such as the use of water fountains, recycling bins and printing reduction.

	2022	2021
Greenhouse gas emissions (scope 1)	190.94 tCO ₂ e	192.7 tCO ₂ e
Greenhouse gas emissions (scope 2) ³	12.56 tCO ₂ e	8.2 tCO ₂ e
Greenhouse gas emissions (travel)	533.91 tCO ₂ e	87.8 tCO ₂ e
Greenhouse gas emissions (scope 1, 2 & travel) per FTE ⁴	10.01 tCO ₂ e	6.38 tCO ₂ e
% of CO ₂ e emissions offset	100%	100%
% of renewable energy used in operations	94%	96%

The increase of our greenhouse gas emissions relating to travel is mainly due to the lifting of travel restrictions in 2022 after being limited by the Covid-19 pandemic.

As an investor and owner, we act on environmental issues by incorporating these considerations in our decision-making process (including through an ESG due diligence) in accordance with Sofina's Responsible investment policy. We also engage with our portfolio companies on these issues through interactions at board level, at management level and in the framework of the development of their sustainability roadmap. Please refer to page 60 of this Annual report for more information on the sustainability roadmaps.



10.01 tCO₂e
GHG OF SOFINA'S OPERATIONS
PER FTE



94%
RENEWABLE ENERGY
USED IN OPERATIONS

2. Portfolio companies are excluded from the offsetting.

3. Using the location and market based approach.

4. This comprises the following elements:

- scope 1: direct greenhouse gas emissions from heating (natural gas), company cars and refrigerants,
- scope 2: indirect greenhouse gas emissions related to electricity consumption,
- scope 3: indirect greenhouse gas emissions related to upstream emissions from scopes 1 and 2, business travel (air, rail and car), IT services and equipment, paper and waste. Portfolio companies are excluded.

Social

Own workforce

GENERAL

At Sofina, we have 79 employees spread over our three offices. Employees have an employment relationship with the respective local subsidiaries of Sofina (Sofina SA in Belgium, Sofina Partners SA and Sofina Capital SA in Luxembourg, and Sofina Asia Private Ltd. in Singapore).

Sofina's mission is to partner with leading entrepreneurs and families, backing them with patient capital and supportive advice to foster sustainable growth of their businesses. Human relationships are central to Sofina's mission and our employees are key to the organisation. Sofina's preferred access to attractive investment opportunities also relies considerably on our diverse teams representing the world in which we invest, key people and their business relationships. Our human approach and extensive business network is therefore at the core of our track record and success. As such, it is important for Sofina to ensure we are able to attract and retain sufficiently qualified and diversified talents.

GROWTH MINDSET AND PERSONAL DEVELOPMENT

Sofina employs agile and motivated people who are eager to learn and to evolve. Regular check-ins with our employees are held to understand their development needs, career aspirations and provide constructive feedback.

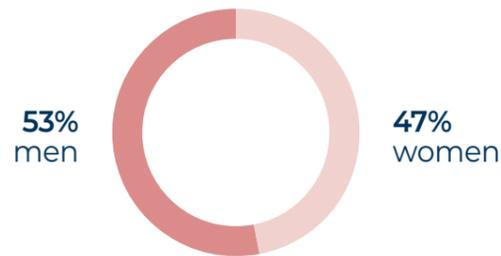
We also offer trainings and coaching sessions to our employees for their professional development and promote their employability, both within and outside Sofina.

A DIVERSE WORKING ENVIRONMENT

Sofina strives to create a diverse and inclusive working environment in terms of nationality, cultural background, age and gender, as well as regarding skills and professional experience. As stated in Sofina's Code of Conduct⁵, Sofina also ensures an inclusive workplace and does not tolerate discrimination on the grounds of personal characteristics e.g. age, disability, race, religion, gender or sexual orientation. Strengthening diversity and inclusion within the teams is enabled and improved through the recruitment and promotion process and by raising awareness on these topics. This is a focus area for Sofina in the long term. An interactive diversity and inclusion workshop took place in 2022 at group level to raise awareness on these themes.

	2022	2021
# of employees (FTE)	79	75
% of women at the Executive Committee (by FTE)	13%	13%
% of women among the employees (by FTE)	47%	49%
Employee turnover (by FTE but excluding retirements)	8%	9%
# of nationalities	16	16
% of FTEs below 30 years old	23%	21%
% FTEs between 30 and 50 years old	54%	55%
% of FTEs older than 50 years	23%	24%

% of women/men



79

TOTAL NUMBER OF EMPLOYEES



1,569 hours

OF TRAINING⁶



26

EMPLOYEES FOLLOWED COACHING SESSIONS

5. See [point Governance on page 56 of this Annual report](#).
6. Based on an employee survey.

FULFILLING WORKPLACE AND FAVOURABLE WORKING ENVIRONMENT

Well-being and team-building at work

Sofina encourages employees to take well-being and team building initiatives. Several actions have been undertaken, such as a small gym area in Brussels and healthy snacks. Sofina also organised a well-being week during which employees had the opportunity to follow workshops on ergonomics, mindfulness and healthy habits at work.

Various team-building events have been organised to promote Sofina's One Team spirit, such as team lunches, team building through local volunteering and yearly team offsites. Sofina also organised a "Get Away" event in October during which employees from the three offices re-connected and celebrated in style the waning of the pandemic.

We encourage our personnel to lead healthy and active lives, by incentivising involvement in sports and other physical activities via our group collective challenge and by organising collective sporting activities, such as a participation at the Brussels marathon in October 2022.

Work-life balance

Sofina strives for balanced lives, promotes autonomy and adopts a flexible working organisation. Employees have flexible work schedules and can choose to work from home two to three days a week. 40 days of additional leave were granted to employees in 2020 to thank them for the efforts made during the pandemic. Around 54% of our employees have taken all or part of their 40 days to spend time with their family, accomplish an important personal project or to go on a trip.

Healthcare insurance

Sofina's personnel benefit from extensive healthcare coverage, both for hospitalisation and for outpatient care.

Affected communities

Sofina's business activities as such do not negatively affect the communities in which we operate. Actions are undertaken by Sofina to have a positive impact on communities through many volunteering initiatives and donations to charities. More information on this can be found in the [Key Events](#) and [Our involvement in our communities](#) sections of this Annual report.



Governance

General

Applying the best governance practices and maintaining high standards of compliance, ethics and integrity is important for us, both in our capacity as responsible investor and in our capacity as responsible employer. It allows Sofina to operate in an ethical and transparent manner, to build trust with our stakeholders and to increase accountability within the organisation. Compliance with ethical standards and good governance practices can enhance Sofina and our portfolio companies' brand and reputation and help us to attract investors and talents. In addition, compliance with applicable laws and regulations is of utmost importance for us also knowing that breaches by Sofina or our portfolio companies could lead to important fines and to reputational damage.

GOVERNANCE STRUCTURE

As indicated in our Corporate governance statement contained in the [Corporate Governance section](#) of this Annual report, Sofina has opted for a one-tier governance structure and uses the 2020 Belgian Code on Corporate Governance (the "2020 Code") as its benchmark in accordance with the "comply or explain" principle.

The governance structure of our Company and the role of Sofina's governance bodies is set out in in the [Corporate Governance section](#) of this Annual report and in our [Corporate Governance Charter](#) which is available on the Company's website. It includes Internal rules of procedure setting out the rules of operation of the Board of Directors and of its four specialised Committees. In addition, the Corporate governance statement describes how corporate governance was implemented over the past year pursuant to the requirements of the Belgian Companies and Associations Code (the "BCAC") and of the 2020 Code.

ESG GOVERNANCE

At management level, ESG matters are coordinated and supervised by an ESG Core Team composed of senior members from the Management Group and which reports to the ESG Committee.

At Board level, ESG matters are discussed at the level of the ESG Committee which formulates recommendations to the Board of Directors.

Sofina's ESG governance is described in more details on page 52 of this Annual report.

Corporate culture and business conduct policies

We conduct our activities in accordance with ethical rules and applicable laws and regulations. To this end, Sofina has adopted several instruments setting out the rules of conduct:

- **Code of Conduct:** Sofina has adopted a [Code of Conduct](#) based on Sofina's core values. This document defines the way in which the Directors and employees of the Sofina group must behave in the performance of their duties within the group. It is presented to employees during an annual compliance training. The Compliance Officer is responsible for ensuring full compliance with the Code of Conduct.

As indicated in our Code of Conduct, Sofina supports international conventions on human rights and labour. Hence, all employment relationships with the Sofina group are conducted in compliance with the applicable laws and collective labour agreements in which human rights are embedded.

- **Dealing Code:** Sofina's [Dealing Code](#) aims at preventing insider trading, unlawful disclosure of inside information and market manipulation both at Sofina level and at the level of the target listed companies and listed companies in our portfolio.

- **Privacy Policy and Privacy Charter:** Sofina has drawn up a [Privacy Policy](#) and a Privacy Charter to ensure compliance with the data protection laws. The Privacy Policy is a publicly available document informing data subjects on how Sofina collects, handles and processes their personal data as well as about their rights in this respect. The Privacy Charter is an internal document detailing practical measures and instructions to employees on the collection and use of personal data.

We ensure that the applicable rules of conduct are embedded in our corporate culture and business conduct, through several concrete actions such as messages from the CEO reminding the importance of compliance and business ethics, internal processes such as proceeding to anti-money laundering ("AML") reviews for all investments, compliance trainings to all newcomers and mandatory annual trainings to all employees followed by a questionnaire, the presence of a legal team in each office and availability of the compliance materials on the intranet.



100%

ATTENDANCE TO THE ANNUAL COMPLIANCE TRAINING



54%

OF INDEPENDENT DIRECTORS

Prevention and detection of corruption or bribery

Sofina requires all employees to ensure that transactions, business relations and agreements are concluded at arm's length terms in line with our ethical principles. To ensure the prevention and detection of corruption or bribery, Sofina has adopted internal processes requiring employees to seek the approval of the Compliance Officer to accept gifts of a value exceeding EUR 200 and to notify any potential conflict of interest. A whistleblowing procedure is in place for reporting and detecting possible violations of the Code of Conduct provisions regarding among others the prevention of bribery and corruption.

Political influence and lobbying activities

Sofina does not engage in political influence or lobbying activities. Hence, no one within the Company has been designated to oversee that type of activities. During the reporting period, Sofina did not make any financial or in-kind political contributions and none of the group entities are registered in the transparency register.

	2022	2021
DIVERSITY AT THE BOARD OF DIRECTORS		
% of women on the Board of Directors	46%	43%
% of independent Directors	54%	57%
Average age of the Directors	62	61
% of Directors between 30 and 50 years old	-	7%
% of Directors over 50 years old	100%	93%
# of nationalities on the Board of Directors ⁷	6	7
CORPORATE GOVERNANCE		
% of independent Directors on the Audit Committee	80%	80%
The Audit Committee is chaired by an independent Director	Yes	Yes
% of independent Directors on the Nomination Committee	40%	40%
% of independent Directors on the Remuneration Committee	75%	75%
ESG Committee in place at Board level	Yes	Yes
ETHICS AND COMPLIANCE		
Implementation of a Code of Conduct for employees	Yes	Yes
Annual training session organised for all employees	Yes	Yes
Participation rate in the annual training session	100%	96%
# of notifications received under the conflict of interest and corruption prevention policy	26	21
% of new investments subject to AML review	100%	100%
# of personal data breach incidents	0	0
# of reports received through the whistleblowing process	0	0
Prevention policy in the field of cyber security	Yes	Yes
Personal data protection policy	Yes	Yes

7. After the Annual General Meeting of the relevant year.

Company specific: Responsible investor

As an investor, Sofina is striving towards moving from an ESG risk mitigator to an SDG contributor position. To this end, we favour investments in companies having a direct positive impact to the SDGs alongside like-minded investors aligned with our values. Once invested, we support our portfolio company in our ESG journey.

Responsible investment policy

As a UNPRI signatory since 2019, we incorporate ESG into our decision-making process, formalised in a Responsible investment policy covering Sofina Direct and Sofina Private Funds.

The below table provides an overview of this policy regarding the investment, ownership and exit phases.

SOFINA DIRECT – INVESTMENT LIFECYCLE: POLICY BY KEY STAGE

INVESTMENT PHASE

Assessment of investment opportunities using the “ESG framework”, our internal assessment tool designed to measure a company’s ESG performance on two dimensions:

- **“What”**
assessment of the contribution of the company’s products and services and its net contribution to the 17 SDGs
- **“How”**
 - assessment of the positive and negative externalities resulting from the company’s operations
 - assessment of the possible impact of Sofina as a shareholder on improved management of externalities

The degree of granularity of this ESG assessment depends on the investment stage and type of investment:

- It is applied both in the pre-due diligence phase (preliminary assessment) and the due diligence one (focus on the “How” and interactions with the company and its stakeholders);
- The ESG assessment (including the outcome of the ESG due diligence) is considered in the deal team’s recommendation and in the decision-making body’s final investment decision;
- When relevant, a post-investment action plan is drawn up with the management to make the most of opportunities, address issues or manage ESG risks highlighted in Sofina’s ESG assessment. Depending on the target company, our decision to invest is subject to agreeing on such plan with the management.

OWNERSHIP PHASE

- Continuous monitoring of the portfolio company’s ESG performance, in some cases following an agreed action plan or roadmap;
- As a minority investor, Sofina has no direct control over ESG initiatives, but we commit to exerting our influence (depending on our governance rights) through the governing bodies of the company to put them on the agenda as a permanent strategic priority.

For some holdings (mainly holdings from the Sofina Growth portfolio), our limited governance rights may reduce our ability to use our influence on ESG matters. Our role is then to monitor the progress of these companies and act as key sponsor on ESG issues, through discussions with shareholders, company reports, etc.

EXIT PHASE

- Sofina tries to take ESG considerations into account during the exit phase, which will mainly depend on our ownership and the influence we could have on the process as minority shareholder.

SOFINA PRIVATE FUNDS – INVESTMENT LIFECYCLE: POLICY BY KEY STAGE

Since 2021, all decisions related to new investments or follow-on decisions are analysed based on our Responsible investment policy. For additional investments in existing portfolio companies, we consider the progress made by these companies on ESG aspects. In some cases, this analysis prompts us to reject the investment opportunity or put in place a post-investment action plan that includes ESG commitments.

INVESTMENT PHASE

- ESG due diligence using a dedicated framework assessing internal (ESG mindset, diversity and inclusion, ESG policy, communication, employees’ engagement, and ESG governance) and portfolio (investment process, portfolio construction, ESG value-add, and LP base) characteristics. Our assessment is based on discussions with the General Partner, its track record, documentation from the fund’s data room (including its disclosures as per the Sustainable Finance Disclosure Regulation (SFDR), if applicable), external ESG assessments, references, or other available information;
- The decision-making body takes account of ESG considerations included in the investment memorandum for each new investment opportunity.

OWNERSHIP PHASE

- Emphasis placed on ESG aspects when examining the fund’s performance through quarterly reports from the fund, annual general meetings, investors’ days and meetings with the General Partners;
- Encouraging the General Partners to adopt ESG best practices;
- If need be, concerns are forwarded to the fund’s relevant governance bodies (general meeting, advisory committee, etc.).

EXIT PHASE

- Sofina tries to take ESG considerations into account during the exit phase, which will mainly depend on our ownership and the influence we could have on the process as limited partner.

ESG performance of portfolio companies

We undertook a review of 46 of our portfolio companies within Sofina Direct in 2021 (9 companies were subject to a simplified review and 37 companies were subject to a full review). This represents 80% of Sofina Direct at 31 December 2021 (portfolio in transparency). This exercise was received positively by our portfolio companies, raised awareness on ESG across our portfolio and allowed our Investment team to engage with the portfolio companies on these topics and to develop their competences in this field. This exercise also allowed us to have a clear view of the ESG performance of our Sofina Direct portfolio and to take this into account when deciding to proceed to additional investments in our portfolio companies and when monitoring our portfolio companies. There were no reviews of this exercise in 2022 but instead, the Investment team started working on the sustainability roadmaps.

SUSTAINABILITY ROADMAPS

Against the backdrop of the ESG performance assessment carried out in 2021, the Investment team engaged with the management teams of 14 European companies within the Long-term minority investments portfolio to build a sustainability roadmap. This represents 40% of Sofina Direct (portfolio in transparency) as at 31 December 2022. The aim of this roadmap is to define the portfolio company's

long-term ambitions regarding specific ESG matters (such as the CO₂ emissions, the impact on climate and biodiversity, diversity and inclusion, people well-being, etc.), KPIs to track progress and action plans to ensure the objectives can be achieved. Our approach is company-specific with a focus on a limited number of ESG matters which are considered to be material considering the company, its business model and stakeholders. We want to avoid a one-size-fits-all process and praise the fact that final decisions regarding these issues should come from the portfolio companies instead of being imposed by Sofina.

The goal of these sustainability roadmaps is to have a common vision about the ESG priorities with our portfolio companies. The tracking of progress and potential deviation compared to the initial plan will be facilitated allowing our team to identify areas where we can help portfolio companies. Considering their maturity level, regular reviews will be carried out with portfolio companies to assess the progress and potentially adjust objectives if needed.

SDG CONTRIBUTOR MAPPING

The review of the ESG performance of our portfolio companies within Sofina Direct also enabled us to perform a mapping of our portfolio companies having products and services that directly positively contribute to the SDGs, as set out below. We were also pleased to welcome our first B Corp company, Birdie, in our portfolio.

<p>2 ZERO HUNGER</p> <p>DeHaat biobeT</p>	<p>3 GOOD HEALTH AND WELL-BEING</p> <p>BIOMÉRIEUX twinT BIOTECH DENTAL MERIEUX NutriSciences opseo OVIVA Included HEALTH MEDGENOME practo REETOO 臻格生物 ZHENGE BIOTECH birdie vizgen</p>	<p>4 QUALITY EDUCATION</p> <p>Labster Skillmatics</p>	<p>6 CLEAN WATER AND SANITATION</p> <p>drylock LILLYDOO</p>
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> <p>TESSIAN pine labs ACT IHS</p>		<p>10 REDUCED INEQUALITIES</p> <p>birdie VERSE</p>	<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> <p>dott</p>
		<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Veepee rohlik group Vinted everdrop</p>	



2022 INVESTMENTS CONTRIBUTING TO THE SDGs

The investments made in 2022 contributed as follows to the SDGs:



Target 2.4

By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.

Company's contribution to SDG

Through its sustainable crop management, Biobest participates in safekeeping soil and food quality.





Target 3.b

Support the research and development of vaccines and medicines for the communicable and non-communicable diseases that primarily affect developing countries.

Company's contribution to SDG

Vizgen generates new insights into biological systems and diseases through spatial transcriptomics.





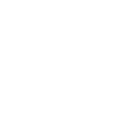
Target 4.2

By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education.

Company's contribution to SDG

Skillmatics supports early childhood development and pre-primary education by building core skills through systematic play.





Target 4.3

By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.

Company's contribution to SDG

Labster's virtual labs increase access to affordable scientific education from high school to university.





Target 10.2

By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

Company's contribution to SDG

Birdie empowers and promotes the inclusion of the elderly by supporting them in staying longer in the comfort of their homes.





Target 12.3

By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.

Company's contribution to SDG

Rohlik is committed to reducing food waste, and has four times less food waste than regular supermarket chains.





Target 12.5

By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

Company's contribution to SDG

Through its mix-at-home dry soaps, Everdrop reduces waste generation.

By extending the lifetime of clothing, Vinted promotes responsible consumption.




Key performance indicators – Responsible investor	2022	2021
% of investment opportunities having been subject to the ESG framework (Sofina Direct and Sofina Private Funds)	100%	100%
% of Sofina Direct invested in SDG contributors (portfolio in transparency)	29%	21%
% of Sofina Direct working on a sustainability roadmap (portfolio in transparency)	40%	0%

Our involvement in our communities

Sofina believes that it is important to contribute to our communities.

Matching gift programme

We support initiatives and charities personally endorsed by our personnel by matching their donations (up to a maximum of EUR 500 per year, increased to EUR 1,000 per year in 2022 after the outbreak of war in Ukraine). This initiative resulted in donations to 17 charities, representing a total amount donated by Sofina in 2022 of EUR 12,910.

Volunteering and donation drives



As part of our commitment to the community, Sofina has set up various programmes enabling employees to devote part of their time to charitable organisations. Employees can spend half a day per week for volunteering and are encouraged to organise volunteering as part of their team building activities. The teams collectively spent 899 hours volunteering for various charitable organisations in 2022.

899 hours

VOLUNTEERING COLLECTIVELY SPENT BY SOFINA PERSONNEL

SofinaBoël Fund for Education and Talent

The [SofinaBoël Fund for Education and Talent](#), created by the descendants of Gustave Boël and Sofina, celebrated its tenth anniversary on 3 May 2022 with an exceptional evening that brought together the entire fund community. Supported by the King Baudouin Foundation, managed by representatives of the founders and having disbursed around EUR 8.5 million since its creation, the SofinaBoël Fund aims to “support education and training of talent in Belgium through individual grants and the provision of support to other organisations sharing similar objectives”.

The fund has identified the following three areas of intervention:

- **Universities:** Students from Belgian universities receive a grant to continue and complete their education at renowned foreign universities. Since its creation, the SofinaBoël Fund has supported over 145 students of whom 19 fellows have been selected in 2022.
- **Heritage craftsmanship:** The SofinaBoël Fund provides financial support to talented young Belgian craftsmen working in heritage sectors. In total, the fund supported more than 260 craftsmen since its inception. In 2022, 21 craftsmen benefited from the fund's financial assistance.
- **Boost for Talents:** The SofinaBoël Fund supports the successful transition from secondary school to higher or university education for talented young pupils from disadvantaged backgrounds. About 25 to 35 third grade students are selected each year and are supported for four years by the fund. In 2022, the SofinaBoël Fund selected 33 pupils.



“Boost made me mature and gain confidence. The workshops helped me to better understand my difficulties and to better deal with my emotions. Boost is a hand outstretched to brave the challenges of life! I want to show the world, and especially my loved ones, that nothing is impossible.

Kyra Spineux, Boost Liège

Temple Garden Foundation

Active mainly in Cambodia, this non-governmental organisation aims to reduce the dependence of remote villages on foreign aid and government subsidies by undertaking inclusive health, infrastructure and education projects with local communities. For example, it helps build schools and train teachers from the local communities. In addition to financial contribution, Sofina actively supports the strategic decisions of the organisation's governing bodies and provides the organisation with access to our network in Asia.

Sofina Covid Solidarity Fund

At the initiative of our management team, Sofina set up in 2020 a charitable fund managed by the King Baudouin Foundation to address the adverse consequences of the global Covid-19 pandemic: the Sofina Covid Solidarity Fund. Through this fund, Sofina is committed to support non-profit initiatives, organisations and projects that fight the negative consequences of the Covid-19 pandemic, focusing on two key issues directly related to Sofina's target sectors: specific challenges in healthcare systems and services and the digital gap in education.

The Sofina Covid Solidarity Fund has been allocated a budget of EUR 20 million, topped up with additional contributions from members of the management team and of the Board of Directors of Sofina.

Since the launch of the fund, Sofina's teams analysed requests for support from nearly 200 charitable projects. The management committee of the Sofina Covid Solidarity Fund selected 15 projects in Western Europe, India and Singapore. For information on the projects selected by the fund, please refer to the webpage dedicated to the [Sofina Covid Solidarity Fund](#).

CANSEARCH

The [CANSEARCH Foundation](#) finances research projects as part of the Child and Adolescent Onco-Hematology Unit of the Pediatric Department of the Geneva University Hospital. Sofina provided financial aid to CANSEARCH.

Heuvelheem

[Heuvelheem ASBL/VZW](#) is licensed as a care provider by the Flemish Agency for Persons with Disabilities. Since 1974, it has been active in supporting people with (suspected) disabilities. Sofina donated IT equipment to the organisation.

BEforUkraine



The mission of [BEforUkraine ASBL/VZW](#) is to help Ukraine in the most effective way possible: it purchases, locates and transports essential provisions in sizable quantities to their trusted contacts in Poland who then forward these provisions to Ukraine. One of BEforUkraine's initiatives is to procure ambulances, refurbish and equip them with medicines and medical equipment and then send them to Ukraine where they are used as mobile mini-hospitals. Sofina employees, with partial matching from the Company, financed the purchase of two ambulances and their equipment. Four employees participated in the convoy that drove the ambulances to the Ukrainian border. Following this first delivery, two refrigerated trucks were also sent to Ukraine after having been refurbished with the sponsorship of Sofina, our Reference Shareholder and Groupe Petit Forestier, a Sofina portfolio company.

Capital

[Capital ASBL/VZW](#) intends to set up an ecosystem between young people, the various non-profit organisations providing training and guidance and the working world with the aim of helping young people to develop their talents and put them on the path towards financial independence. Sofina supports the organisation by providing a building located on the Boulevard d'Anvers in Brussels free of charge.

Blood donation

In partnership with Degroof Petercam, a blood drive for the benefit of the Belgian Red Cross was organised in October 2022 in our Brussels office. Together with the blood drive organised in our Singapore office at the same period, it resulted in the collection of 19.9 litres of blood from 40 donors.



Teams

Create value with a human touch

As an investment firm with global exposure, we aspire to create a diverse work environment where talented professionals work together to achieve high-quality results and where the values that have guided us in the past carry us into the future. Fostering an entrepreneurial spirit of growth, agility and innovation is part of our DNA and allows our talents to thrive in a constantly changing environment.

United around strong values

Our heritage, our culture and placing human relationships at the heart of our activities are what sets us apart. All our investments are stories of shared values, friendships and ambitious projects with talented entrepreneurs and their management teams. Our talents are the guardians of Sofina's reputation and are essential to achieving our mission: "to partner with leading entrepreneurs and families, backing them with patient capital and supportive advice to foster sustainable growth of their businesses".



We are committed to delivering high-quality results



We are one team with a common goal



We foster a spirit of growth



We are agile in the face of change



We adopt a principled approach in delivering high-quality results while fostering sustainable growth

Our colleagues are ambassadors of Sofina and exercise discretion and their best judgment when interacting with our stakeholders, counterparts and portfolio companies. We work hard to achieve our financial goals but are uncompromising when it comes to our values and believe that meaningful returns should come along with a positive contribution to society.

We are one team with a common goal, acting with integrity and respect in our collaboration with our partners

We need our people to be authentic, driven by a strong professional conscience, to take responsibility for Sofina in a respectful and collaborative manner with our business partners.

Resilience

We seek out individuals with resilience and grit, who are not daunted by adversity and challenge. Turbulent times are a good opportunity to hone the resilience of our talents; this resilience keeps us moving forward, reinventing ourselves, exploring new ideas and adapting to a fast-changing environment.

We nurture a growth mindset, encouraging and supporting continuous development

Sofina fosters continuous learning and development amongst our colleagues to prepare for new trends and ensure that our business partners continue to turn to us for knowledge and support. Our talents see themselves as the architects of their career and are in the driver's seat when it comes to taking responsibility for their career and their education.

We are agile in the face of change and promote diversity and inclusion

We seek diversity of thought, experience and perspective in each of our recruitments. We believe that this ensures we are better prepared for uncertainty and more agile in the face of change, as we have a deeper resource of knowledge, skills and expertise to uncover new ideas and inspiration. We create an open and inclusive environment where different views are exchanged in a respectful and constructive manner.

New talents to carry our values

We were pleased to welcome seven new talents in 2022. Hereunder, they explain how they consider Sofina makes a difference.



Kaylee Lawcock

INVESTMENT MANAGER – LUXEMBOURG

“Sofina has been around for over 100 years and we are working to continue flourishing for the next 100. Patience is a true luxury: Sofina can ignore short-term noise to focus on long-term fundamentals, backing entrepreneurs to build enduring businesses that will stand the test of time.



Jörg Friedl

INVESTMENT ASSOCIATE – BRUSSELS

“Sofina invests in companies that are shaping the future through socially responsible innovation. It is a pleasure to be part of a dynamic global team that can have such a profound impact.



Alvin Yong

INVESTMENT ASSOCIATE – SINGAPORE

“Sofina is deeply committed in partnering with entrepreneurs and stakeholders in an authentic and purposeful manner. I am excited to be part of such a team that upholds these commitments consistently across different market cycles and geographies.



Charlie Keij

FINANCIAL ANALYST – BRUSSELS

“In an investment world focusing more and more on short-term results, Sofina stands like a rock and sticks to its core value of deploying patient capital today with the purpose of supporting entrepreneurs not only tomorrow but more importantly in the distant future.



Iason Bance

INVESTMENT ASSOCIATE – SINGAPORE

“Sofina brings humanity to investing, for the companies we support but also for how we operate as a team. It has been a pleasure to be part of this profoundly human journey of global societal advancement.



Kim Naly

ADMINISTRATIVE AND OPERATIONS
OFFICER – SINGAPORE

“At Sofina, everyone’s aspirations are truly respected. This fosters a shared mindset among team members and encourages us to take on challenges.



Robin Herion

MEMBER OF THE FINANCE TEAM
– LUXEMBOURG

“Sofina is more than a company, it’s like being part of a family. I am glad and proud of being part of this great adventure.

Corporate governance

Corporate governance statement

This Corporate governance statement contains the information required by the Belgian Companies and Associations Code (the "BCAC") that came into force on 1 January 2020 and the 2020 Belgian Code on Corporate Governance (the "2020 Code"), available on [the website of the Corporate Governance Commission](https://www.sofinagroup.com/governance/corporate-governance)¹.

Sofina has been using the 2020 Code as its benchmark since its entry into force and applies the 2020 Code in accordance with the "comply or explain" principle. The Corporate Governance Charter of the Company and the Internal rules of procedure of the Board, its Committees, the Executive Committee, the Operating Committee, as well as the Company's Dealing Code and Code of Conduct are available for reference on [its website](https://www.sofinagroup.com/governance/corporate-governance)².

1. Capital, shares and shareholding

1.1 SHARES AND CAPITAL

The shares issued by the Company are in the registered or dematerialised form. As at 31 December 2022, the Company's share capital amounted to EUR 79,734,940 and was represented by 34,250,000 shares without indication of nominal value.

Each share gives the right to one vote, except for shares held by Sofina SA, for which the voting rights are suspended. Moreover, the articles of association of the Company do not contain any different share categories or special controlling rights or a shareholding system for members of the personnel. There are no specific rules linked to the appointment or replacement of Directors which are not included in the Corporate Governance Charter of the Company. The shares issued by Sofina are listed on Euronext Brussels and the Company is part of the BEL20 and BEL ESG indices.

1.2 SHAREHOLDERS

Communication by shareholders pursuant to Article 74 of the Law of 1 April 2007 on public takeover bids

The reference shareholder of the Company is a consortium within the meaning of Article 1:19 of the BCAC, formed by Union Financière Boël SA, Société de Participations Industrielles SA and Immobilière et Immobilière du Centre SA, which together own 54.6% of the shares of the Company (the "Reference Shareholder"). For purposes of the takeover bids legislation, each consortium company is, taking into account the shares in the Company owned by the other two consortium

companies, considered to own 54.60% of the shares of the Company (excluding treasury shares owned by the Company). Furthermore, Union Financière Boël SA (acting on its own behalf and as agent for the other two consortium companies) continues to notify to the Company each year changes in the number of Company shares that the consortium companies own as part of the concert relationship it formed on 31 August 2007 with Société de Participations Industrielles SA (and which Immobilière et Immobilière du Centre SA joined on 1 July 2013).

Based on the latest communication by the Reference Shareholder to the Company dated 23 August 2022, made in accordance with Article 74 of the Law of 1 April 2007 on public takeover bids, the consortium companies forming the Reference Shareholder held on 23 August 2022 shares in the Company as set out in the table below:

	Number of shares [*]	Holding percentage
Union Financière Boël SA	7,676,729	22.41%
Société de Participations Industrielles SA	8,486,320	24.78%
Immobilière et Immobilière du Centre SA	2,535,968	7.40%
Sub-total of the Reference Shareholder	18,699,017	54.60%
Sofina SA (own shares) ^{**}	770,028	2.25%
TOTAL	19,469,045	56.84%

* As at 31 December 2022, the Company's share capital was represented by 34,250,000 shares.

** Presumption of concerted action (Article 3, §2 of the Law of 1 April 2007 on public takeover bids). Own shares held by Sofina SA at 23 August 2022.

Transparency declarations by shareholders in accordance with the Law of 2 May 2007 on the disclosure of major shareholdings

Pursuant to the Law of 2 May 2007 on the disclosure of major shareholdings, a notification to the Company and to the FSMA is required by all natural persons and legal entities in the event certain thresholds are crossed. A notification will among others be required in each case where the percentage of voting rights attached to the shares held by a shareholder exceeds or falls below the legal threshold, set at 5% of the total voting rights, and in increments of 5% or, as the case may be, the additional thresholds provided in the company's

articles of association. The Company's articles of association provide for a lower initial disclosure threshold of 3%.

The Reference Shareholder made transparency declarations each time it crossed one of the disclosure thresholds. Aside from the Reference Shareholder, no shareholder, either alone or in concert, reached the initial holding threshold of 3% requiring a transparency declaration in accordance with Article 42 of the Company's articles of association. The most recent transparency declarations are available on the [website of the Company](https://www.sofinagroup.com/governance/corporate-governance)³.

Restrictions on the transfer of shares or the exercise of voting rights

Sofina has no knowledge of any agreement between the companies forming the Reference Shareholder or any other shareholders which could lead to restrictions on the transfer of shares or the exercise of voting rights. Furthermore, neither the law nor the articles of association provide for any more general restrictions on the exercise of voting rights.

1.3 RELATIONS WITH THE SHAREHOLDERS AND OTHER STAKEHOLDERS

In accordance with Principle 8.7 of the 2020 Code, the Board has discussed whether the Company should enter into a relationship agreement with the Reference Shareholder. Further to this discussion and having consulted the Reference Shareholder, the Board considered that it was not necessary to conclude such a relationship agreement.

In accordance with its communication policy, the Company answers questions raised by its shareholders. The Company further follows up on specific concerns raised in the framework of questions received or votes cast at general meetings of shareholders.

The Company hosted an analyst meeting after the issuance of the Annual report 2021 and the Half-year report 2022.⁴ Finally, Sofina further participated to a number of events and presentations in the course of the past year in the framework of its continuing efforts to enhance external reporting and communication and to engage more intensely with its stakeholders and other market participants.

1.4 CHANGE OF CONTROL CLAUSES

Sofina SA did not enter into any major commitment that may contain clauses linked to its own change of control, with the exception of a provision of the terms and conditions

included in the information memorandum of 21 September 2021 relating to the issuance on 23 September 2021 of EUR 700,000,000 senior unsecured bonds with a 7-year maturity and 1.000% coupon. Moreover, there are also clauses linked to Sofina's change of control in the terms and conditions of the Performance Share Units ("PSU") in force since 1 January 2017 and in its credit agreements.

1.5 SHARE BUYBACKS AND DISPOSALS OF OWN SHARES

In accordance with the BCAC, the articles of association permit the Company to acquire, on or outside the stock market, its own shares by resolution approved by the general meeting of shareholders by at least 75% of the votes validly cast where at least 50% of the share capital is present or represented. Prior approval by the shareholders is not required if the Company purchases the shares in order to offer them to the Company's employees. The Annual General Meeting of 2 May 2019 authorised the Board of Directors to acquire or dispose of own shares with a maximum of 20% of the outstanding shares for a minimum price of EUR 1 and a maximum price of 15% above the average price of the Company's stock on Euronext Brussels during the ten days preceding the acquisition. This authorisation has been granted for a period of five years, starting from 2 May 2019.

During the financial year 2022, Sofina bought back 296,550 own shares (it had bought back 150,000 own shares in 2021) and disposed of 21,550 own shares (it had disposed of 118,600 own shares in 2021). The 150,000 own shares purchased during the second semester of 2022 were acquired in the framework of the 2022 share buyback programme conducted in accordance with the safe harbour regime provided for in the European Market Abuse Regulation. The share buybacks are carried out to cover the stock option plans issued for the benefit of some members of the personnel of the Sofina group and the disposals of own shares relate to the exercise of stock options, as further described in the Remuneration report. Further information relating to the share buybacks is available on the website of the Company⁵.

As at 31 December 2022, Sofina held 917,928 own shares representing 2.68% of its share capital.

¹ <https://corporategovernancecommittee.be/en/>

² www.sofinagroup.com/governance/corporate-governance

³ www.sofinagroup.com/governance/shareholding-structure

⁴ The slides presented by the Company during these meetings are available on the Company's website www.sofinagroup.com/investor-relations/ir-presentations

⁵ www.sofinagroup.com/investor-relations/share-buy-back/

2. Board of Directors and its Committees

2.1 BOARD OF DIRECTORS

The Company has opted for a one-tier governance structure. Therefore, the Board of Directors is responsible for the general running of the Company's business and is accountable for its management in accordance with Articles 7:93 and 7:94 of the BCAC.

The Board of Directors determines the Company's business direction and ensures that it is implemented. It has the power to perform all acts necessary or useful to achieving the Company's corporate purpose, except for those reserved by law to the general meeting of shareholders.

2.2 COMPOSITION OF THE BOARD OF DIRECTORS

As at 31 December 2022, the Board of Directors comprises 13 members. Its composition is further detailed hereinafter. All members of the Board are non-executive, with the exception of the Chief Executive Officer (the "CEO"). The Board members are appointed by the general meeting of shareholders upon nomination by the Board of Directors and recommendation of the Nomination Committee for a renewable period of maximum six years. Seven Board members qualify as independent directors in accordance with the definition laid down in Article 7:87, §1 of the BCAC and the independence criteria provided by Principle 3.5 of the 2020 Code. The non-independent Directors are either

executives, linked to the Reference Shareholders or have been Directors for more than twelve years. The Chair and the CEO are two separate individuals.

The Annual General Meeting of 5 May 2022 approved the reappointment of Harold Boël as Director for a term of three years up to and including the Annual General Meeting to be held in 2025 and of Michèle Sioen as independent Director for a term of four years up to and including the Annual General Meeting to be held in 2026.

The term of office of the Directors Jacques Emsens and Robert Peugeot and independent Director Guy Verhofstadt will expire at the Annual General Meeting to be held on 4 May 2023.

They all decided to retire and do not seek reappointment. The Board of Directors is grateful to Jacques Emsens, Robert Peugeot and Guy Verhofstadt for their substantial contributions as Board members.

The Board of Directors will propose new appointments at the Annual General Meeting to be held on 4 May 2023. Their names and biographies will be made available on the website of the Company on the date of publication of the convening notice to the Annual General Meeting.

2.3 MEMBERS OF THE BOARD OF DIRECTORS⁶



DOMINIQUE LANCKSWEERT

Chair of the Board

Committees: Nomination Committee
Belgian, born in 1956

First appointed: September 1997

Expiry of current mandate: Annual General Meeting of 2026

Education & experience

- Senior Advisor at Morgan Stanley, Institutional Securities Group and chair of the Fondation Saint-Luc
- Previous positions at First Chicago and Schroders
- Graduated from the University of Dallas (MBA Finance and Management)



CHARLOTTE STRÖMBERG *

Vice-Chair of the Board

Committees: Audit Committee and ESG Committee

Swedish, born in 1959

First appointed: May 2017

Expiry of current mandate: Annual General Meeting of 2024

Education & experience

- Member of the board of Kinnevik AB, Clas Ohlson AB, Lindengruppen AB and Höganäs AB
- CEO of Accretiv AB and founding partner of DHS Ventures
- Member of the Swedish Securities Council and the Nasdaq Stockholm Listing Committee
- Formerly CEO of Jones Lang LaSalle (Nordic section)
- Graduated from the Stockholm School of Economics (MBA)



HAROLD BOËL

Chief Executive Officer

Committees : ESG Committee

Belgian, born in 1964

First appointed: May 2004

Expiry of current mandate: Annual General Meeting of 2025

Education & experience

- Member of the board of bioMérieux, Mérieux NutriSciences, Cognita, Domanoy and Société de Participations Industrielles
- Previous positions at Usines Gustave Boël and at Corus
- Graduated from Brown University (Chemistry), the École Polytechnique de Lausanne (Sciences Mat.) and INSEAD (IDP-C)



NICOLAS BOËL

Member of the Board

Committees: ESG Committee and Nomination Committee

Belgian, born in 1962

First appointed: August 2007

Expiry of current mandate: Annual General Meeting of 2024

Education & experience

- Chair of Solvay and of Samic, member of the board of Guberna, BMF Participation, Fondation Saint-Luc, Cliniques universitaires Saint-Luc, Fondation Francqui, the Solvay Institutes and the Cercle royal des Amis de Mariemont and representative of BMF Participation on the board of Ubidata
- Previous positions at Corus, Hoogovens and Usines Gustave Boël
- Graduated from the Université catholique de Louvain and the College of William and Mary, Virginia (MBA)



LAURA CIOLI *

Member of the Board

Committees: ESG Committee and Remuneration Committee

Italian, born in 1963

First appointed: May 2018

Expiry of current mandate: Annual General Meeting of 2024

Education & experience

- Member of the board of Mediobanca
- CEO of Sirti S.p.A.
- Previous management positions at GEDI Gruppo Editoriale, Pirelli, RCS MediaGroup, CartaSi (Nexi), Sky Italia, ENI Gas & Power, Vodafone Italia and Bain & Company
- Graduated from the University of Bocconi, Milan (MBA) and the University of Bologna (Engineering)



LAURENT DE MEEÛS D'ARGENTEUIL

Member of the Board

Committees: Remuneration Committee

Belgian, born in 1964

First appointed: May 2015

Expiry of current mandate: Annual General Meeting of 2024

Education & experience

- Member of the board of Union Financière Boël and Franqueniens
- Previous management positions at Egon Zehnder International, Booz-Allen & Hamilton, McKinsey & Company, Coopers & Lybrand and Société Générale de Belgique
- Graduated from the Université catholique de Louvain and the University of Chicago (MBA)

⁶ As at 31 December 2022.

* Independent Director.



JACQUES ESENS

Member of the Board

Committees: Audit Committee

Belgian, born in 1963

First appointed: April 2011

Expiry of current mandate: Annual General Meeting of 2023

Education & experience

- Member of the board of Le Pain Quotidien Brésil, Union Financière Boël, Administratiekantoor Sibelco, Eurinvest Partners, Afriwise and SigmaRoc plc (member of the audit committee)
- Executive chair of JPSeven and founder and CEO of Stalusa
- Graduated from the Université libre de Bruxelles, the European University Antwerp (Business Administration) and the Chamber of Commerce and Industry of London (Financial Economics)



MICHÈLE SIOEN *

Member of the Board

Committees: Audit Committee (Chair)

Belgian, born in 1965

First appointed: November 2016

Expiry of current mandate: Annual General Meeting of 2026

Education & experience

- CEO of Sioen Industries
- Member of the board of D'Ieteren, Immobel, Fedustria, Avieta, Vlerick Business School and the Concours Reine Elisabeth
- Honorary chair of the FEB
- Chair of the Fondation Kanal
- Graduated from the University of Antwerp (Economics) and took several management training courses, including at the Vlerick Management School



ANJA LANGENBUCHER *

Member of the Board

Committees: ESG Committee (Chair) and Nomination Committee

German, born in 1972

First appointed: May 2018

Expiry of current mandate: Annual General Meeting of 2025

Education & experience

- European Director of the Bill & Melinda Gates Foundation
- Member of the Advisory Council of the German Council on Foreign Relations and of the International Advisory Council of the European School of Management and Technology (ESMT)
- Previous management positions at the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC), previously guest lecturer at Sciences Po Paris
- Graduated from Ludwig Maximilians University, Munich and Ruprecht-Karls University, Heidelberg (master's degree and doctorate in economics)



CATHERINE SOUBIE *

Member of the Board

Committees: Remuneration Committee (Chair) and Nomination Committee

French, born in 1965

First appointed: May 2018

Expiry of current mandate: Annual General Meeting of 2025

Education & experience

- Chair of Financière Verbeteam and member of the board of Covivio and Korian
- CEO of Arfilia
- Previous management positions at Alixio, Taddeo, Barclays, Rallye and Morgan Stanley
- Graduated from the École Supérieure de Commerce de Paris



ROBERT PEUGEOT

Member of the Board

Committees: Nomination Committee (Chair)

French, born in 1950

First appointed: May 2008

Expiry of current mandate: Annual General Meeting of 2023

Education & experience

- Chair of the board of Peugeot Invest, vice-chair of Stellantis, member of the board of Signa Prime, Signa Development, Financière Guiraud, Peugeot Invest UK Ltd, Asia Emergency Assistance Holdings Pte Ltd, permanent representative of Peugeot 1810 on the board of Faurecia, permanent representative of F&P on the board of directors of Safran, chair of F&P and manager of SC Rodom.
- Graduated from the École centrale and from INSEAD (MBA)



GUY VERHOFSTADT *

Member of the Board

Committees: Audit Committee and Remuneration Committee

Belgian, born in 1953

First appointed: May 2012

Expiry of current mandate: Annual General Meeting of 2023

Education & experience

- Member of the Renew Europe group in the European Parliament
- Former Belgian Prime Minister, has held various positions in the Flemish Liberals and Democrats Party, former lawyer at the bar in Ghent, former municipal councillor of the City of Ghent
- Graduated from the University of Ghent (Law)



GWILL YORK *

Member of the Board

Committees: Audit Committee

American, born in 1957

First appointed: May 2018

Expiry of current mandate: Annual General Meeting of 2024

Education & experience

- Co-founder and managing director of Lighthouse Capital Partners
- Chair of the Isabella Stewart Gardner Museum and vice-chair of Brigham Health, member of the board of Alto NeuroSciences, One Mind and Mass General Brigham
- Graduated from Harvard University (Economics) and Harvard Business School (MBA)

2.4 HONORARY DIRECTORS

The Board of Directors may grant to a former Director the title of honorary Director, honorary Chair or honorary Vice-Chair. This title is restricted to Directors who have provided the Company with important services. Their mandate is not remunerated. The honorary Directors do not have any term of mandate. Comte Goblet d'Alviella is the honorary Chairman and Vicomte Etienne Davignon is an honorary Director.

2.5 DIVERSITY AT THE LEVEL OF THE BOARD

In line with its ESG commitments, Sofina takes care to ensure diversity at the level of its Board of Directors. The Board includes representatives of many different nationalities and is composed of six women and seven men. This composition complies with the provisions of Article 7:86 of the BCAC. The Company also strives to ensure that the profiles of its Board members are varied and complementary in terms of professional and sectoral experience in line with its diversified portfolio.

2.6 ROLE OF THE CHAIR OF THE BOARD

The tasks of the Chair of the Board are laid down in the Corporate Governance Charter of the Company.

The Charter also stipulates that the CEO is responsible for the management of the Company's resources, its personnel and the day-to-day follow-up of the portfolio, while tasks relating to the organisation of the Board of Directors and general meetings, contacts with the Board members and communication on all matters likely to affect the brand and the reputation of the Company fall within the competence of the Chair. Notwithstanding the foregoing, there is in-depth

and constant dialogue between the Chair and the CEO on all subject matters.

This same dialogue between the CEO and the Chair will prevail for decisions to be proposed to the Board or which concern important matters, such as the investment or divestment process as a whole, modifications to the portfolio, the main relations between the Company and its investment partners, or matters affecting its Executive Committee (appointment, remuneration and role).

2.7 ATTENDANCE, MODE OF OPERATION AND COMPETENCIES OF THE BOARD OF DIRECTORS

The Board of Directors meets at least four times a year, convened by its Chair who sets the agenda together with the CEO and the Company Secretary. The agenda of Board meetings indicates whether matters are presented for information purposes, for deliberation or for decision.

The Board of Directors met seven times in 2022. Four of the Board meetings were held physically (these are so-called statutory Board meetings) and three Board meetings were held by videocall (these are so-called ad hoc Board meetings). Ad hoc Board meetings are held to enable the Board members to follow and participate in discussions on specific topics related to market trends, the sectors of focus or on general business updates. Such meetings are for information purposes. The average attendance rate of the seven Board meetings held in 2022 was 98% (same as last year).

In addition to its competencies relating to the supervision of the tasks performed by the Committees, the Board of Directors approves the annual and half-year accounts and the Management report, decides on the proposal for the appropriation of the result, the publication of financial information, the strategy (including the ESG strategy), the investment policy and matters relating to investments and divestments by the Sofina group. It monitors the holdings of the Sofina group to assess the extent to which they are in line with the strategy it has adopted.

The decisions taken by the Board in 2022 primarily concerned the tasks listed above and those taken further to recommendations from the Committees described in point 2.7 below. In 2022, the Board also considered more specifically:

- the impact of the war in Ukraine and the economic environment on Sofina and its portfolio and the initiatives to be taken in this respect;
- the flow of investment and divestment opportunities;
- the implementation of the strategy of Sofina Private Funds and updates on the funds activity;
- the monitoring of portfolio companies and the media attention given to certain portfolio companies;
- the secondary sale process of a portion of non-core investments in funds belonging to Sofina Private Funds;
- the share price evolution and Sofina's external communication; and
- capital allocation, cash planning and direction of travel.

* Independent Director.

The Directors did not have to deal with any conflicts of interest during the past financial year. Consequently, Articles 7:96 and 7:97 of the BCAC did not have to be applied in 2022.

2.8 BOARD COMMITTEES

The Board of Directors has set up four specialised committees which consist of members selected from its ranks: an Audit Committee, an ESG Committee, a Nomination Committee and a Remuneration Committee.

Each of these four Committees fulfilled its tasks in accordance with its Internal rules of procedure, which govern its missions and mode of operation. The Committees reported systematically to the Board of Directors on their meetings and submitted recommendations for approval. They were assisted by external consultants to fulfil certain of their tasks.

Audit Committee

In accordance with the requirements of Article 7:99 of the BCAC and of the 2020 Code, all the members of the Audit Committee are non-executive Directors. Moreover, the majority of them are independent Directors. The Audit Committee as a whole has the competencies required in terms of accounting, auditing and IFRS as well as investment thanks in particular to the experience of its members in financial and industrial companies.

The CEO is not a member of the Committee but is invited to attend its meetings. This allows essential interaction between the Board of Directors and the Executive Committee.

The composition of the Audit Committee in 2022 is set out below:

Name	Expiry of current board mandate
Michèle Sioen* (Chair)	2026
Jacques Emsens	2023
Charlotte Strömberg*	2024
Guy Verhofstadt*	2023
Cwill York*	2024

* Independent Director.

The Audit Committee met four times in 2022 with an average attendance rate of 85%. The Statutory Auditor attended three meetings. In accordance with its statutory powers and its powers under the Corporate Governance Charter, the Committee discussed and/or reviewed the following main topics in 2022:

- the preparation of the annual and half-year accounts, the drafting of the financial information, management reports and the external financial communication;
- the valuation of the unlisted portfolio carried out for the Annual and Half -year reports by the management, based on the review of the latter by Kroll, under the supervision of the Statutory Auditor;
- the reports of the Statutory Auditor, the approval of its non-audit missions, and considered its proposal for extending its mandate for a new mandate of three years;
- the approval of the 2023 audit plan together with the review of the 2022 internal audit missions' outcomes, which were mainly a review of the general expenses process, of the treasury management and of the control environment in finance, and an evaluation of the efficiency of some internal processes, the follow-up of previous years audits, and finally the follow-up of the IT audit, and the status of the ongoing cyber security projects; and
- the compliance report and the implementation of a number of internal restructuring projects.

ESG Committee

The ESG Committee is made up of five Directors. With the exception of the CEO, all members of the ESG Committee are non-executive Directors. Three of them are independent Directors.

The composition of the ESG Committee in 2022 is set out below:

Name	Expiry of current board mandate
Anja Langenbucher* (Chair)	2025
Harold Boël	2025
Nicolas Boël	2024
Laura Cioli*	2024
Charlotte Strömberg*	2024

* Independent Director.

The ESG Committee met four times in 2022 with an average attendance rate of 90% and discussed the following main items:

- ambitions for 2022 and resources;
- report on the review of the ESG performance of the Sofina Direct portfolio companies, SDG⁷ mapping of the portfolio companies and ESG in the investment activity;
- sustainability roadmap to be set up for the portfolio companies within Sofina Direct;
- update on ESG regulations and their impact on Sofina;
- ESG certifications (incl. the Company's assessment of the Principles for Responsible Investment of the United Nations) and monitoring of our ESG ratings;
- ESG framework for assessing investments within Sofina Private Funds;
- update on the ongoing ESG initiatives; and
- ESG communication (incl. Annual report and ESG brochure).

Nomination Committee

The Nomination Committee is made up of five non-executive Directors, two of whom are independent.

The composition of the Nomination Committee in 2022 is set out below:

Name	Expiry of current board mandate
Robert Peugeot (Chair)	2023
Nicolas Boël	2024
Dominique Lancksweert	2026
Anja Langenbucher*	2025
Catherine Soubie*	2025

* Independent Director.

The Nomination Committee met three times in 2022 with an average attendance rate of 87% and discussed the following main topics:

- composition of the Board and its Committees;
- renewal of the mandate of certain Directors and assessment of the contribution of such Directors;
- definition of the profile of a new independent non-executive Director, monitoring of the search and recommendation to the Board on the nomination of a new Director; and
- scope of the Board effectiveness review, appointment of a consultant to complete this assignment and monitoring of the assignment.

Remuneration Committee

In accordance with the requirements of Article 7:100 of the BCAC, all members of the Remuneration Committee are non-executive Directors and three members are independent Directors.

The composition of the Remuneration Committee in 2022 is set out below:

Directors	Expiry of current board mandate
Catherine Soubie* (Chair)	2025
Laura Cioli*	2024
Laurent de Meeûs d'Argenteuil	2024
Guy Verhofstadt*	2023

* Independent Director.

The Remuneration Committee met two times in 2022 with an average attendance rate of 100% and discussed the following main items:

- updated Remuneration policy which was submitted to the Annual General Meeting held on 5 May 2022 for approval and the Remuneration report 2021;
- review of the remuneration assessment for members of the Executive Committee;
- mechanism of the long-term incentive plan ("LTIP") in view of evolutions in size and seniority within the organisation and recommendation on the allocation of the PSUs for the 2021-2024 cohort; and
- recommendations concerning the number of options to be granted under the Sofina stock options plans to the CEO, the other members of the Executive Committee, the Management Group⁸ and other members of the personnel for the 2022 financial year.

⁷ United Nations Sustainable Development Goals - sdgs.un.org/goals

⁸ The Management Group refers to the members of the Investment, Tax & Legal, Human Resources and Corporate Services teams, who qualify as managers in the Sofina group.

2.9 DEROGATIONS FROM THE 2020 CODE CONCERNING THE BOARD OF DIRECTORS, ITS COMMITTEES AND THE NON-EXECUTIVE DIRECTORS

The Company complied with the principles of the 2020 Code, except for those referred to below and in point 3.3.

Sofina has opted to provide an average attendance rate of Directors at Board and Committee meetings rather than an individual attendance rate. It takes the view that the functioning of a Board of Directors and its Committees is governed by the principle of collegiality and that consequently, the attendance rate should not be individualised. Furthermore, the contribution of its members is assessed on the quality of the contributions. The number of meetings attended therefore does not reflect all the contributions of the Board members. The availability of the Directors for meetings with the Chair, the CEO or management and the proposals that they regularly put forward are equally important. In the event of repeated absences, the Chair will take the necessary measures, but this has never been the case (Principle 3.9 of Code 2020).

Contrary to what is recommended by the 2020 Code, the Nomination Committee is not composed of a majority of independent non-executive Directors. Sofina complies with the legal requirements which do not provide for these criteria. In Sofina's view, the Nomination Committee is the standard agora where the Reference Shareholder intends to be represented and where the experience of Directors having served for more than twelve years provides important added value in line with the long-term vision of the Company (Principle 4.19 of the 2020 Code).

Contrary to what is recommended by Principle 7.6 of the 2020 Code, the Company has opted not to pay all or part of the remuneration of the non-executive Directors in the form of shares in the Company. However, upon the recommendation of the Remuneration Committee, the Board has invited the non-executive Directors to acquire, as of 2021, a number of Sofina shares representing the gross equivalent of one year of Board fees. These shares should be kept for at least one year after the non-executive Director has left the Board and for at least three years after their acquisition. The Company believes that the introduction of this mechanism for acquiring Sofina shares on a voluntary basis meets the objective sought by the 2020 Code to align the financial interests of non-executive Directors with those of shareholders without, however, forcing them to do so. Moreover, it makes it possible to avoid tax inequalities between the different Directors owing to their country of residence should

the Company have followed the recommendation of the 2020 Code on a voluntary basis. As at 31 December 2022, six of the twelve non-executive Directors therefore held Sofina shares. The members of the Board of Directors who did not respond positively to the invitation to acquire these shares indicated that this was justified either because they are linked to the Reference Shareholder or for reasons of internal compliance with their (other) professional occupation(s).

A Board assessment was launched in 2022 with the help of an external consultant. Contrary to what is recommended by Principle 9.1 of the 2020 Code, this review has not been completed within the three years of the last Board assessment that took place in 2018-2019, as it was discussed in the first quarter of 2023. This is mainly due to the scope of the assessment which has been broadened to unlock the maximum effectiveness of the Board.

2.10 BOARD EVALUATION

The Corporate Governance Charter defines the informal evaluation processes of the Board of Directors, the Board Committees and the Board members. These assessments are carried out at regular intervals. They concern the size, composition and performances of the Board of Directors and its Committees. The last Board assessment took place in February 2023.

Similarly, periodically or when a mandate is renewed, the contribution of each Director is assessed with a view, if necessary, to adapt the composition of the Board of Directors taking account of changes in circumstances. This assessment is undertaken in particular on the basis of the following criteria, which are also those adopted when appointing new Directors:

- professional competence and knowledge of the Company's market and sectors of focus in line with the current and future needs and activities of the Company;
- willingness and ability to be highly engaged, proactive and supportive;
- integrity, probity and good reputation;
- independent judgement;
- collegial spirit; and
- interest in the Company and its development.

Moreover, the Board continuously monitors the performances of the Executive Committee and, at regular intervals, the implementation of the strategy in line with its risk appetite.

3. Executive Committee

3.1 COMPOSITION, FUNCTIONING AND COMPETENCIES OF THE EXECUTIVE COMMITTEE

The Executive Committee is composed of eight members, including the CEO.

As it is the case at the level of the Board of Directors, Sofina is willing to ensure diversity at the level of its Executive Committee. This diversity is reflected in the appointment of a woman in 2021 and the introduction of the Switch stock option plan, described in the Remuneration report. This plan ensures a dynamic rotation among the members of the Executive Committee (also considering the fact that the term of office of the members of the Executive Committee benefiting from the Switch stock option plan is fixed).

The members of the Executive Committee qualify as other managers within the meaning of the BCAC and individuals discharging managerial responsibilities within the meaning of the European Market Abuse Regulation.

The Executive Committee is an advisory committee headed by the CEO whose role is to assist the latter in the exercise of his tasks. The final decisions therefore remain the exclusive prerogative of the CEO. Consequently, the members of the Executive Committee other than the CEO have no legal or statutory liability.

The Board of Directors has entrusted the following main tasks to the CEO, with the assistance of members of the Executive Committee:

- the operational management of the Company and its day-to-day management;
- deciding upon and formulating recommendations on investment opportunities;
- overseeing the implementation of the Company's overall strategy and business plan;
- proposing changes to the Company's overall strategy and business plan;
- putting in place internal controls;
- preparing and presenting the financial statements of the Company;
- balanced and intelligible assessment of the financial situation of the Company; and
- providing the Board of Directors in a timely manner with all the information necessary for it to fulfil his duties.

The CEO reports to the Board of Directors on the fulfilment of his duties.

In 2022, taking into consideration the scaling up of the Company's operations and to ensure efficiency and coordination across the group, the Executive Committee constituted an Operating Committee to assist the CEO with the day-to-day management of the Company. The Operating Committee currently comprises five senior members of the Management Group (with representatives from each office and across various functions) in consultation with two members of the Executive Committee. The Operating Committee meets weekly to make decisions and give directions on corporate, administrative and operational matters; issues vary in scope from finance, tax, legal, IT and human resources. Matters of strategic importance, concerning reputational risk, with structural impact, or of material interest to Sofina, including all investment decisions and talent management, remain with the CEO and the Executive Committee. The Operating Committee is empowered by the CEO and the CEO will evaluate its performance from time to time.

3.2 MEMBERS OF THE EXECUTIVE COMMITTEE⁹**HAROLD BOËL****Chief Executive Officer**

Belgian, born in 1964

Joined Sofina in 2004, CEO since 2008

Education & experience

- Member of the board of bioMérieux, Mérieux NutriSciences and Cognita
- Previous positions at Usines Gustave Boël and at Corus
- Graduated from Brown University (Chemistry), the École Polytechnique de Lausanne (Sciences Mat.) and INSEAD (IDP-C¹⁰)

**VICTOR CASIER****Member of the Executive Committee**

Belgian, born in 1974

Joined Sofina in 2006

Education & experience

- Member of the board of Veepee and Drylock
- Formerly strategy consultant at Roland Berger, Transwide Ltd and Banco Urquijo
- Graduated from the Louvain School of Management, the University of Chicago (MBA) and INSEAD (IDP-C¹⁰)

**XAVIER COIRBAY****Member of the Executive Committee**

Belgian, born in 1965

Joined Sofina in 1992

Education & experience

- Member of the board of Cambridge Associates and board observer at First Eagle
- Previous positions at the Générale de Banque
- Graduated from the Solvay Brussels School of Economics and Management (BS, MSc and Tax) and INSEAD (IDP-C¹⁰) and from Harvard Business School (General Manager Program and Corporate Director Certificate)

**MAXENCE TOMBEUR****Member of the Executive Committee**

Belgian, born in 1982

Joined Sofina in 2008

Education & experience

- Board observer at Practo, Hector Beverages, Pine Labs, Byju's, Bira 91 and member of the board of Lemonilo
- Previous positions at ING
- Graduated from the Louvain School of Management

**WAUTHIER DE BASSOMPIERRE****Member of the Executive Committee**

Belgian, born in 1970

Joined Sofina in 1999

Education & experience

- Formerly lawyer at CMS DeBacker
- Graduated from the Université Catholique de Louvain (Law), ICHEC (Taxation), Vlekho (Business Communications), INSEAD (IDP-C¹⁰) and the Harvard Business School (Program in Leadership Development)

**FRANÇOIS GILLET****Member of the Executive Committee**

Belgian, born in 1960

Joined Sofina in 1988

Education & experience

- Member of the board of Luxempart and Groupe Petit Forestier
- Member of the committee of the Fonds SofinaBoël
- Previous positions at Union Minière
- Graduated from the Louvain School of Management (BS and MSc) and INSEAD (IDP-C¹⁰)

**EDWARD KOOPMAN****Member of the Executive Committee**

Dutch, born in 1962

Joined Sofina in 2015

Education & experience

- Member of the board of GL events, THG and NUXE
- Previously founding partner of Electra Partners Europe/Cognetas, strategy consultant at Bain & Co and business banker at BNPP and Barings
- Graduated from the EM Lyon Business School

**GIULIA VAN WAEYENBERGE****Member of the Executive Committee**

Belgian, born in 1982

Joined Sofina in 2010

Education & experience

- Member of the board of Colibra, GL events and board observer at Mérieux NutriSciences
- Previous positions at De Eik and Bank of America Merrill Lynch
- Graduated from the Catholic University of Leuven (Elec. Eng.), Singapore Management University (Econ.) and INSEAD (IDP-C¹⁰)

⁹ As at 31 December 2022.

¹⁰ International Directors Programme - Certificate in Corporate Governance.

3.3 DEROGATIONS FROM THE 2020 CODE CONCERNING THE EXECUTIVE COMMITTEE

The Board of Directors, on the recommendation of the Remuneration Committee, has decided not to set a minimum amount of Company shares to be held by the CEO and the other members of the Executive Committee (Principle 7.9 of the 2020 Code). The Company considers they are sufficiently exposed to fluctuations in the Company's stock market price through the stock options that are offered to them, especially considering the fact that the CEO and the other members of the Executive Committee are contractually not permitted to exercise these stock options during the first three years following the grant date and that, for Belgian residents, tax is payable on these options upon acceptance. The number of stock options held by members of the Executive Committee at the beginning and at the end of the financial year 2022 are set out in point 4 of the Remuneration report.

The Company does not have the right to recover variable remuneration paid to members of the Executive Committee (Principle 7.12 of the 2020 Code). However, as indicated in the Remuneration policy, both the terms and conditions governing the PSUs and the Regulation relating to the stock options provide for the loss of future economic benefits in certain circumstances such as serious negligence or wilful or serious misconduct.

4. Conflicts of interest

As regards conflicts of interest, the Company is subject to Articles 7:96 and 7:97 of the BCAC. The Directors have a duty to avoid any act which may conflict with the interests of the Company and its shareholders. They have to inform the Chair of the Board of Directors immediately of any possible occurrence of such a conflict of interest. The rules on preventing conflicts of interest are described in more detail in the Internal rules of procedure of the Board. The members of the Executive Committee and other members of the personnel of the Sofina group are also required to avoid any conflict of interest and must inform the Compliance Officer of the occurrence of such a conflict in accordance with the Code of Conduct, further described below and in the [ESG section](#) of this Annual report.

5. Internal control and risk management

5.1 GENERAL APPROACH

The way Sofina deals with internal control and risk management is defined by its corporate culture. Sofina's corporate culture is reflected in several documents, two of which are particularly relevant to understand the general approach taken towards internal control and risk management.

The Code of Conduct sets out the standards of conduct for all employees and Board members of Sofina and clearly highlights the importance for these addressees to act with integrity and apply the highest compliance standards.

The Corporate Governance Charter defines the governance structure of the Company and the role of its governance bodies and evidences the checks and balances put in place.

The Audit Committee is responsible for monitoring the internal audit, the systems of internal control and risk management, and for establishing an independent internal audit function with resources and skills adapted to the Company's nature, size and complexity.

5.2 INTERNAL CONTROL ENVIRONMENT

The organisation of the function of internal control and risk management is adapted to the specific features of Sofina's investment activity, intended chiefly to take long-term minority holdings in companies located in different geographic regions (mainly in Europe, the United States and Asia), operating in various sectors. Each of these companies has its own internal control and risk management policy. Sofina's internal control environment is based mainly on dialogue and the constant exchange of information between members of the personnel. As such, Sofina does not have a separate internal audit function but appoints external consultants to carry out internal audit work based on the internal audit programme established on the recommendation of the Group Business Controller and approved by the Audit Committee. Taken as a whole, the Board of Directors and the Audit Committee consider this situation to be appropriate to the nature, size of the Company and its employees, and degree of complexity of the organisation.

5.3 RISK MANAGEMENT

Sofina has put in place a risk management process that applies to all members of the personnel. This process, approved by the Board of Directors on the recommendation of the Audit Committee, aims to define the control environment and identify the risks, i.e. events that are likely to affect the Company's intrinsic value immediately or in the longer term.

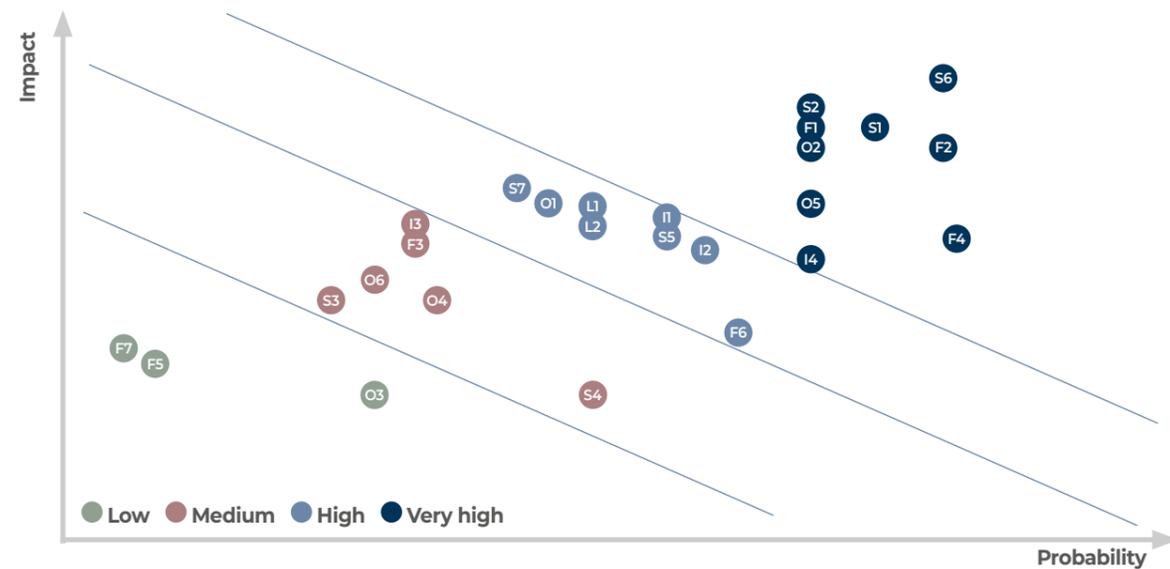
This risk management process sets out the way in which these risks are managed in order to align the risk appetite with the Company's objectives in terms of strategy, operations, the reliability of the financial information or compliance with applicable laws and regulations, as well as the way this process is monitored internally. This process has been extended in the form of a risk matrix which is presented hereinafter.



Risk matrix

Sofina developed a risk matrix, in collaboration with the management and the Audit Committee and reviewed it in 2022. The risk matrix applies to all the sectors, investment styles and geographic regions in which Sofina operates. It identifies the main risks to which the Sofina group is exposed (strategic, investment, financial market, operational, regulatory, tax and legal risks) and assesses their impact (per sub-risk).

The outcome of the risk matrix is obtained by evaluating the risk factors and assigning numerical values, based on the perceived likelihood of their occurrence (probability) and the expected magnitude of their negative impact (impact). These values have then been classified according to their perceived level of importance, such as very high, high, medium, and low. One should bear in mind that such outcome is subjective and can vary between organisations. Different organisations may assign different values to the same risk factors depending on their unique circumstances and priorities.



Strategic risk

Refers to risk factors that are related to Sofina's strategic decisions such as its positioning in its market, the construction of its diversified portfolio, as well as the conditions necessary to successfully implement its strategy.

RISKS LINKED TO STRATEGIC CHOICES

S1. Risk of relevance of the strategy	Risk that the strategy is not relevant (i) with respect to flawed positioning in the market or choice of target sectors and geographies; (ii) as a result of unsuccessful efforts to accentuate Sofina's differentiating factors or an insufficiently diversified portfolio; or (iii) as a result of changes in the global geopolitical, economic and climatic context undermining the premise of Sofina's strategy.
S2. Risk of increased competition	Risk of increased competition in Sofina's core markets, leading to fewer accessible investment opportunities and/or Sofina having to accept higher valuations to secure transactions leading to lower returns on investment.
S3. Risk of differing strategic visions	Risk of misalignment between the different decision-making bodies of Sofina leading to deadlock, ineffective execution of the strategy and internal disorganisation.

RISKS LINKED TO THE CONDITIONS NECESSARY FOR THE SUCCESS OF THE STRATEGY

S4. Risk of access to long-term capital	Risk of limited access to long-term capital, potentially instigating unplanned actions within the portfolio including premature divestments and/or reduced investment capacity.
S5. Risk linked to talent	Risk that Sofina fails to attract, hire and/or retain the necessary talent and build effective teams to implement its strategy.
S6. Reputational risk	Risk of damage to Sofina's reputation as a result of (i) inadequate communication, (ii) investments in controversial sectors or in businesses which are ignorant of the negative externalities they create, or (iii) direct or indirect activities of Sofina or its portfolio companies (including with respect to ESG matters) which impact Sofina's ability to raise capital, win opportunities and to implement its strategy.
S7. Risk of portfolio concentration	Risk that Sofina's portfolio is not sufficiently diversified in terms of sectors, geographies or asset classes. This could have a negative impact on investment returns if Sofina remains overexposed to underperforming sectors, geographies and asset classes, or if Sofina does not successfully identify growth opportunities and future trends.

Investment risk

RISK FACTORS THAT HAVE AN IMPACT ON THE EVOLUTION OF THE LONG-TERM VALUE OF SOFINA'S INVESTMENTS

I1. Risk related to the selection of an investment opportunity	Risk of flawed parameters being used to assess investment opportunities (strategic positioning, market growth, profitability, ESG factors, leadership assessment etc.) resulting in potential mispricing of investments or poor decision-making.
I2. Post-investment risk	Risk linked to specific events (internal or external) which were not identified in due diligence or which occurred only after Sofina's investment, which negatively affect the business and/or operations of a portfolio company giving rise to non-performance.
I3. Governance risk	Risk linked to the governance of an investment and more specifically to Sofina's ability to protect its investment as a minority shareholder.
I4. Divestment risk	Risk of not divesting an investment at the appropriate time resulting in Sofina failing to maximise profits or minimise losses in a given opportunity.

Financial market risk

RISKS LINKED TO THE PREVAILING ECONOMIC AND FINANCIAL CONDITIONS HAVING AN IMPACT ON THE PORTFOLIO OF SOFINA OR ON ITS OWN FINANCIAL POSITION

F1. Macro-economic risk	Risk linked to macroeconomic factors (such as inflation, growth rates, monetary policies, energy costs) impacting Sofina's investments and the valuation of Sofina's portfolio.
F2. Stock market risk	Risk of stock market fluctuations impacting the valuation of Sofina's portfolio and leading to volatility in the cost of capital.
F3. Climate change risk	Risk linked to the impact of climate change on the business model of Sofina's portfolio companies and their valuations.
F4. Foreign exchange risk	Risk related to the fluctuations in currencies which Sofina is exposed to, which have an impact on the value of Sofina's investments and on Sofina's own cash holdings.
F5. Counterparty risk	Risk linked to potential defaults by Sofina's counterparties or the counterparties of its portfolio companies such as debt providers.
F6. Interest rate risk	Risk linked to changes in interest rates generating variability in the valuation of Sofina's portfolio or an increase of its own financing cost.
F7. Risk of using derivative instruments	Risk related to cash flows due to an inappropriate use by Sofina of derivative instruments to cover certain risks.

Operational risk

RISKS THAT WOULD IMPAIR SOFINA'S ABILITY TO CARRY OUT ITS ACTIVITIES OR HAVE AN IMPACT ON THE VALUE OF ITS PORTFOLIO

O1. Cash flow and liquidity risk	Risk of insufficient liquidity and/or inadequate cash planning which may lead to insufficient cash for investment activities, dividends distribution or day-to-day operations.
O2. Risk linked to financial and non-financial information	Risk linked to the reporting process of financial and non-financial information (complete, reliable and relevant) and in particular the risk related to the valuation process.
O3. Continuity risk	Risk resulting from Sofina's inability to respond to a force majeure event (e.g. pandemic, fire, climate event, earthquake), excluding cybersecurity risk.
O4. Representation risk	Risk of non-compliance with the delegations of authority and signature powers, leading to Sofina entering into invalid or unauthorised transactions.
O5. Cybersecurity risk	Risk resulting from the occurrence of a cyberattack on Sofina's IT systems and infrastructure.
O6. Risk of fraud	Risk of fraud or other actions by bad actors on Sofina.

Regulatory, tax and legal risk

RISKS RESULTING FROM THE REGULATORY, TAX AND LEGAL ENVIRONMENT AS WELL AS FROM OUR CONTRACTUAL OBLIGATIONS

L1. Regulatory risk	Risk related to the changes in the regulatory, tax and legal framework (including ESG).
L2. Risk of litigation and breach	Risk related to litigation or investigation resulting from non-compliance with laws and regulations or breach of contractual undertakings.

Remuneration report

This Remuneration report is provided in line with the provisions of the 2020 Belgian Code on Corporate Governance (the "2020 Code") and Article 3:6, §3 of the Belgian Companies and Associations Code (the "BCAC"). It forms an integral part of the Corporate governance statement contained in this Annual report.

It provides an overview of the remuneration and benefits, regardless of their form, granted in respect of the financial year 2022 to each of the non-executive Directors, the CEO and the other members of the Executive Committee. It sets out the main principles of the [Remuneration policy](#)¹¹ and the way in which these were applied during the financial year. There were no deviations from the Remuneration policy as approved by the Annual General Meeting on 5 May 2022.

All monetary amounts in this Remuneration report are gross figures, meaning including the taxes or contributions borne by the beneficiaries of the remuneration but not the taxes or contributions borne by the Company (if any).

1. Year in overview

As at 31 December 2022, Sofina's Net Asset Value, its key performance indicator, amounts to EUR 9.3 billion. It is 18.0% lower than on 31 December 2021. The Average annual return over the past four years amounts to 11.0% and underperforms the Morgan Stanley Capital International All Country World Index (the "MSCI ACWI") in EUR by 0.1%.

As with many investment companies, the share price suffered a correction during 2022, as the 28% premium to NAV at the end of 2021 shifted to a 26% discount at the end of 2022. We however note that over the last four years, the share price rose by 24%.

For more information about the general performance and activities of the Company during the financial year 2022, please refer to the [Key Indicators](#) and [Key Events](#) sections of this Annual report. Comparative information on the development of remuneration and the performance of the Company is provided in point 7 of this Remuneration report.

2. Components of the remuneration in 2022

2.1 REMUNERATION OF BOARD MEMBERS

In accordance with Article 36, §3 of the articles of association of Sofina, section 3 of the Internal rules of procedure of the Board of Directors and the Remuneration policy, the statutory remuneration of the non-executive Directors is determined as a lump-sum fee with reference to a percentage of the net dividends distributed for the period, set by the articles of association at 3% since 2011. The remuneration of the non-executive Directors is therefore not directly linked to the performance of the Company.

Each Director is entitled to an equal share of the directors' fees, with the exception of the Chair and Vice-Chair who receive, respectively, a double fee and one-and-a-half-time fee, and the CEO who is not entitled to a share in the directors' fees. The honorary Directors are not remunerated unless otherwise decided by the Board of Directors on the recommendation of the Remuneration Committee. No honorary Director has been granted remuneration thus far.

The members of Committees of the Board (except the CEO) are entitled to attendance fees amounting to EUR 3,500 per meeting for the chair of a Committee and EUR 2,500 per meeting for the other members of the committee. The attendance fees allocated to the non-executive Directors are deducted in advance from the aggregate amount of directors' fees allocated to the non-executive Directors.

The non-executive Directors do not receive any remuneration other than the lump sum of directors' fees provided for in the articles of association and the fees for attending the meetings of the Committees, with the exception of the Chair who receives an annual fixed remuneration of EUR 150,000. This amount has been unchanged since it was introduced in 2014. Non-executive Directors may, however, be reimbursed for expenses incurred by their participation in the meetings of the Board of Directors and its Committees. Non-executive Directors are not entitled to and do not receive any Sofina stock options.

The amounts indicated in the following table represent the gross remuneration attributed during the financial year, in proportion to the duration of the mandate exercised by each Director during the financial year and their respective participation in the Committees of the Board. Since this remuneration is determined with reference to a percentage of the net dividends distributed for the period and this amount will be

final on 11 May 2023 only, the amounts mentioned below are subject to change (expected to be immaterial)¹².

in EUR	2022	2021
Harold Boël (CEO)	-	-
Nicolas Boël	152,585	140,953
Laura Cioli	157,584	140,953
Laurent de Meeûs d'Argenteuil	147,584	140,953
Jacques Emsens	152,585	143,453
Dominique Lancksweert (Chair) *	292,669	274,406
Anja Langenbacher	164,084	140,953
Robert Peugeot	153,084	143,953
Analjit Singh **	48,440	133,453
Michèle Sioen	153,085	150,953
Catherine Soubie	154,584	148,953
Charlotte Strömberg (Vice-Chair)	231,377	210,180
Michel Tilmant ***	-	50,703
Guy Verhofstadt	155,084	150,953
Gwill York	152,585	145,953
TOTAL	2,115,330	2,116,772

* The amount of the directors' fees does not include the Chair's fixed annual remuneration of EUR 150,000.

** Until the Annual General Meeting held in May 2022.

*** Until the Annual General Meeting held in May 2021.

As indicated in the Corporate governance statement, the Board of Directors has opted not to pay all or part of the remuneration of the non-executive Directors in Company shares (Principle 7.6 of the 2020 Code). However, upon the recommendation of the Remuneration Committee, the Board has invited the non-executive Directors to acquire, as of 2021, a number of Sofina shares representing the gross equivalent of one year of Directors' fees. These shares should be kept for at least one year after the non-executive Director has left the Board and for at least three years after their acquisition. The Company believes that the introduction of this mechanism for acquiring Sofina shares on a voluntary basis meets the objective sought by the 2020 Code to align the financial interests of non-executive Directors with those of shareholders without, however, forcing them to do so. Moreover, it makes it possible to avoid tax inequalities between the different Directors owing to their country of residence should the Company have followed the recommendation of the 2020 Code on a voluntary basis. As at 31 December 2022,

six of the twelve non-executive Directors had responded positively to the invitation. As indicated in the Corporate governance statement, the Directors who did not respond positively to the invitation to acquire these shares indicated that this was justified either because they are linked to the Reference Shareholder or for reasons of internal compliance with regard to their professional occupations or external appointments.

2.2 REMUNERATION OF THE CEO AND THE OTHER MEMBERS OF THE EXECUTIVE COMMITTEE

The remuneration granted by Sofina and/or its Luxembourg or Singapore subsidiaries to the CEO and to the other members of the Executive Committee in relation to the financial years 2022 and 2021 as well as a breakdown of the remuneration per component, as referred to in point 2 of the Remuneration policy, are set out in the following table.

¹² Since the treasury shares are not entitled to a dividend, the total dividends distributed depend on the number of treasury shares held by Sofina SA on 11 May 2023 (i.e. the trading day before the ex-date). As at that date, the Board of Directors will record the final amount of dividends distributed as well as the resulting changes to the director's fees in the statutory financial statements. For the purposes of this Remuneration report, the table shows the gross remuneration considering the number of treasury shares held by Sofina SA at 31 December 2022.

¹¹ <https://www.sofinagroup.com/wp-content/uploads/2021/05/sofina-remuneration-policy-en.pdf>

Amounts (in EUR)	CEO (individual)		Other members of the Executive Committee (collective) [*]	
	2022	2021	2022	2021
Base salary and board fees	604,649	574,476	2,881,441	2,413,450
Other benefits	31,076	29,496	183,311	164,570
Total fixed gross remuneration	635,725	603,972	3,064,752	2,578,020
Long-term incentive plan ("LTIP")	0	2,412,461	0	14,648,026
Value of the stock options	531,148	975,062	2,693,530	4,790,522
Collective bonus	0	0	24,146	23,474
Total variable gross remuneration	531,148	3,387,523	2,717,676	19,462,022
Pension commitment	107,083	101,221	463,976	385,868
TOTAL	1,273,956	4,092,716	6,246,403	22,425,909
Proportion of fixed ^{**} and variable remuneration	58.31% fixed / 41.69% variable	17.23% fixed / 82.77% variable	56.49% fixed / 43.51% variable	13.20% fixed / 86.80% variable

* For the financial year 2021, the fixed gross remuneration, the total variable gross remuneration, and the pension commitments include the share of the two members of the Executive Committee appointed on 1 July 2021. The financial year 2022 includes their gross remuneration and pension commitment for the entire year.

** This includes the fixed gross remuneration as well as the pension commitment.

The fixed and variable gross remunerations referred to above are subject to social security charges and income tax.

Fixed gross remuneration

The fixed gross remuneration is composed of:

- **a base salary:** the base salary of the CEO is indexed annually on the basis of the consumer prices index and the base salary of the other members of the Executive Committee is indexed on the basis of the smoothed health index;
- **board fees** received by members of the Executive Committee in their capacity as board member of subsidiaries of the Company; and
- **other benefits** which relate to the contributions paid towards death benefit and disability insurance, hospitalisation and health care insurance, the benefits linked to the company car and mobility aspects, contributions to the costs linked to communication tools, as well as meal and gift vouchers (see point 2.2.4 of the Remuneration policy).

The housing, education and transport allowances granted as appropriate to members of the Executive Committee resident abroad are not included in the fixed gross remuneration.

Variable gross remuneration

The variable gross remuneration is composed of:

- the **LTIP**, which is further detailed in point 3 of this Remuneration report. The LTIP line in the above table includes the gross amount paid in cash to the CEO and to the other members of the Executive Committee in the framework of the cohort 2019-2022 of the LTIP in

respect of the financial year 2022 and the amount paid in the framework of the cohort 2018-2021 in respect of the financial year 2021, as well as the holiday bonus on variable remuneration relating to these cohorts for the members of the Executive Committee based in Belgium, with the exception of the CEO.

- **stock options**, as further set out in point 4 of this Remuneration report. The value of stock options line is specified in the above table in accordance with Article 3:6, §3 of the BCAC. For each financial year only the stock options offered during this financial year and which were allocated as a result of their acceptance are taken into account. These options are valued by applying their tax value as determined by Article 43 of the Law of 26 March 1999 on the 1998 Belgian action plan for employment¹³. The value of the stock options offered during the financial year 2022 is lower than the value of the options offered during the financial year 2021 as a result of the decrease of the share price - which determines the stock option strike price - in 2022. Details of the number of stock options offered under the stock option plans 2022 which were allocated to the CEO and the other members of the Executive Committee are set out in point 4 below.
- **a collective bonus**, except for the CEO who does not benefit from this bonus under his self-employed status. The collective bonus was introduced in application of collective agreement 90 and 90bis and allocated to all employees upon attaining the collective goals.

¹³ Subject to the application of the conditions laid down in the law, the tax value of a stock option is equal to 9% of its strike price (that is the lower of the closing rate of the stock on the eve of the offer and the average closing price of the stock during the 30 days prior to the offer day). If need be, this percentage is increased by 0.5% of the value per year for any stock option accepted for a period of over five years (this period may not under any circumstances exceed ten years).

- a **pension commitment**. The pension commitment line includes the premiums paid in the context of the pension commitment (see point 5 below).

3. Long-term incentive plan

The LTIP as described in point 2.2.2 of the Remuneration policy currently applies to the CEO, the other members of the Executive Committee, the Management Group¹⁴ and certain other members of the Sofina group personnel. It aims to share with its beneficiaries the creation of long-term value above and beyond the performance of the market indexes and thereby strengthen the alignment between its beneficiaries and the Company's shareholders.

Every year, PSUs are offered to the CEO and the other members of the Executive Committee for a new four-year cohort. Their share in the available PSUs for a given cohort remains stable from one year to another. On a group's basis the number of available PSUs per cohort is determined to ensure that the total amount, paid in cash, is approximately one quarter of 5% of the value created at the level of the NAV as a result of the overperformance of the NAV compared to the benchmark index, the MSCI ACWI, over a four-year period. Accepted PSUs fully vest provided that the performance of the NAV per share ("NAVPS") less an amount equal to two years' gross dividends (the ANAVPS, as defined in more detail in the Glossary) over the four-year cohort exceeds the performance of the MSCI ACWI by 4% on a yearly basis.

The amount in cash paid under the LTIP depends on the number of PSUs accepted and vested. The number of PSUs vesting is determined upon the expiry of the four-year period based on the result of a performance test carried out for the same period. The calculation method used to determine the amount paid in cash under the LTIP is described in point 2.2.2. of the Remuneration policy.

The result of this test is as follows:

Year	ANAVPS(t-1) (in EUR)	Gross dividend for the financial year (in EUR)	ANAVPS(t) (in EUR)	Performance of the ANAVPS	Performance of the MSCI ACWI
2019	188.71	2.79	221.35	+18.9%	+28.9%
2020	221.12	2.90	258.79	+18.4%	+6.6%
2021	258.56	3.01	331.83	+29.7%	+27.5%
2022	331.60	3.13	273.15	-16.8%	-13.0%
Annualised performance during the period 2019-2022				11.0%	11.1%

¹⁴ The Management Group refers to the members of the Investment, Tax & Legal, Human Resources and Corporate Services teams, who qualify as managers in the Sofina group.

3.1 PERFORMANCE TEST FOR THE COHORT 2019-2022

The performance test for the financial year 2022 was carried out over the previous four years, that is the cohort 2019-2022 (period between 1 January 2019 and 31 December 2022).

The number of PSUs offered to the CEO and the other members of the Executive Committee and accepted by them for the 2019-2022 cohort is as follows:

Member of the Executive Committee	Maximum number of PSUs*	Target number of PSUs**
Harold Boël	6,217	1,159
Victor Casier	5,526	1,030
Xavier Coirbay	5,526	1,030
Wauthier de Bassompierre	5,526	1,030
François Gillet	5,526	1,030
Edward Koopman	5,526	1,030
Maxence Tombeur	4,472	756
Giulia Van Waeyenberge	4,472	756

* Number of PSUs that can be vested for a beneficiary if the performance of the ANAVPS exceeds that of the MSCI ACWI by 4% over the four-year period.

** Approximately 20% of the Maximum Number of PSUs. If the performance of the ANAVPS exceeds that of the MSCI ACWI over the same period by between 0% and 4%. The number of PSUs vested for a beneficiary will vary on a linear basis between the Target Number of PSUs and the Maximum Number of PSUs allocated to this beneficiary.

As explained in more detail in the Remuneration policy, the Company's performance test for the LTIP was carried out in relation to the development of the NAVPS, less an amount equal to two years of gross dividends (ANAVPS) to reflect the impact of the current policy of keeping in cash an amount equal to two years of gross dividends in the NAV.

The performance test for the cohort 2019-2022 was carried out at the start of the financial year 2023 on the basis of the performance of the ANAVPS over this reference period in relation to the performance of the MSCI ACWI over the same period.

As indicated in the table above, the annualised performance of the MSCI ACWI over the 2019-2022 cohort stood at 11.1%, whereas the performance of the ANAVPS over the same period stood at 11.0%. The ANAVPS showed a performance which is lower than the MSCI ACWI by 0.1%.

As a result, none of the PSUs allocated to the CEO and the other members of the Executive Committee for the 2019-2022 cohort vested. As indicated in the table referred to under point 2.2, no remuneration was therefore paid to the CEO and the other members of the Executive Committee under the LTIP.

3.2. PERFORMANCE SHARE UNITS ALLOCATED IN THE FRAMEWORK OF THE LONG-TERM INCENTIVE PLAN FOR THE COHORT 2022-2025

The Board of Directors, on the recommendation of the Remuneration Committee, offered a total of 40,219 PSUs (indicated below in the column headed "Maximum Number of PSUs") to the members of the Executive Committee for the cohort 2022-2025.¹⁵

Member of the Executive Committee	Maximum number of PSUs	Target number of PSUs	Vesting date
Harold Boël (CEO)	5,569	836	31/12/2025
Victor Casier	4,950	743	31/12/2025
Xavier Coirbay	4,950	743	31/12/2025
Wauthier de Bassompierre	4,950	743	31/12/2025
François Gillet	4,950	743	31/12/2025
Edward Koopman	4,950	743	31/12/2025
Maxence Tombeur	4,950	743	31/12/2025
Giulia Van Waeyenberge	4,950	743	31/12/2025

The share of the CEO in the total PSUs for the 2022-2025 cohort amounts to 7.94%, while the share of the other members of the Executive Committee amounts to 49.42%. The remaining PSUs were (i) offered to the Management Group and to certain other members of personnel and (ii) reserved for promotions and new recruitments.

These PSUs will not vest prior to 31 December 2025 and will only give the right to payment of an amount in cash at the start of the financial year 2026 if the performance test over the cohort 2022-2025 is validated.

4. Stock options

Every year, a certain number of Sofina stock options are offered to the CEO and to the other members of the Executive Committee. Options can also be offered to the Management Group and to certain other members of the personnel. The number of options offered remains stable from one year to the other. These options are allocated among all the beneficiaries of the stock options in line with their level of seniority in the organisation on the basis of a total theoretical envelope recommended by the Remuneration Committee. The aim of the stock options is to reward the beneficiaries for their contribution to the value creation of the Company in the long term and to strengthen the alignment between its beneficiaries and the Company's shareholders.

In 2021, the Board of Directors approved a new Switch stock option plan under which a number of stock options were offered to certain members of the Executive Committee with a view to ensure a dynamic rotation at the level of the Executive Committee, bearing in mind that the term of office of such members of the Executive Committee is fixed. The Switch stock option plan aims to provide a smooth transition for these members of the Executive Committee after having made their contribution at the level of the Executive Committee for a certain period of time. This plan differs from the other stock option plans as regards the strike period, as indicated in the table below. The number of options offered under this plan varies depending on the year of appointment of the relevant member of the Executive Committee.

Under these stock option plans, the stock options can be exercised as of 1 January of the 4th calendar year after the year of the offer and up until the eve of the 5th anniversary of the day of the offer, with a possible extension until the eve of the 10th anniversary of the day of the offer, depending on the choice expressed by each beneficiary upon acceptance of the options offering. There is no additional performance criterion for these stock options to vest.

Any acceptance or exercise of stock options by a member of the Executive Committee is reported in a declaration made by the relevant member of the Executive Committee to the FSMA, in application of the legal requirements regarding managers' transactions. The Executive Committee members themselves are responsible for making this declaration.

STOCK OPTIONS OF THE MEMBERS OF THE EXECUTIVE COMMITTEE AT THE BEGINNING AND AT THE END OF THE FINANCIAL YEAR 2022

Member of the Executive Committee	Balance as at 31/12/2021	SOP 2021 (granted in 2022)*	Changes during the year				Situation as at 31/12/2022**		
			Exercised in 2022			Expired in 2022	Vested	Unvested	Total
Number	Strike date	Strike price (in EUR)							
Harold Boël (CEO)	96,000	22,000	-	-	-	-	74,000	44,000	118,000
Victor Casier	33,000	11,000	-	-	-	-	22,000	22,000	44,000
Xavier Coirbay	33,000	11,000	-	-	-	-	22,000	22,000	44,000
Wauthier de Bassompierre	33,000	19,000	-	-	-	-	22,000	30,000	52,000
François Gillet	33,000	11,000	-	-	-	-	22,000	22,000	44,000
Edward Koopman	48,000	11,000	-	-	-	-	37,000	22,000	59,000
Maxence Tombeur	11,500	23,500	3,000	24/01/2022	175.67	-	4,500	27,500	32,000
Giulia Van Waeyenberge	13,500	23,500	-	-	-	-	9,500	27,500	37,000

* This column refers to the stock options offered in November 2021 and accepted by the members of the Executive Committee by the end of the 60-day acceptance period, i.e. by 23 January 2022. The stock options accepted by that date are deemed granted on such date.

** These columns refer to the stock options held by the members of the Executive Committee on 31 December 2022 and do not include the stock options offered in November 2022 since these options were deemed to have been definitively granted on 21 January 2023 (i.e. 60 days after the date of offer) that is after the end of the financial year 2022. For more details on these stock options offered in November 2022 and deemed granted in January 2023, see below the table 'Stock options offered to the members of the Executive Committee in 2022'.

A total of 203,500 options offered under the 2022 stock option plans were offered to members of the Executive Committee, other members of the Management Group and certain other members of personnel. These options were offered on 22 November 2022 and the 60-day period to accept them elapsed on 21 January 2023. The options accepted by the beneficiaries by then are hence deemed granted on 21 January 2023.

STOCK OPTIONS OFFERED TO THE MEMBERS OF THE EXECUTIVE COMMITTEE IN 2022

Member of the Executive Committee	Number	Offer date	1 st strike date	Maturity date	Strike price (in EUR)
Harold Boël (CEO)	22,000	22/11/2022	01/01/2026	21/11/2032	209.94
Victor Casier	11,000*	22/11/2022	01/01/2026	21/11/2032	209.94
Xavier Coirbay	11,000	22/11/2022	01/01/2026	21/11/2032	209.94
Wauthier de Bassompierre	11,000	22/11/2022	01/01/2026	21/11/2032	209.94
François Gillet	11,000*	22/11/2022	01/01/2026	21/11/2032	209.94
François Gillet	11,000	22/11/2022	01/01/2026	21/11/2032	209.94
Edward Koopman	11,000	22/11/2022	01/01/2026	21/11/2032	209.94
Maxence Tombeur	11,000	22/11/2022	01/01/2026	21/11/2032	209.94
Maxence Tombeur	12,500*	22/11/2022	01/01/2031	21/11/2032	209.94
Giulia Van Waeyenberge	11,000	22/11/2022	01/01/2026	21/11/2032	209.94
Giulia Van Waeyenberge	12,500*	22/11/2022	01/01/2031	21/11/2032	209.94

* Stock options relating to the Switch stock option plans.

No member of the Executive Committee was offered stocks or rights to acquire stocks other than these Sofina stock options offered in application of the Law of 26 March 1999.

¹⁵ The Maximum Number of PSUs offered to members of the Executive Committee with respect to (i) the cohort 2020-2023 is 42,736 (these PSUs will be vested if the performance test is validated on 31 December 2023) and (ii) the cohort 2021-2024 is 36,335 (these PSUs will be vested if the performance test is validated on 31 December 2024).

5. Group insurance: pension commitment, death benefit and disability allowance

PENSION COMMITMENT

Since 2019, the CEO, the other members of the Executive Committee, the Management Group and the majority of the personnel employed by the Company have benefited from a "cash balance" pension plan, the principles of which are set out in more detail in the Remuneration policy.

The Company has also subscribed to a defined contribution pension plan for several years. The savings built up under this plan are vested in the event of death or retirement.

The premiums paid for the CEO and the other members of the Executive Committee under pension commitments for the financial year 2022 are set out in point 1.2 of this Remuneration report.

DEATH BENEFIT AND DISABILITY ALLOWANCE

In the event of the death of the CEO, other members of the Executive Committee or other members of the personnel before the maturity date of the insurance contract or, if appropriate, before the advance or deferred maturity date, their beneficiaries are entitled, among other things, to capital amounting to the savings built up with, depending on the beneficiary, a minimum of three or four times the benchmark gross fixed annual remuneration of the deceased under the applicable plan. The group insurance also covers the risk of disability.

7. Comparative information on the development of remuneration and the performance of the Company

	2018	2019	2020	2021	2022
REMUNERATION OF THE NON-EXECUTIVE DIRECTORS					
Average total remuneration (in EUR)	126,780	141,511	146,419	161,912	174,256
Annual variation vs. y-1		+11.6%	+3.5%	+10.6%	+7.6%
REMUNERATION OF THE CEO					
Total remuneration (in EUR)	2,523,575	2,134,348	3,218,878	4,092,716	1,273,956
Annual variation vs. y-1		-15.4%	+50.8%	+27.1%	-68.9%
REMUNERATION OF THE OTHER MEMBERS OF THE EXECUTIVE COMMITTEE					
Average total remuneration (in EUR)	2,196,675	1,904,907	2,778,635	3,733,756	892,343
Annual variation vs. y-1		-13.3%	+45.9%	+34.4%	-76.1%
SOFINA'S PERFORMANCE MEASURES					
NAVPS* (in EUR)	194.28	226.92	264.59	337.86	279.41
Average annual return		18.4%	18.0%	29.0%	-16.5%
AVERAGE REMUNERATION OF EMPLOYEES ON A FULL-TIME EQUIVALENT BASIS					
Average total remuneration (in EUR)	211,409	240,871	296,301	330,301	172,050
Annual variation vs. y-1		+13.9%	+23.0%	+11.5%	-47.9%

* See Glossary at the end of the Annual report.

6. Severance allowances, possible departure and right of recovery

As indicated in the Remuneration policy, no severance allowance whatsoever, whether contractual or statutory, is provided for upon the expiry of the term of office of the non-executive Directors, the CEO or the other members of the Executive Committee at the end of their employment contract, whether this departure is voluntary, forced, premature or scheduled. The appropriate legal provisions will therefore apply if need be.

As an exception to that which is stipulated in Principle 7.12 of the 2020 Code and as set out in the Corporate governance statement, the Company does not have the right to recover the variable remuneration of the CEO and the other members of the Executive Committee. However, both the terms and conditions of the PSUs and the Regulation relating to the stock options provide for the loss of future economic profit in the event of dismissal for serious misconduct.

The total remuneration of the non-executive Directors is described in more detail in point 2.1 of this Remuneration report. It primarily consists of director's fees calculated by reference to the amount of the net dividend and of fees for attending the meetings of the Committees. It is therefore not directly linked to the performance of the Company.

The total remuneration of the CEO and the average total remuneration of the other members of the Executive Committee comprises the remuneration as set out in point 2.2 of this Remuneration report. It depends largely on the LTIP, which applies since 2017, and on stock options valued at their tax value as indicated in point 2.2. The most recent variation can be explained in particular by the decrease in the share price which determines the stock option strike price and the lower NAV performance over the reference period.

The performance of the Sofina group is assessed against the performance of its NAVPS and its Average annual return. This performance measurement is used in the context of the LTIP, ensuring that the development of the variable remuneration granted to the management is aligned with the development in the performance of the Sofina group.

Finally, the ratio between the highest remuneration of the Executive Committee on the one hand and the lowest remuneration among the other employees of the Company on a full-time equivalents basis is 1:20.

The average remuneration of employees on a full-time equivalent basis comprises the remuneration of the employees of the Company who are not members of the Executive Committee. It is composed of a base salary (indexed annually), group insurance, other remuneration components and a discretionary bonus. The variable remuneration of such employees also includes any amount in cash due further to the LTIP of the reference period that expires that year and the valuation (tax value) of the stock options offered during this financial year and having been allocated. A collective bonus may also be granted to all employees of the Company in application of collective agreements 90 and 90bis, as described in point 2.2.2 of the Remuneration policy.

The average total remuneration of the employees of the Company for a given financial year, the components of which are described in more detail in the paragraph above, is calculated on the basis of the total remuneration allocated to these employees during this financial year.

This calculation takes account of the Company's employees apart from the CEO and the other members of the Executive Committee and does not include trainees. The time credit systems and parental leaves are considered to be a full-time occupation, and part-time work is considered to be a part-time occupation. The total result is expressed in full-time equivalents.

As indicated above, the LTIP and the valuation of the stock options impact significantly the development of this average remuneration from year to year.

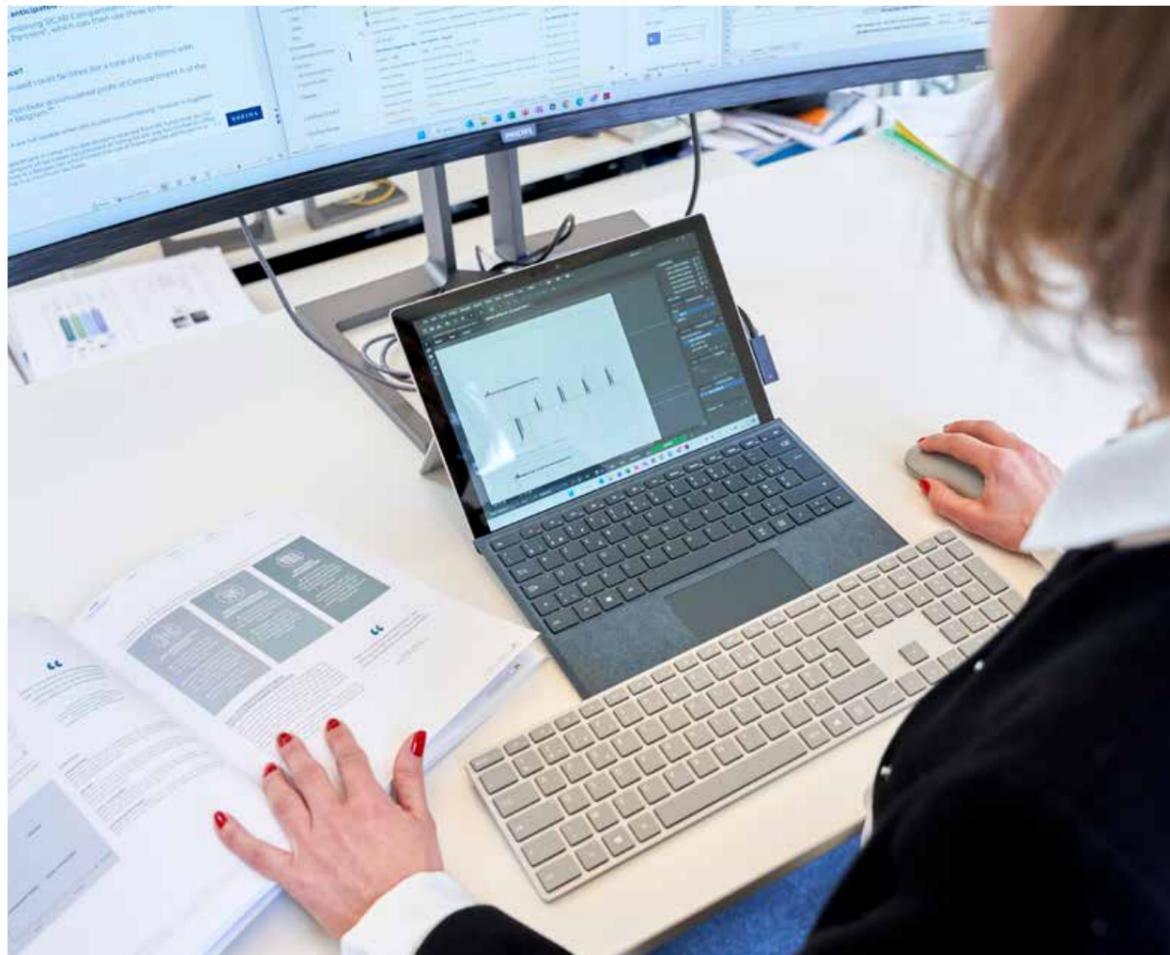
The highest remuneration of the Executive Committee is the remuneration of the CEO as described in point 2.2 of this Remuneration report. The lowest remuneration among the other employees of the Company on a full-time equivalent basis includes the remuneration elements as described in this point 7 and is calculated using the same methodology.

The Remuneration policy and the Remuneration report on the financial year 2021 were approved by the Annual General Meeting held on 5 May 2022 by a majority of respectively 97.86% and 95.79% of the votes.

In accordance with Article 7:149 of the BCAC, the Annual General Meeting to be held on 4 May 2023 will be invited to approve this Remuneration report in a separate vote.

Consolidated financial statements

as at 31 December 2022



“Sofina meets the conditions for Investment Entity status under IFRS 10, §27, which requires that investment subsidiaries should not be consolidated and that direct subsidiaries of a company that qualifies as an Investment Entity should be recorded at fair value in the consolidated financial statements, including the fair value of their equity investments and their other assets and liabilities.

CONSOLIDATED BALANCE SHEET

ASSETS	NOTES	IN THOUSAND EUR	
		31/12/2022	31/12/2021
Non-current assets		8,549,094	10,395,475
(In)tangible assets		9,111	9,602
Investment portfolio	3.1	8,539,983	10,385,873
<i>Investments</i>		8,538,603	10,385,873
<i>Receivables</i>		1,380	0
Deferred tax assets	3.14	0	0
Current assets		1,648,741	1,689,572
Deposits and other current financial assets	3.3	436,686	749,615
Receivables from subsidiaries	3.9	823,998	796,320
Other current receivables		97	97
Taxes		2,474	2,798
Cash and cash equivalents	3.4	385,486	140,742
TOTAL ASSETS		10,197,835	12,085,047

LIABILITIES	NOTES	IN THOUSAND EUR	
		31/12/2022	31/12/2021
Shareholders' equity		9,313,329	11,354,341
Share capital	3.5	79,735	79,735
Share premium		4,420	4,420
Reserves		9,229,174	11,270,186
Non-current liabilities		697,825	700,763
Provisions for pensions	3.6	2,235	4,398
Other provisions		83	289
Non-current financial liabilities	3.7	695,507	694,512
Deferred tax liabilities	3.14	0	1,564
Current liabilities		186,681	29,943
Current financial liabilities	3.8	2,010	2,112
Payables to subsidiaries	3.9	175,634	943
Trade and other current payables	3.8	9,037	26,888
Taxes		0	0
TOTAL LIABILITIES		10,197,835	12,085,047

CONSOLIDATED INCOME STATEMENT

	NOTES	IN THOUSAND EUR	
		2022	2021
Dividend income		48,138	36,044
Interest income	3.10	9,857	5,494
Interest expenses	3.10	-8,183	-5,630
Net result of the investment portfolio	3.1 & 3.11	-1,878,051	2,599,357
<i>Investments</i>		-1,878,051	2,599,357
Gains		97,153	2,670,970
Losses		-1,975,204	-71,613
<i>Receivables</i>		0	0
Gains		0	0
Losses		0	0
Other financial results	3.12	-6,246	11,039
Other income		6,669	5,206
Other expenses	3.13	-45,266	-58,925
RESULT BEFORE TAX		-1,873,082	2,592,585
Taxes	3.14	1,556	846
RESULT FOR THE YEAR		-1,871,526	2,593,431
SHARE OF THE GROUP IN THE RESULT		-1,871,526	2,593,431
Net result per share (EUR) ¹		-55.8485	76.9932
Diluted net result per share (EUR) ²		-55.3157	75.9183

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTES	IN THOUSAND EUR	
		2022	2021
RESULT FOR THE YEAR		-1,871,526	2,593,431
OTHER COMPREHENSIVE INCOME³			
Other items		0	-27
Income and expenses recognised directly in shareholders' equity and subsequently reclassified in net revenue		0	-27
Actuarial gains and losses on pension obligations	3.6	2,457	2,113
Income and expenses recognised directly in shareholders' equity and subsequently not reclassified to net revenue		2,457	2,113
TOTAL OTHER COMPREHENSIVE INCOME³		2,457	2,086
TOTAL RECOGNISED INCOME AND EXPENSES (COMPREHENSIVE INCOME)		-1,869,069	2,595,517
Attributable to non-controlling interests		0	0
Attributable to shareholders of the parent company		-1,869,069	2,595,517

1. Calculation based on the weighted average number of outstanding shares (33,510,733 shares as at 31 December 2022 and 33,683,906 shares as at 31 December 2021, i.e. a net change in treasury shares of -173,173).

2. Calculation based on the weighted average number of outstanding shares diluted per share (33,833,533 shares as at 31 December 2022 and 34,160,806 shares as at 31 December 2021, i.e. a net change in treasury shares of -327,273).

3. These items are presented net of taxes - see point 3.14. of the Notes to the consolidated financial statements.

CHANGES IN THE CONSOLIDATED SHAREHOLDERS' EQUITY

	NOTES	SHARE CAPITAL	SHARE PREMIUM	RESERVES	TREASURY SHARES	IN THOUSAND EUR		
						GROUP'S SHARE	NON- CONTROLLING INTERESTS	TOTAL
BALANCE AS AT 31/12/2020		79,735	4,420	8,994,286	-178,030	8,900,411	0	8,900,411
Result for the year				2,593,431		2,593,431		2,593,431
Other comprehensive income				2,113		2,113		2,113
Distribution of profit				-103,239		-103,239		-103,239
Changes in treasury shares				171	-41,647	-41,476		-41,476
Other				3,101		3,101		3,101
Changes in non-controlling interests						0		0
BALANCE AS AT 31/12/2021		79,735	4,420	11,489,863	-219,677	11,354,341	0	11,354,341
Result for the year				-1,871,526		-1,871,526		-1,871,526
Other comprehensive income				2,457		2,457		2,457
Distribution of profit	3.5			-107,154		-107,154		-107,154
Changes in treasury shares				2,028	-72,719	-70,691		-70,691
Other				5,902		5,902		5,902
Changes in non-controlling interest						0		0
BALANCE AS AT 31/12/2022		79,735	4,420	9,521,570	-292,396	9,313,329	0	9,313,329

CONSOLIDATED CASH FLOW STATEMENT

	NOTES	IN THOUSAND EUR	
		2022	2021
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3.4	140,742	232,354
Dividend income		37,702	38,699
Interest income		9,508	5,493
Interest expenses		-7,188	-3,517
Acquisitions of current financial assets (deposits of more than 3 months)		0	-100,000
Disposals of current financial assets (deposits of more than 3 months)		225,000	0
Acquisitions of current financial assets (treasury investment portfolio)		-325,000	-498,233
Disposals of current financial assets (treasury investment portfolio)		406,222	50,139
Acquisitions of other current financial assets		-1,169	0
Disposals of other current financial assets		0	10,659
Other current receipts		4,144	1,512
Administrative expenses and miscellaneous		-55,058	-45,918
Net taxes		0	485
Cash flow from operating activities		294,161	-540,681
Acquisitions of (in)tangible assets		-129	-489
Disposals of (in)tangible assets		0	0
Disposals of consolidated companies		0	1,860
Investments in portfolio	3.1	-46,834	-131,996
Divestments from portfolio	3.1 & 3.11	15,044	211,845
Movements in other non-current assets		0	0
Cash flow from investing activities		-31,919	81,220
Acquisitions of treasury shares		-76,069	-56,486
Disposals of treasury shares		3,109	13,320
Distribution of profit	3.5	-104,885	-101,550
Movements in receivables from subsidiaries		-14,828	-20,382
Movements in payables to subsidiaries		175,175	-161,565
Receipts from financial liabilities		0	694,512
Repayments of financial liabilities		0	0
Cash flow from financing activities		-17,498	367,849
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	3.4	385,486	140,742

For Sofina, the primary revenue generator is the evolution of the NAV (a non-monetary item that appears in the income statement but not in the consolidated cash flow statement). In this context, cash flows related to portfolio investments and divestments, which are not revenue generators, are considered to be part of investing activities and not of operating activities.

It should be remembered that the management cash flow statement (in transparency) is available in point 2.1 of the Notes to the consolidated financial statements.

Notes to the consolidated financial statements

The notes to the consolidated financial statements are grouped in three sections, providing the following information:

1. Statement of compliance and accounting policies – includes the statement of compliance, accounting policies and significant changes.

2. Key management information and segment reporting – includes segment information and reconciliations to the financial statements as well as information on the portfolio in transparency (as if the group were applying the consolidation principles).

3. Notes to the financial statements as an Investment Entity – includes the notes to the consolidated financial statements of Sofina as an Investment Entity.

1. Statement of compliance and accounting principles

Sofina SA is a public limited liability company incorporated under Belgian law, with its registered office at rue de l'Industrie, 31, 1040 Brussels.

The consolidated financial statements of the Sofina group as at 31 December 2022 were approved by the Board of Directors held on 30 March 2023. They were prepared in accordance with IFRS (International Financial Reporting Standards) as adopted in the European Union.

ACCOUNTING PRINCIPLES

The standards, amendments and interpretations published but not yet effective in 2022 have not been adopted in advance by the Sofina group (see point 3.21 below).

The valuation and consolidation principles, methods and techniques used in these consolidated financial statements are identical to those applied by the Sofina group when preparing the consolidated financial statements for the year ended 31 December 2021.

A summary of the main accounting policies is presented in point 3.21 below.

2. Key management information and segment reporting

2.1 SEGMENT INFORMATION - RECONCILIATION WITH FINANCIAL STATEMENTS

IFRS 8 on operating segments requires Sofina to present segments on the basis of reports presented to management for the purpose of making decisions about resources to be allocated to each segment and assessing the performance of each segment.

We are now combining the two investment styles in which the Sofina group directly owns shares in portfolio companies or is involved through a syndication vehicle, namely Long-term minority investments (formerly known as 1st pillar) and Sofina Growth (formerly known as 3rd pillar), under a new common umbrella named **Sofina Direct**.

This new denomination is the alter ego of **Sofina Private Funds** (formerly known as 2nd pillar) in which our involvement relies on building long-term partnerships with carefully selected external General Partners.

Sofina SA is the parent company of the Sofina group. The investments in portfolio managed by the group are held by the parent company, Sofina SA, either by owning shares directly in portfolio investments or by investing in them through its investment subsidiaries. When preparing the financial statements as an Investment Entity, the fair value of the shares held directly at the parent company level (in portfolio investments or in investment subsidiaries) is recorded as an asset in the balance sheet. By contrast, segment management information (based on internal reporting) is prepared on the entire portfolio in transparency (i.e. on all portfolio investments wherever they are held in the Sofina group legal structure), and thus on the basis of the total fair value of each portfolio investment ultimately held in companies or in funds. The presentation of dividends or cash flows follows the same logic.

To reconcile the items related to the group's total portfolio with the financial statements, the information is presented as follows:

• **Total** – which represents the total of the investment portfolio (the total of the three investment styles covered by Sofina Direct and Sofina Private Funds) on the one hand and the items not allocated to the investment styles (i.e. expenses and income or other balance sheet items not monitored in a segmented way per investment style), whether they are recognised at the parent company level or in the Sofina SA subsidiaries, on the other;

• **Items for reconciliation with the financial statements** – which represent the adjustments necessary to reconcile the details per investment style (as used internally in the day-to-day management of the Sofina group) with the consolidated financial statements under Investment Entity status. These consist of reclassifications between both views of the portfolio (in transparency or not), as explained in point 2.3 below;

• **Financial statements** – which represent the consolidated financial statements under the Investment Entity status.

The presentation of the comprehensive income and the balance sheet is aggregated as it appears in the reports to management. Definitions of terms can be found in the Glossary at the end of this Annual report.

SITUATION AS AT 31 DECEMBER 2022

COMPREHENSIVE INCOME (2022)	SOFINA DIRECT	SOFINA PRIVATE FUNDS	TOTAL	IN THOUSAND EUR	
				RECONCILING ITEMS	FINANCIAL STATEMENTS
Dividends	46,549	6,149	52,698	-4,560	48,138
Long-term minority investments	46,427				
Sofina Growth	122				
Net result of the investment portfolio	-1,214,478	-613,388	-1,827,866	-50,185	-1,878,051
Long-term minority investments	-835,315				
Sofina Growth	-379,163				
Management expenses			-73,433	28,167	-45,266
Other ⁴			-20,468	26,578	6,110
Total comprehensive income			-1,869,069	0	-1,869,069

BALANCE SHEET (31/12/2022)	SOFINA DIRECT	SOFINA PRIVATE FUNDS	TOTAL	IN THOUSAND EUR	
				RECONCILING ITEMS	FINANCIAL STATEMENTS
Investment portfolio	4,759,857	4,302,404	9,062,261	-522,278	8,539,983
Long-term minority investments	2,797,444				
Sofina Growth	1,962,413				
Net cash			233,051	-109,636	123,415
Gross cash			928,558	-109,636	818,922
Financial liabilities			-695,507	0	-695,507
(In)tangible fixed assets			9,773	-662	9,111
Other assets and liabilities ⁴			8,244	632,576	640,820
NAV			9,313,329	0	9,313,329

4. This includes the deferred tax liabilities (of EUR 1.18 million) for the temporary tax differences recognised by some investment subsidiaries between the carrying amount and the tax base of portfolio investments impacting their fair value recognised in Sofina SA's investment portfolio (see point 3.14). Moreover, there are accumulated profits within Sofina Private Funds which could become taxable at a 25% tax rate in the theoretical scenario where the relevant investment subsidiaries holding such portfolio were to be liquidated and profit repatriated to Sofina SA, which will however not materialise in the current going-concern context. Depending on the theoretical scenarios considered (such as a sale or a liquidation of Sofina Private Funds), 0% to 60% of the Net Asset Value of the investment subsidiaries holding Sofina Private Funds could become taxable at 25%. However, this hypothetical tax has not been recognised because the trigger events are under the control of Sofina SA, and moreover not probable. Furthermore, the investment subsidiaries of Sofina SA do not recognise deferred tax assets for tax losses carried forward because their recovery is not considered probable. Here also, since there is no deferred tax asset recognised by the investment subsidiaries in this respect, their fair value is not impacted.

The management cash flow statement below provides cash flow information in transparency for all group subsidiaries.

MANAGEMENT CASH FLOW STATEMENT (2022)	SOFINA DIRECT	SOFINA PRIVATE FUNDS	IN THOUSAND EUR		
			TOTAL GROSS CASH	FINANCIAL LIABILITIES	TOTAL NET CASH
Net cash at the beginning of the year			1,048,594	-729,512	319,082
Dividends ⁵	46,630	6,148	52,778		52,778
Management expenses ⁶			-92,210		-92,210
Investments in portfolio	-570,705	-442,685	-1,013,390		-1,013,390
Divestments from portfolio	399,408	774,564	1,173,972		1,173,972
Distribution of profit			-104,885		-104,885
Other items			-101,301	-995	-102,296
Repayment of financial liabilities			-35,000	35,000	0
Net cash at the end of the year			928,558	-695,507	233,051

INVESTMENT PORTFOLIO BRIDGE (2022)	FAIR VALUE AS AT 31/12/2021	INVESTMENTS ⁷		DIVESTMENTS AND REVENUES ⁷		MARKET IMPACT	FX IMPACT	IN THOUSAND EUR	
		Cash	Non- cash ⁹	Cash	Non- cash ⁹			FAIR VALUE AS AT 31/12/2022	VALUE CREATION % ⁸
Sofina Direct	5,810,894	570,705	1,093	-446,038	-9,671	-1,188,487	21,361	4,759,857	-18%
Sofina Private Funds	5,252,521	442,685	2,512	-780,713	-7,362	-889,333	282,094	4,302,404	-11%
Total investment portfolio	11,063,415	1,013,390	3,605	-1,226,751	-17,033	-2,077,820	303,455	9,062,261	-15%

SITUATION AS AT 31 DECEMBER 2021

COMPREHENSIVE INCOME (2021)	SOFINA DIRECT	SOFINA PRIVATE FUNDS	TOTAL	IN THOUSAND EUR	
				RECONCILING ITEMS	FINANCIAL STATEMENTS
Dividends	52,289	6,921	59,210	-23,166	36,044
Long-term minority investments	52,289				
Sofina Growth	0				
Net result of the investment portfolio	647,579	1,973,383	2,620,962	-21,605	2,599,357
Long-term minority investments	153,202				
Sofina Growth	494,377				
Management expenses			-83,017	24,092	-58,925
Other			-1,638	20,679	19,041
Total comprehensive income			2,595,517	0	2,595,517

5. Difference compared with the dividends presented in the comprehensive income is mainly due to cut-offs between declaration and payment periods or to withholding taxes.

6. Difference compared with the management expenses presented in the comprehensive income is mainly due to the payment in the current year of the Long-Term Incentive Plan (LTIP) accrual of the previous year.

7. Net of intragroup transfers.

8. Fair value at the end of the year + Divestments and revenues of the year divided by Fair value at the beginning of the year + Investments in the year.

9. Mainly composed of escrows and cut-offs (i.e. differences when the realisation of a transaction and its cash impact occur in two different financial years).

BALANCE SHEET (31/12/2021)	SOFINA DIRECT	SOFINA PRIVATE FUNDS	TOTAL	IN THOUSAND EUR	
				RECONCILING ITEMS	FINANCIAL STATEMENTS
Investment portfolio	5,810,894	5,252,521	11,063,415	-677,542	10,385,873
<i>Long-term minority investments</i>	3,884,345				
<i>Sofina Growth</i>	1,926,549				
Net cash			319,082	-126,066	193,016
<i>Gross cash</i>			1,048,594	-167,066	887,528
<i>Financial liabilities</i>			-729,512	35,000	-694,512
(In) tangible fixed assets			10,692	-1,090	9,602
Other assets and liabilities			-38,848	804,698	765,850
NAV			11,354,341	0	11,354,341

The management cash flow statement below provides cash flow information in transparency for all group subsidiaries.

MANAGEMENT CASH FLOW STATEMENT (2021)	SOFINA DIRECT	SOFINA PRIVATE FUNDS	IN THOUSAND EUR		
			TOTAL GROSS CASH	FINANCIAL LIABILITIES	TOTAL NET CASH
Net cash at the beginning of the year			586,620	0	586,620
Dividends ¹⁰	56,370	6,921	63,291	0	63,291
Management expenses ¹¹		0	-67,563	0	-67,563
Investments in portfolio	-653,693	-629,952	-1,283,645	0	-1,283,645
Divestments from portfolio	352,734	807,955	1,160,689	0	1,160,689
Distribution of profit		0	-101,550	0	-101,550
Other items		0	-38,760	0	-38,760
Receipts from financial liabilities		0	729,512	-729,512	0
Net cash at the end of the year			1,048,594	-729,512	319,082

INVESTMENT PORTFOLIO BRIDGE (2021)	FAIR VALUE AS AT 31/12/2020	IN THOUSAND EUR						FAIR VALUE AS AT 31/12/2021	VALUE CREATION % ¹³
		INVESTMENTS ¹²		DIVESTMENTS AND REVENUES ¹²		MARKET IMPACT	FX IMPACT		
		Cash	Non- cash ¹⁴	Cash	Non- cash ¹⁴				
Sofina Direct	4,862,973	653,693	41,654	-409,104	-38,190	467,119	232,749	5,810,894	13%
Sofina Private Funds	3,457,990	629,952	-699	-814,876	-150	1,604,691	375,612	5,252,521	48%
Total investment portfolio	8,320,963	1,283,645	40,955	-1,223,980	-38,339	2,071,811	608,361	11,063,415	28%

10. Difference compared with the dividends presented in the comprehensive income is mainly due to cut-offs between declaration and payment periods or to withholding taxes.

11. Difference compared with the management expenses presented in the comprehensive income is mainly due to the payment in the current year of the Long-Term Incentive Plan (LTIP) accrual of the previous year.

12. Net of intragroup transfers.

13. Fair value at the end of the year + Divestments and revenues of the year divided by Fair value at the beginning of the year + Investments in the year.

14. Mainly composed of escrows, cut-offs (i.e. differences when the realisation of a transaction and its cash impact occur in two different financial years) and roll-overs of investments.

2.2 COMMENTS ON THE EVOLUTION OF THE PORTFOLIO IN TRANSPARENCY

The main movements in acquisitions and disposals relating to the Sofina Direct portfolio in the year of 2022 (with a fair value in excess of EUR 10 million) concern the following financial assets:

	CORPORATE RIGHTS	
	% OWNERSHIP INVESTED ¹⁵	% OWNERSHIP SOLD ¹⁵
Biobest Group	3.68%	
Birdie Care Services	15.44%	
Cleo AI	12.77%	
CoachHub	9.32%	
emTransit (Dott)	7.51%	
Everdrop	10.79%	
Grasper Global (Skillmatics)	10.24%	
Green Agrevolution (DeHaat)	4.44%	
IHS Holding ¹⁶	1.05%	
K12 Techno Services	7.08%	
Labster Group	4.47%	
MxBEE (Biobest)	26.64%	
Rohlik	8.73%	
Typeform	6.93%	
Ver Se Innovation	1.17%	
Vizgen	4.24%	
Bright Lifecare (HealthKart) ¹⁷		0.05%
Hillebrand Group		20.91%
Pine Labs		1.65%

The main net movements of more than EUR 10 million relating to the Sofina Private Funds' portfolio in the year of 2022 concern investments in Sequoia, TA Associates and Thoma Bravo funds and partial disposals of Astorg, Bain, Bencis, Berkshire, Charlesbank, GTCR, Guidepost, H.I.G., Harbourvest, Housatonic, Iconiq, KPS, Sequoia, Serent, Silver Lake and Thoma Bravo funds.

The main Sofina Direct level 1¹⁸ investments (with a fair value in excess of EUR 10 million) held by the Sofina group as at 31 December 2022 are as follows:

	YEAR OF THE 1 ST INVESTMENT	CORPORATE RIGHTS		FAIR VALUE (IN THOUSAND EUR)
		NUMBER OF SHARES	% OWNERSHIP	
Istdibs.com	2015	2,613,568	6.71%	12,448
bioMérieux	2009	2,282,513	1.93%	223,504
The Hut Group (THG)	2016	115,542,400	8.29%	57,189
Luxempart	1992	1,257,500	6.07%	93,684
GL events	2012	4,768,057	15.90%	77,529
Colruyt Group	1975	2,332,064	1.74%	49,673
SCR – Sibelco	2005	6,968	1.48%	34,840

15. Changes in undiluted ownership percentage as at 31 December 2022 due to new acquisitions and disposals during the year.

16. The syndication vehicle through which shares in IHS Holding were held has been liquidated so that our exposure in IHS Holding is now direct (but unchanged in terms of economic interest).

17. The ownership percentage on an as converted basis was 14%.

18. For the definitions of levels, see point 2.3 below.

The main Sofina Direct level 2 and level 3¹⁹ investments (with a fair value in excess of EUR 10 million) held by the Sofina group as at 31 December 2022 are as follows:

	YEAR OF THE 1 ST INVESTMENT	CORPORATE RIGHTS	
		NUMBER OF SHARES	% OWNERSHIP
B9 Beverages (Bira 91)	2018	3,784,140	6.93%
Biobest Group	2022	36,670	3.68%
Biotech Dental	2018	6,154,900	24.75%
Birdie Care Services	2022	3,924,379	15.44%
Cambridge Associates	2018	24,242	23.64%
Carebridge Holdings	2016	15,347,479	4.17%
Cleo AI	2022	4,237,499	12.77%
CoachHub	2022	15,089	9.32%
Collibra	2020	6,936,516	2.94%
Dreamplug Technologies (Cred)	2021	57,596	1.96%
Drylock Technologies	2019	150,000,000	25.64%
emTransit (Dott)	2021	8,612,248	17.51%
Everdrop	2022	5,669	10.79%
Graphcore	2018	11,131,375	2.70%
Grasper Global (Skillmatics)	2022	379,198	10.24%
Green Agrevolution (DeHaat)	2021	479,610	12.08%
Groupe Petit Forestier	2007	1,244,172	43.39%
Hector Beverages	2015	3,576,234	18.27%
Honasa Consumer (Mamaearth)	2021	3,304,434	9.49%
IHS Holding	2014	3,467,574	1.05%
K12 Techno Services	2020	3,463,319	19.65%
Labster Group	2022	2,870,989	4.47%
Lemonilo	2021	25,323	6.02%
M.Chapoutier	2007	3,124	14.20%
MedGenome	2017	7,842,600	16.69%
Mérieux NutriSciences	2014	43,278	15.42%
Moody E-Commerce Group	2021	95,610	3.63%
MXP Prime Platform (SellerX)	2021	6,604	7.89%
Nuxe International	2019	193,261,167	49.00%
Oviva	2021	101,207	11.44%
PETKIT Technology	2021	10,746,355	5.06%
Pine Labs	2015	147,582	1.76%
Rohlik	2022	48,776	8.73%
Salto Systems	2020	22,293	12.17%
Tessian	2021	3,637,815	4.70%
Think & Learn (Byju's)	2016	230,902	5.14%
ThoughtSpot	2017	3,263,785	2.74%
Twin Health	2021	1,394,322	2.87%
Typeform	2022	69,208	6.93%
Veepee	2016	3,756,786	5.56%
Ver Se Innovation	2019	415,952	7.16%
Vinted	2019	2,875,747	3.00%
Vizgen	2022	1,312,818	4.79%
ZenCore (Cayman) (ZhenGe)	2021	6,438,337	3.86%

19. For the definition of levels, see point 2.3 below.

The main Sofina Direct level 2 and level 3²⁰ investments (with a fair value in excess of EUR 10 million) held through syndication vehicles gathering part of the shareholder base as at 31 December 2022 are as follows:

	YEAR OF THE 1 ST INVESTMENT	CORPORATE RIGHTS		ESTIMATED ECONOMIC INTEREST IN THE UNDERLYING INVESTMENT
		NUMBER OF SHARES	% OWNERSHIP IN THE INTERMEDIARY VEHICLE	
Aevum Investments (Xinyu)	2018	-	100.00%	4.90%
Appalachian Mountains (Aohua)	2018	13,000	46.43%	4.05%
Atlantic Foods Labs Co-Invest II (Getir)	2021	-	47.62%	0.19%
Atlantic Foods Labs Co-Invest III (Getir)	2021	-	77.71%	
Ergon opseo Long Term Value Fund (opseo)	2016	-	8.82%	7.38%
FPCI Alven Ankorstore (Ankorstore)	2021	20,000	97.49%	1.14%
GoldIron (First Eagle)	2016	21,721	70.68%	4.18%
Iconiq Strategic Partners III Co-Invest (Series RV)	2018	-	7.15%	0.26%
Kedaara Norfolk Holdings (Lenskart)	2019	158,355	50.00%	1.20%
Lernen Midco 1 (Cognita)	2019	252,517,893	15.55%	15.37%
M.M.C. (M.Chapoutier) ²¹	2007	15,256	19.83%	15.33%
MxBEE (Biobest Group)	2022	7,820,093	26.64%	2.17%
Polygone (GL events) ²¹	2012	221,076	20.96%	11.86%
SC China Co-Investment 2016-A (ByteDance)	2016	-	41.67%	0.18%
TA Action Holdings (ACT)	2016	-	44.44%	3.65%
TA Vogue Holdings (TCNS)	2016	-	48.72%	7.62%

The General Partners that manage investment funds on our behalf, whose individual value exceeded EUR 10 million as at 31 December 2022 are Alantra, Alpha JWC, Archipelago, Atlantic Labs, Atomico, Bain, Battery, Bessemer, Bling, Blossom, Bond, Chryscapital, Crescent Point, DST, Everstone, Falcon House, Felix, Formation 8, Founders Fund, Foundry, Francisco, General Atlantic, Genesis, GGV, Highland, Huaxing, Iconiq, Insight, Institutional Venture Partners, InvAscent, Isola, Kedaara, Kleiner Perkins, Lakestar, Lightspeed, Local Globe, Lux Capital, Lyfe, Multiples, New Enterprise Associates, Nexus, Northzone, OpenView, Qiming, Redpoint, Sequoia, Social+Capital, Source Code, Spark, Summit, TA Associates, TAEI, Thoma Bravo, Thrive, Tiger Global, Trustbridge and Venrock.

20. For the definition of levels, see point 2.3 below.

21. The estimated economic interest in the underlying investment for M.M.C. and Polygone refer to the interest in their main underlying asset being M.Chapoutier and GL events respectively.

2.3 INVESTMENT PORTFOLIO IN TRANSPARENCY

Main valuation rules for the investment portfolio

The Sofina group uses a fair value hierarchy that reflects the significance of the data used for valuation purposes:

- **Level 1** – Assets valued under level 1 are valued at the market price at the closing date;
- **Level 2** – Assets valued under level 2 are valued based on observable data such as the market price of the main asset held by the company;
- **Level 3** – Assets valued under level 3 are valued at fair value using principles derived from the International Private Equity and Venture Capital Valuation Guidelines (“IPEV” Valuation Guidelines of December 2018).

Unlisted securities are valued at each reporting date using a commonly accepted valuation method in these IPEV Valuation Guidelines, or at net asset value.

The different valuation methods are detailed in the table on the methods applied in accordance with IFRS 13 to determine the fair value of unlisted level 3 assets of the investment portfolio in transparency (Long-term minority investments, Sofina Growth and Sofina Private Funds).

Note that the IPEV Valuation Guidelines no longer consider the recent transaction price as a default valuation technique but rather a starting point for estimating fair value. The recent transaction price as a valuation technique is therefore only used when the recent transaction is sufficiently close to the balance sheet closing date (and meets the market and market participant criteria). It should also be noted that the context of the transaction is analysed and could therefore consider not only the primary components of a transaction but also the secondary components of the same transaction (e.g., retaining a blended price instead of the primary round price only).

The principle of calibration, which consists of testing or calibrating the valuation techniques to be used at subsequent valuation dates, using valuation parameters derived from the initial or most recent transaction, is applied as appropriate to all our valuations of unlisted investments (Long-term minority investments and Sofina Growth), provided that the price of the initial or most recent transaction is representative of the fair value at the time of the transaction and can be calibrated. The calibration makes it possible to derive from the entry price the discount or the premium against the group of comparable companies by comparing the rate of return expected by Sofina with the theoretical cost of capital for a given investment in the context of the implementation of the discounted cash flow method. The calibration also makes it possible to determine, directly at the transaction date, the discount or the premium against the group of comparable companies in the context of the implementation of the market multiples method. This technique explains the

wide range of discounts, costs of capital or discount factors, as these are the result of the calibration.

This being said, Sofina may have to change the valuation technique depending on the circumstances from one valuation exercise to another (e.g. due to a new type of data available, a new recent transaction), with the objective of maximising the use of observable data and minimising the use of non-observable data.

In this respect, the table following provides information on the methods applied in accordance with IFRS 13 – Fair Value Measurement – to determine the fair value of unlisted level 3 assets.

It should also be noted that Sofina uses the option pricing method (OPM) to allocate the estimated equity fair value to various classes of equity shares considering their rights and preferences (if applicable). This allocation approach may significantly reduce the valuation of earlier equity rounds with reduced rights and preferences compared to the latest round.

The current health and economic crisis increases the uncertainty of the future performance of the investments held by Sofina. These uncertainties regarding the performance of these investments lead to a higher degree of subjectivity in the determination of level 3 fair values in the IFRS 13 hierarchy. This has prompted Sofina to be more vigilant in the application of its valuation methods. The following are especially worth mentioning:

- Particular vigilance regarding the consistency between the estimates of the portfolio companies and the use of these estimates compared to the use of the multiples of comparable companies;
- Particular vigilance regarding the validation of the most recent transaction by ensuring that this recent transaction takes into account the current context of the economic crisis (while respecting the other validation criteria of the most recent transaction such as being sufficiently close to the closing date) as well as ensuring that the context of the recent transaction is properly understood by considering both primary and secondary components (if applicable);
- Particular vigilance regarding the financial situation of the portfolio companies (e.g., cash burn estimates).

We also took into account the IPEV Board Special Valuation Guidance of March 2020.

It should be noted that Sofina has engaged Kroll, an independent valuation firm, to assist in the valuation of the unlisted investments by the Sofina Direct portfolio. The assistance provided by Kroll does not, therefore, cover Sofina Private Funds. All these unlisted investments (the “Investments”), covered by Kroll’s assistance, represent 46% of the fair value of the portfolio in transparency, as illustrated below²².

FAIR VALUE HIERARCHY	LONG-TERM MINORITY INVESTMENTS	SOFINA GROWTH	SOFINA PRIVATE FUNDS	% OF KROLL COVERAGE ON TOTAL LEVEL
Level 1	Not covered	Not covered	Not applicable	0%
Level 2	Covered	Covered	Not applicable	100%
Level 3	Covered	Covered	Not covered	49%
Total portfolio in transparency				46%

This assistance included various limited procedures that Sofina identified and requested Kroll to perform. In connection with and as a result of these limited procedures²³, Kroll concluded that the fair value of the “Investments”, as determined by Sofina, was reasonable.

Sofina Private Funds’ investments in venture and growth capital funds are valued on the basis of the latest reports obtained from the General Partners of these investment funds until mid-March and their valuation is therefore based either on a report as at 31 December 2022 or on a report as at 30 September 2022. The values of the reports as at 30 September 2022 are adjusted to take into account (i) capital calls and distributions that have occurred since the date of issuance of the last report, (ii) changes in the stock market prices of the listed companies held by these funds and (iii) significant events that have occurred since this last valuation date and the closing date of 31 December 2022. The values as at 31 December 2022 are not adjusted as they reflect the fair value at the closing date. Finally, the values retained are converted into euro using the closing exchange rate. The funds for which a purchase and sale agreement was signed as at the date of this Annual financial report are valued in accordance with the terms of the purchase and sale agreement. As at 31 December 2022, more than 67% of the Sofina Private Funds fair value is based either on reports as at 31 December 2022 or valuations based on market prices or transaction prices.

22. Covered: covered by Kroll’s assistance; Not covered: not covered by Kroll’s assistance; Not applicable: no value present at this level in the relevant investment style.

23. Limited procedures are not an audit, review, compilation or other form of examination or certification in accordance with generally accepted auditing standards. In addition, the limited procedures were not performed in anticipation of or in connection with any investment made or contemplated by Sofina. Accordingly, any party contemplating an investment in these “Investments” or any party contemplating an investment directly in the capital of Sofina should not consider the performance of these limited procedures by Kroll to be sufficient in light of the aforementioned investments. The results of Kroll’s analysis should not be construed as a fairness opinion on any transaction or as a statement of creditworthiness. The limited procedures performed by Kroll are in addition to the procedures that Sofina is required to perform to estimate the fair value of the “Investments”. The result of the analyses conducted by Kroll was taken into account by Sofina in its assessment of the fair value of the “Investments”.

Methods applied in accordance with IFRS 13 to determine the fair value of unlisted level 3 assets in the investment portfolio in transparency

VALUATION TECHNIQUE	USE OF THE TECHNIQUE	SIGNIFICANT UNOBSERVABLE DATA	LINKS BETWEEN UNOBSERVABLE DATA AND FAIR VALUE
Price of the most recent investment (PORI)	Whenever a recent and significant transaction has taken place for the investment at the balance sheet date and provided that the transaction meets the market and market participant criteria. Note that the IPEV Valuation Guidelines no longer consider the recent transaction price to be a default valuation technique but rather a starting point for estimating fair value. The recent transaction price as a valuation technique is therefore only used when the recent transaction is sufficiently close to the closing date (and meets the market and market participant criteria). Funds for which a purchase and sale agreement was signed as at the date of this Annual financial report are valued in accordance with the terms of the purchase and sale agreement and are therefore considered to be part of this valuation technique.	The fair value of the most recent transaction is considered to be unobservable data.	As the unobservable data increases, the fair value increases.
Discounted Cash Flow model	Applied for mature companies or for companies where sufficient information is available. This method consists of discounting future expected cash flows.	Cost of capital from calibration	The higher the cost of capital, the lower the fair value.
		Terminal value based on long-term growth rate	The higher the long-term growth rate, the higher the fair value.
		Terminal value based on an exit multiple	The higher the exit multiple, the higher the fair value.
Market multiples - sales or EBITDA or earnings multiples or a mix of sales or EBITDA multiples (based on comparable listed companies)	In the absence of a recent transaction on the investment at the closing date and when the Discounted Cash Flow model is not applied. The calibration principle is used to determine the discount to the group of comparable listed companies.	Discount ²⁴ resulting from the calibration against the group of comparable companies	The higher the discount, the lower the fair value.
Probability Weighted Expected Returns Model or Scenario Methods (PWERM)	Start-ups or "early stage" companies or certain companies for which significantly different scenarios remain possible, when other methods cannot be applied (recent transaction, Discounted Cash Flow model, market multiples), are valued according to scenarios. Such companies are valued on the basis of different possible future scenarios (probability-weighted fair value of future outcomes).	Discount factor from the calibration	The higher the discount factor, the lower the fair value.
		Weights attributed to the different scenarios (generally 3 to 4 scenarios, from extremely pessimistic to optimistic).	The higher the weight of the pessimistic scenario, the lower the fair value.
		Exit value based on an exit multiple	The higher the exit multiple, the higher the fair value.
Milestones approach	Applied to start-ups or "early-stage" companies or companies for which important milestones must be achieved and when other methods (i.e. recent transaction, discounted cash flow model, market multiples and PWERM) are not applicable. Such companies are valued using the milestone approach. This method consists of assessing whether there is an indication of change in fair value based on a consideration of one or more milestones. One or several key milestones are commonly established in accordance with the stage of development of the company. Milestones may include, for example, financial measures, technical measures and marketing and sales measures.	Discount applied per level according to the predefined milestones.	A discount is applied per milestone. If a milestone is achieved, the more the unobservable data increases or decreases, the more the fair value increases or decreases. If the first milestone is not achieved, the more the unobservable data decreases, the more the fair value decreases.
Revalued net assets recognised at fair value	This valuation method is based on the latest available statements from the General Partners. This method consists of using the reported net assets value of a fund interest which is adjusted for (i) the capital calls and distributions that took place after the last statement received and the measurement date, (ii) the evolution of the listed companies held by the funds and (iii) any other significant events. The underlying investments of the fund must be reported at fair value.	Fair value based on General Partners' reports is considered to be unobservable data.	As the unobservable data increases, the fair value increases.
Other methods	In exceptional cases, another methodology is considered to better reflect the fair value of the investment or a portion of the investment (e.g. an appraisal report on the value of land or property).	Fair value based on expert reports is considered to be unobservable data.	As the unobservable data increases, the fair value increases.

24. In some cases, a premium is applied against the group of comparable companies, also based on the calibration principle. In some exceptional cases, the discount is estimated on the basis of methods other than calibration.

Method applied to allocate the estimated equity fair value to various classes of equity shares considering their respective rights and preferences

VALUATION TECHNIQUE	USE OF THE TECHNIQUE	SIGNIFICANT UNOBSERVABLE DATA	LINKS BETWEEN UNOBSERVABLE DATA AND FAIR VALUE
Option pricing model (OPM)	Applied to companies where rights and preferences may differ significantly between the classes of shares. Applied when applicable and relevant (e.g. different rights and preferences exist per class of equity shares and market participants would consider those rights and preferences).	Volatility	An increase of the volatility can either increase or decrease the fair value depending on the classes of shares held.
		Time to expiration (e.g. time of exit or liquidity event)	An increase of the time to expiration can either increase or decrease the fair value depending on the classes of shares held.
		Interest rate in local currency	An increase of the interest rate can either increase or decrease the fair value depending on the classes of shares held.

2.4 FAIR VALUE OF THE TOTAL INVESTMENT PORTFOLIO IN TRANSPARENCY

	IN THOUSAND EUR			
	TOTAL AT 31/12/2022	LEVEL 1	LEVEL 2	LEVEL 3
Investment portfolio²⁵	9,062,261	559,699	84,419	8,418,144
Sofina Direct	4,759,857	559,699	84,419	4,115,739
<i>Long-term minority investments</i>	2,797,444	545,544	0	2,251,900
<i>Sofina Growth</i>	1,962,413	14,155	84,419	1,863,839
Sofina Private Funds	4,302,404	0	0	4,302,404
	TOTAL AT 31/12/2021	LEVEL 1	LEVEL 2	LEVEL 3
Investment portfolio	11,063,415	962,015	117,302	9,984,098
Sofina Direct	5,810,894	962,015	117,302	4,731,577
<i>Long-term minority investments</i>	3,884,345	911,845	0	2,972,500
<i>Sofina Growth</i>	1,926,549	50,170	117,302	1,759,077
Sofina Private Funds	5,252,521	0	0	5,252,521

The underlying portfolio of the funds held in Sofina Private Funds is composed of listed and unlisted assets. The listed assets fair value²⁶ is estimated at EUR 489,644 thousand as at 31/12/2022 and at EUR 1,230,394 thousand as at 31/12/2021.

During the year, the investment in Spartoo was transferred from level 2 to level 1.

Sensitivity analysis of level 3

Level 3 consists of unlisted securities subject to price risk, but this risk is mitigated by the wide variety of investments made by the Sofina group. The objective of long-term value creation pursued by the Sofina group contributes towards mitigating this risk.

In the case of investments in venture and growth capital funds of Sofina Private Funds, the General Partners may decide more quickly to modify a negative spread. Market risk may also have an indirect impact on unlisted securities compared to securities listed on stock markets.

Moreover, liquidity risk has a greater impact on unlisted securities than on listed securities, which can make their value difficult to estimate. This risk may have an impact on the holding period of unlisted securities as well as on the exit price. It is difficult to quantify the influence of these risks on unlisted securities in level 3.

25. Information on the investment portfolio in the balance sheet as at 31 December 2022 can be found under point 2.1 above.

26. Estimated fair value based on available information provided by the General Partners.

Sensitivity analysis for the level 3 investment portfolio in transparency as at 31 December 2022

IN MILLION EUR

VALUATION TECHNIQUE	FAIR VALUE	OPM APPLIED?	UNOBSERVABLE DATA (WEIGHTED AVERAGE)	SENSI-TIVITY	IMPACT VALUE	SENSI-TIVITY	IMPACT VALUE			
Price of the most recent investment (PORI)	116	No	The fair value of the most recent transaction is considered to be unobservable data.	+10%	12	-10%	-12			
Discounted Cash Flow model	1,699	No	Cost of capital from calibration between 6.95% and 17.7% (11.9%)	+10%	-270	-10%	343			
			Perpetual growth rate of 2.5% and 4.0% (3.1%)	+10%	48	-10%	-44			
			Output multiple between 6.5x and 17.91x (13.07x)	+10%	126	-10%	-126			
Market multiples	1,377	No	Median peers multiple between 0.9x and 17.2x (5.1x)	+10%	118	-10%	-118			
			Discount resulting from calibration between 0.2% and 58% ²⁷ (12.7%)	+10%	-39	-10%	39			
			Median peers multiple between 0.5x and 22.3x (6.6x)	+10%	48	-10%	-47			
			Discount from calibration between 15% and 58% ²⁸ (35.6%)	+10%	-30	-10%	29			
			Volatility between 27% and 70% (44.3%)	+10%	-7	-10%	6			
Revalued net assets recognised at fair value ²⁹	4,348	No	The fair value based on General Partners' reports is considered to be unobservable data.	+10%	435	-10%	-435			
			Milestone approach	9	No	Discount of 20% per level (20%)	Upper level ³⁰	0	Lower level	-2
			Other methods	98	No	Fair value is considered to be unobservable data.	+10%	10	-10%	-10
Total level 3 (in transparency)	8,418									
Reconciling items	-267									
Total level 3 (financial statements)	8,151									

The reconciling items between the presentation in transparency and the balance sheet presentation are detailed, at all levels, in point 2.1 above.

27. In some cases, a premium is applied against the group of comparable companies. The premiums applied range from 1.7% to 1,043% (weighted average of 319%). In certain exceptional cases, the discount is estimated based on methods other than calibration.

28. In some cases, a premium is applied against the group of comparable companies. The premiums applied range from 4% to 967% (weighted average of 282.4%). In certain exceptional cases, the discount is estimated based on methods other than calibration.

29. Mainly concerns the portfolio of Sofina Private Funds and to a limited extent investments by Sofina Growth.

30. No upper level was reached.

Sensitivity analysis for the level 3 investment portfolio in transparency as at 31 December 2021

IN MILLION EUR

VALUATION TECHNIQUE	FAIR VALUE	OPM APPLIED?	UNOBSERVABLE DATA (WEIGHTED AVERAGE)	SENSI-TIVITY	IMPACT VALUE	SENSI-TIVITY	IMPACT VALUE			
Price of the most recent investment (PORI)	805	No	The fair value of the most recent transaction is considered to be unobservable data.	+10%	80	-10%	-80			
			The fair value of the most recent transaction is considered unobservable data.	+10%	15	-10%	-15			
			Volatility between 28% and 80% (49.9%)	+10%	-2	-10%	2			
			Time to expiration between 4.0 years and 10.0 years (8.2 years)	+10%	-1	-10%	1			
			Interest rate between -0.2% and 1.5% (1.2%)	+10%	-0	-10%	0			
Discounted Cash Flow model	1,641	No	Cost of capital from calibration between 6.2% and 16.3% (10.2%)	+10%	-238	-10%	300			
			Perpetual growth rate between 1.5% and 3.0% (2.6%)	+10%	36	-10%	-34			
			Exit multiple between 5.0x and 15.8x (10.6x)	+10%	111	-10%	-111			
Market multiples	1,683	No	Discount from calibration between 12% and 52% ³¹ (21.8%)	+10%	-83	-10%	84			
			Median peers multiple between 5.8x and 11.6x (8.4x)	+10%	139	-10%	-135			
			Discount resulting from calibration between 2% and 29% ³² (21.8%)	+10%	-4	-10%	4			
			Median peers multiple between 5.8x and 11.6x (8.4x)	+10%	11	-10%	-11			
			Volatility between 30% and 55% (36%)	+10%	0	-10%	-0			
Revalued net assets with assets recognised at fair value ³³	5,453	No	Fair value based on General Partners' reports is considered to be unobservable.	+10%	545	-10%	-545			
			Milestones approach	18	No	Discount of 15% per level (15%)	Upper level ³⁴	0	Lower level	-3
			Other methods	93	No	Fair value is considered to be unobservable data.	+10%	9	-10%	-9
Total level 3 (in transparency)	9,984									
Reconciling items	-102									
Total level 3 (financial statements)	9,882									

The reconciling items between the presentation in transparency and the balance sheet presentation are detailed, at all levels, in point 2.1 above.

31. In some cases, a premium is applied against the group of comparable companies. The premiums applied range from 7% to 361% (weighted average of 166%). In certain exceptional cases, the discount is estimated based on methods other than calibration.

32. In some cases, a premium is applied against the group of comparable companies. The premium applied is 636% (only one premium applied). In certain exceptional cases, the discount is estimated based on methods other than calibration.

33. Mainly concerns the portfolio of Sofina Private Funds and to a limited extent investments by Sofina Growth.

34. No upper level was reached.

2.5 FINANCIAL RISKS IN TRANSPARENCY

Foreign exchange risk

The investment portfolio is subject, among other things, to foreign exchange risks. The main foreign exchange risk relates to assets denominated in US dollars, British pounds and Indian rupees. For information purposes, a 10% increase

or decrease in the exchange rate of these three currencies as at 31 December 2022 would result in a variation in the fair value of the portfolio as shown in the table below:

IN MILLION EUR									
	USD			GBP			INR		
Exchange rate sensitivity	-10%	0%	+10%	-10%	0%	+10%	-10%	0%	+10%
Fair value	6,095	5,485	4,987	497	447	406	881	793	721
Impact on revenue	610	0	-498	50	0	-41	88	0	-72

Price risk

Price risk is defined as the risk that unfavourable changes in stock prices impact Sofina's portfolio. Sofina is exposed to market fluctuations in its portfolio.

The risk analysis of level 1 and level 2 investments is shown below. A variation interval of -10% and +10% has been applied to the valuation as at 31 December 2022. This variance influences the result.

IN MILLION EUR						
	LEVEL 1			LEVEL 2		
Stock price sensitivity	-10%	0%	+10%	-10%	0%	+10%
Fair value	504	560	616	76	84	92
Impact on revenue	-56	0	56	-8	0	8

Interest rate risk and liquidity risk

The interest rate risk is the risk that the interest flow on the financial debt and the gross cash flow may be adversely affected by an unfavourable change in interest rates. In the case at hand, the risk is limited as the financial liabilities are mainly at fixed rates. Moreover, Sofina's net cash position is positive. However, Sofina has commitments to disburse funds in relation to the Sofina Private Funds investments. Considering its positive Net cash position, the existence of bank credit lines (unused – please refer to point 3.16), the investments in shares listed on liquid markets and therefore easily realisable (in the Long-term minority investments and Sofina Private Funds portfolios), and if need be the ability to transact on the secondary market for Sofina Private Funds, the liquidity risk faced by Sofina is extremely moderate.

IN MILLION EUR		
SOFINA PRIVATE FUNDS' RESIDUAL COMMITMENT BRIDGE	2022	2021
Beginning of the year	976	932
New commitments	810	542
Investments	-445	-629
Other ³⁵	-86	51
FX impact	81	80
End of the year ³⁶	1,336	976

35. Other mainly comprises recallable distributions, disposals and termination of funds with residual uncalled commitments.

36. Additional residual commitments in relation to Sofina Direct investments of EUR 7 million as at 31 December 2022 and of EUR 12 million as at 31 December 2021 bring the total uncalled commitments to EUR 1,343 million and EUR 988 million respectively.

37. Listed in decreasing order of fair value as at 31 December 2022 (portfolio in transparency). The ranking of our Sofina Direct investments does not take into consideration indirect exposures on these entities, held through certain funds of Sofina Private Funds.

It should be noted that:

- the 6 largest investments of Sofina Direct represent more than 15% but less than 20% of the total portfolio in transparency³⁸.
- the 7 largest investments of Sofina Direct represent more than 20% of the total portfolio in transparency³⁸.
- ByteDance, a global internet and technology company active in more than 150 countries, is the sole holding representing more than 5% of the fair value of the portfolio in transparency (when taking into account our combined holdings through Sofina Direct and Sofina Private Funds)³⁹. Sofina values its holding in SC China Co-Investment 2016-A (i.e. the vehicle holding Sofina direct's investment in ByteDance) on the basis of the market multiples valuation method with an illiquidity discount. Its holding in ByteDance at Sofina Private Funds level is valued on the basis of the valuation provided by the General Partners of the relevant funds.

There are no dominant positions. The level 3 investments in the top 10 are valued according to the Discounted Cash Flow model, market multiples or the most recent transaction method as described in point 2.3 above.

The 10 largest General Partners of Sofina Private Funds represent 25% of the fair value of the portfolio in transparency⁴⁰:

1	Sequoia Capital (US, China & India)
2	Lightspeed
3	Insight Partners
4	Battery Ventures
5	Iconiq Capital
6	Thoma Bravo
7	TA Associates
8	Spark Capital
9	Venrock
10	Andreessen Horowitz

Since the funds themselves are invested in a large number of companies, there is no concentration risk.

War in Ukraine

As per ESMA's [recommendation of 14 March 2022](#), [Public Statement of 13 May 2022 on Implications of Russia's invasion of Ukraine on half-yearly financial reports](#), and [Public Statement of 28 October 2022 on the European common enforcement priorities for 2022 annual financial reports](#), Sofina can confirm that it has very limited specific exposure to the Ukraine crisis, which has had no material direct impact on its activities. The group is not impacted by the economic sanctions enforced by the European Union. Sofina Direct portfolio companies with notable operations or exposure in Ukraine or Russia represent less than 3% of total portfolio fair value in transparency as at 31 December 2022. Sofina Private Funds is marginally exposed to underlying companies with some presence in Ukraine or in Russia which are estimated to represent a small proportion of total number of companies in the underlying portfolio. General Partners have investigated their potential Russian ties including tracing Russian money in their investors base and they have not reported any significant issue in this respect. The main potential economic consequences of the Ukraine crisis on the portfolio are not specific in nature as they relate to its impact on raw material prices including energy, potential supply chain disruptions, concerns about an increasing risk of cyber-attacks and more generally, the macro-economic impact on GDP growth, inflation and interest rates. A large number of portfolio companies and General Partners and their employees are engaged in a variety of initiatives to support Ukraine in line with that which Sofina has been doing as described, in the [ESG section](#) above.

38. Largest investments in terms of representation in the fair value of the portfolio in transparency. Listed in decreasing order of fair value at 31 December 2022 (portfolio in transparency). The ranking of our Sofina Direct investments does not take into consideration indirect holdings in these entities through certain partnerships of Sofina Private Funds.

39. The holding in ByteDance through Sofina Private Funds is an estimate based on the information contained in the reports of the General Partners made available to us at the date of this Annual report.

40. Largest General Partners in terms of estimated representation of their funds in the fair value of Sofina's portfolio in transparency. Listed in decreasing order of fair value at 31 December 2022.

2.6 GEOGRAPHICAL, SECTORAL AND STRATEGY BREAKDOWN OF THE PORTFOLIO IN TRANSPARENCY

In comparison with 2021, the breakdown also shows a classification by geographic region for the entire portfolio in transparency, including Sofina Direct. Although the companies within the Sofina Direct portfolio generally operates globally,

giving an indication of the regions where they are active or of the regions where their main or historical headquarters is located allows better alignment of the financial reporting with the strategy of the Sofina group.

Breakdown of the portfolio by geographic region ⁴¹

GEOGRAPHIC REGION	IN MILLION EUR							
	31/12/2022				31/12/2021			
	PORTFOLIO FAIR VALUE		RESIDUAL COMMITMENTS ⁴²		PORTFOLIO FAIR VALUE		RESIDUAL COMMITMENTS	
Sofina Direct								
North America	516	11%	2	35%	608	10%	2	16%
Western Europe	2,610	55%	4	52%	3,030	52%	10	74%
Asia	1,616	34%	1	13%	2,133	37%	1	8%
Other	18	0%	0	0%	39	1%	0	2%
Total Sofina Direct	4,760	100%	7	100%	5,810	100%	13	100%
Sofina Private Funds								
North America	2,711	63%	778	58%	3,618	69%	589	60%
Western Europe	407	9%	191	14%	457	9%	132	14%
Asia	1,184	28%	367	28%	1,178	22%	255	26%
Total Sofina Private Funds	4,302	100%	1,336	100%	5,253	100%	976	100%
TOTAL SOFINA DIRECT AND SOFINA PRIVATE FUNDS								
North America	3,227	36%	780	58%	4,226	38%	591	60%
Western Europe	3,017	33%	195	15%	3,487	32%	142	14%
Asia	2,800	31%	368	27%	3,311	30%	256	26%
Other	18	0%	0	0%	39	0%	0	0%
TOTAL OF THE PORTFOLIO ⁴³	9,062	100%	1,343	100%	11,063	100%	989	100%

Breakdown of Sofina Direct by sector

In comparison with 2021, the sectoral breakdown is now based on a classification by sector of focus, which shows Sofina's four sectors of investment focus, namely Consumer and retail, Digital transformation, Education, Healthcare and

life sciences, and combines the other sectors in the category Other. The objective is to better align the financial reporting with the strategy of the Sofina group.

The table below shows the sectoral breakdown of Sofina Direct as at 31 December 2022 and as at 31 December 2021⁴³:

SECTOR	IN MILLION EUR			
	31/12/2022		31/12/2021	
	PORTFOLIO FAIR VALUE		PORTFOLIO FAIR VALUE	
Consumer and retail	1,329	28%	1,618	28%
Digital transformation	987	21%	1,103	19%
Education	714	15%	1,047	18%
Healthcare and life sciences	740	15%	714	12%
Other	990	21%	1,328	23%
Total	4,760	100%	5,810	100%

Breakdown of Sofina Private Funds by strategy

STRATEGY	IN MILLION EUR							
	31/12/2022				31/12/2021			
	PORTFOLIO FAIR VALUE		RESIDUAL COMMITMENTS ⁴⁴		PORTFOLIO FAIR VALUE		RESIDUAL COMMITMENTS	
Venture capital	3,075	72%	830	62%	3,504	67%	420	43%
Growth equity	1,002	23%	422	32%	1,101	21%	358	37%
LBO	216	5%	72	5%	535	10%	126	13%
Other	9	0%	12	1%	113	2%	72	7%
Total ⁴⁵	4,302	100%	1,336	100%	5,253	100%	976	100%

Breakdown of Sofina Private Funds by vintage

VINTAGE	IN MILLION EUR							
	31/12/2022				31/12/2021			
	PORTFOLIO FAIR VALUE		RESIDUAL COMMITMENTS ⁴⁴		PORTFOLIO FAIR VALUE		RESIDUAL COMMITMENTS	
Last 5 years	2,174	50%	1,230	92%	2,470	47%	853	87%
From 5 to 10 years	1,633	38%	74	6%	2,090	40%	89	9%
Older than 10 years	495	12%	32	2%	693	13%	34	4%
Total ⁴⁵	4,302	100%	1,336	100%	5,253	100%	976	100%

41. Based on the portfolio in transparency considering the country of the main or historical headquarters of the investments.

42. These amounts come mainly from subscriptions to investments by Sofina Private Funds amounting to EUR 1,336 million (see point 3.16 below).

These commitments are subscribed by Sofina SA or by its investment subsidiaries (seen in transparency).

43. Based on the fair value of the Sofina group's investments as at 31 December 2022 and as at 31 December 2021 (portfolio in transparency – see point 2.4 above).

44. Sofina is committed to responding to capital calls by certain private funds (see point 3.16 below).

45. Information on the Sofina Private Funds portfolio shown in the balance sheet as at 31 December 2022 can be found under point 2.1 above.

3. Notes to the financial statements as an Investment Entity

3.1 INVESTMENT PORTFOLIO

	IN THOUSAND EUR	
	2022	2021
Investments		
Net value at the beginning of the year	10,385,873	7,866,894
Acquisitions during the year	45,825	131,997
Disposals during the year	-13,774	-169,932
Changes in unrealised gains in profit and loss	95,883	2,628,265
Changes in unrealised losses in profit and loss	-1,975,204	-71,351
Net value at the end of the year = 1	8,538,603	10,385,873
Receivables		
Net value at the beginning of the year	0	0
Acquisitions during the year	1,345	0
Disposals during the year	0	0
Changes in unrealised gains in profit and loss	0	0
Changes in unrealised losses in profit and loss	0	0
Changes in accrued interest not yet due	35	0
Net value at the end of the year = 2	1,380	0
Net value = 1 + 2	8,539,983	10,385,873

The difference between the amount of the disposals during the period (EUR 13,774 thousand) and the amount of the divestments shown in the consolidated cash flow statement (EUR 15,044 thousand) is mainly due to the capital gains and losses realised on these divestments amounting to EUR 1,270 thousand. In addition, the capital gains and losses realised (EUR 1,270 thousand) combined with the changes in unrealised capital gains and losses (EUR -1,879,321 thousand) form the net result of the investment portfolio (see point 3.11 below).

3.2 CLASSIFICATION OF FINANCIAL INSTRUMENTS

IN THOUSAND EUR

	BOOK VALUE	IFRS 9 CLASSIFICATION	FAIR VALUE		
	TOTAL AT 31/12/2022		LEVEL 1	LEVEL 2	LEVEL 3
Investment portfolio	8,539,983		389,095	0	8,150,888
<i>Investments</i>	<i>8,538,603</i>	<i>Fair value through profit and loss</i>	<i>389,095</i>	<i>0</i>	<i>8,149,508</i>
<i>Receivables</i>	<i>1,380</i>	<i>Designated at fair value through profit or loss</i>	<i>0</i>	<i>0</i>	<i>1,380</i>
Receivables from subsidiaries ⁴⁶	823,998	Designated at fair value through profit and loss	0	823,998	0
Deposits and other current financial assets	436,686		0	436,686	0
<i>Deposits</i>	<i>0</i>	<i>Designated at fair value through profit and loss</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Current financial investments</i>	<i>433,436</i>	<i>Fair value through profit and loss</i>	<i>0</i>	<i>433,436</i>	<i>0</i>
<i>Other receivables</i>	<i>3,250</i>	<i>Designated at fair value through profit and loss</i>	<i>0</i>	<i>3,250</i>	<i>0</i>
Cash and cash equivalents	385,486	Designated at fair value through profit and loss	0	385,486	0
Non-current financial liabilities	695,507	At amortised cost	0	695,507	0
Current financial liabilities	2,010	At amortised cost	0	2,010	0
Other current receivables	97	At amortised cost	0	97	0
Payables to subsidiaries ⁴⁶	175,634	Designated at fair value through profit and loss	0	175,634	0
Trade and other current payables	9,037	At amortised cost	0	9,037	0

IN THOUSAND EUR

	BOOK VALUE	IFRS 9 CLASSIFICATION	FAIR VALUE		
	TOTAL AT 31/12/2021		LEVEL 1	LEVEL 2	LEVEL 3
Investment portfolio	10,385,873		494,777	9,536	9,881,560
<i>Investments</i>	<i>10,385,873</i>	<i>Fair value through profit and loss</i>	<i>494,777</i>	<i>9,536</i>	<i>9,881,560</i>
<i>Receivables</i>	<i>0</i>	<i>Designated at fair value through profit and loss</i>	<i>0</i>	<i>0</i>	<i>0</i>
Receivables from subsidiaries ⁴⁶	796,320	Designated at fair value through profit and loss	0	796,320	0
Deposits and other current financial assets	749,615		0	749,615	0
<i>Deposits</i>	<i>746,786</i>	<i>Designated at fair value through profit and loss</i>	<i>0</i>	<i>746,786</i>	<i>0</i>
<i>Other current financial receivables</i>	<i>2,829</i>	<i>Designated at fair value through profit and loss</i>	<i>0</i>	<i>2,829</i>	<i>0</i>
Cash and cash equivalents	140,742	Designated at fair value through profit and loss	0	140,742	0
Non-current financial liabilities	694,512	Designated at fair value through profit and loss	0	694,512	0
Current financial liabilities	2,112	Designated at fair value through profit and loss	0	2,112	0
Other current receivables	97	At amortised cost	0	97	0
Payables to subsidiaries ⁴⁶	943	Designated at fair value through profit and loss	0	943	0
Trade and other current payables	26,888	At amortised cost	0	26,888	0

46. Receivables from and payables to subsidiaries are designated at fair value but as they are very short-term receivables and payables, there is no change in fair value to record.

The fair value of the items of the investment portfolio can be prioritised as follows:

Assets valued under level 1 are valued at the stock market price at the balance sheet closing date. Level 2 data are data on the assets or liabilities other than listed prices included in level 1 data which are observable either directly or indirectly. Level 3 data are unobservable data on the assets or liabilities.

Direct shareholdings in investment subsidiaries are considered to be level 3 and are valued based on the fair value of their own portfolio (level 1, 2 or 3) and the fair value of their other assets and liabilities. A detailed description of the valuation methods and the sensitivity of the fair value is given in points 2.3 and 2.4 above. The portfolio held in transparency is described under point 2.2 above.

The fair value of the other financial instruments has been determined using the following methods:

- for short-term financial instruments, such as trade receivables and payables, the fair value is considered not to be significantly different from the carrying amount at amortised cost;
- for variable-rate loans and borrowings, such as deposits or receivables from or payables to subsidiaries, the fair value is considered not to be significantly different from the carrying amount at amortised cost;
- for foreign exchange rate or interest rate derivatives, fair value is determined based on models that discount future cash flows based on future interest rate curves or foreign exchange rates or other forward prices.

Financial risks

A description of the financial risks can be found in point 2.5 above.

Details of movements for financial investments recognised at fair value in level 3

	IN THOUSAND EUR	
	2022	2021
Investment portfolio		
Net value at the beginning of the year	9,881,560	7,232,145
Acquisitions during the year	46,868	131,997
Disposals during the year	-13,774	0
Changes in unrealised gains in profit and loss	95,778	2,567,217
Changes in unrealised losses in profit and loss	-1,859,544	-38,021
Changes in accrued interest not yet due	0	0
Transfer to level 3	0	0
Transfer from level 3	0	-11,778
Net value at the end of the year	8,150,888	9,881,560

3.3 DEPOSITS AND OTHER CURRENT FINANCIAL ASSETS

	IN THOUSAND EUR	
	31/12/2022	31/12/2021
Deposits ⁴⁷	0	225,000
Current financial investments	433,436	521,786
Other receivables	3,250	2,829
Deposits and other current financial assets	436,686	749,615

Current financial assets are measured at fair value through profit and loss.

3.4 CASH AND CASH EQUIVALENTS

	IN THOUSAND EUR	
	31/12/2022	31/12/2021
Bank and cash	140,304	90,742
Short-term investments and deposits	245,182	50,000
Cash and cash equivalents	385,486	140,742

Cash and cash equivalents consist of bank balances, cash on hand and investments in money market instruments with a maximum term of three months.

3.5 SHARE CAPITAL

	SHARE CAPITAL		TREASURY SHARES	
	NUMBER OF SHARES	AMOUNT OF CAPITAL	NUMBER OF SHARES	AMOUNT OF CAPITAL HELD
Balances at 31/12/2020	34,250,000	79,735	611,528	1,424
Changes during the year	0	0	31,400	73
Balances at 31/12/2021	34,250,000	79,735	642,928	1,497
Changes during the year	0	0	275,000	640
Balances at 31/12/2022	34,250,000	79,735	917,928	2,137

The subscribed and fully paid-up capital consists of ordinary shares without nominal value. The owners of ordinary shares are entitled to receive dividends and are entitled to one vote per share at the Company's general meetings of shareholders.

The gross dividend for the financial year 2021, paid in 2022, was EUR 3.128571 per share, i.e. a total gross amount of EUR 107,154 thousand. The difference between this amount and the amount shown in the consolidated cash flow statement (EUR -104,885 thousand) corresponds to the dividend on treasury shares of EUR 2,268 thousand.

As at 31 December 2022, Sofina SA held 917,928 own shares, compared with 642,928 own shares held as at 31 December 2021. During the year 2022, 296,550 own shares were acquired, and 21,550 own shares were disposed of.

The proposed gross dividend for the year 2022 is EUR 3.24 per share.

3.6. EMPLOYEE BENEFITS

The Sofina group provides retirement and death benefits which are financed through group insurance contracts of the "defined benefit", "defined contributions" and "cash balance" types.

The benefits granted to employees in the cash balance pension plan are capitalised at a return of three percent. The pension plan is financed through a group insurance plan with collective capitalisation in branch 23, whose assets are mainly invested in investment funds. The assets of the pension plans are not invested in the Sofina securities.

There are only three members continuing the "defined benefit" plan.

The "cash balance" and "defined contributions" plans are subject to a guaranteed minimum return and are therefore considered as "defined benefit" plans under IAS 19. They have been valued using the "Traditional Unit Credit" method without forecasting future premiums. The "defined benefit" plan has been valued on the basis of the "Projected Unit Credit" method (in application of IAS 19).

The pension plan at Sofina Partners and Sofina Capital in the Grand Duchy of Luxembourg is a "defined contributions" plan with no minimum return guaranteed by the employer. The related cost is not reflected directly in the result of Sofina as an Investment Entity, but in the result of these subsidiaries, which are included in the accounts of Sofina at fair value.

47. Deposits between three months and one year.

	IN THOUSAND EUR	
	31/12/2022	31/12/2021
Amounts recognised in the balance sheet		
"Defined benefit" plan⁴⁸		
Present value of the pension obligations	9,468	9,859
Fair value of the assets	-7,744	-7,912
Net present value of the pension obligations	1,724	1,947
"Defined contributions" plan		
Present value of the pension obligations	4,195	4,412
Fair value of the assets	-4,103	-3,719
Net present value of the pension obligations	92	693
"Cash balance" plan		
Present value of the pension obligations	7,335	8,504
Fair value of the assets	-6,916	-6,746
Net present value of the pension obligations	419	1,758
Total of the plans		
Present value of the pension obligations	20,998	22,775
Fair value of the assets	-18,763	-18,377
Net present value of the pension obligations	2,235	4,398
Fair value of the assets		
Heritage collective investment fund	8,234	6,746
Assets managed by the insurer	10,529	11,631
Fair value of the assets	18,763	18,377
Movements of the liabilities during the year		
Net liabilities at the beginning of the year	4,398	5,987
Amount recognised in equity	-2,457	-2,112
Net income or expense recognised in the income statement	1,646	1,715
Contributions paid	-1,352	-1,192
Amount recognised at the end of the year	2,235	4,398
Pension cost recognised in the income statement		
Current service cost	-1,603	-1,678
Net interest on pension obligations	-32	-27
Administration costs	-11	-10
Reversal of past service costs	0	0
Recognised actuarial gains (+) / losses (-)	0	0
Net expense	-1,646	-1,715

Pension expenses are included in the Other expenses in the income statement.

48. These amounts include the obligations and assets relating to the "defined benefit" pension plans for members who have chosen to continue their career in these plans, but also the obligations and historical assets of these same plans for all those who have chosen to move to the "cash balance" plan.

	IN THOUSAND EUR	
	31/12/2022	31/12/2021
Main actuarial assumptions at the end of the year		
Discount rate⁴⁹		
"Defined benefit" plans		
Old plan	3.65%	0.60%
New plan	3.70%	1.10%
"Defined contributions" plans		
Old plan	3.65%	0.60%
New plan	3.65%	0.70%
"Cash balance" plan	3.75%	1.00%
Salary increase rate	5.20%	4.80%
Inflation rate	2.20%	1.80%
Mortality table	MR-5/FR-5	MR-3/FR-3
Change of the present value of pension benefits		
Present value of benefits at the beginning of the year	22,775	22,191
Service cost (employer)	1,603	1,679
Service cost (employee)	97	100
Interest cost	184	101
Benefits paid during the year	-622	0
Taxes on contributions paid	-161	-142
Actuarial gain (-) or loss (+) for the year ⁵⁰	-2,878	-1,154
Past service cost (+) and reversal (-)	0	0
Present value of promised benefits at the end of the year	20,998	22,775
Change in fair value of the assets in the plans		
Fair value of the assets in the plans at the beginning of the year	18,377	16,204
Benefits paid during the year	-622	0
Contributions received during the year (employer)	1,352	1,191
Contributions received during the year (employee)	97	100
Interest income	152	74
Taxes on contributions paid	-161	-142
Administration costs	-11	-9
Return in excess of interest income	-560	840
Actuarial gain (+) / loss (-) related to experience adjustments	139	119
Present value of the assets in the plans at the end of the year	18,763	18,377
Personnel costs	21,866	35,745
Average number of employees		
Employees	21	23
Management staff	26	23
	47	46

49. A sensitivity analysis of + or -0.25% is applied to the discount rates, which would have an impact on the present value of EUR -267 thousand and EUR +209 thousand.

50. Changes in demographic assumptions (EUR -168 thousand), changes in financial assumptions (EUR 5,702 thousand) and changes in experience assumptions (EUR -2,656 thousand).

3.7 NON-CURRENT FINANCIAL LIABILITIES

	IN THOUSAND EUR	
	31/12/2022	31/12/2021
Bonds issued	695,507	694,512
Non-current financial liabilities	695,507	694,512

The non-current financial liabilities result from a bond issuance amounting to EUR 700,000 thousand, maturing in 2028. The bonds bear an annual interest rate of 1.000% payable annually on the coupon due date.

3.8 FINANCIAL LIABILITIES, TRADE AND OTHER CURRENT PAYABLES

	IN THOUSAND EUR	
	31/12/2022	31/12/2021
Bank loans	0	0
Payables to subsidiaries	175,634	943
Trade payables	1,373	602
Wage and social security payables	5,328	25,033
Current financial liabilities ⁵¹	2,010	2,112
Other miscellaneous liabilities	687	223
Dividends relating to previous years	875	874
Miscellaneous taxes	774	156
Financial liabilities, trade and other current payables	186,681	29,943

3.9 RECEIVABLES FROM AND PAYABLES TO SUBSIDIARIES

	IN THOUSAND EUR	
	31/12/2022	31/12/2021
Receivables from subsidiaries ⁵²	823,998	796,320
Payables to subsidiaries ⁵³	-175,634	-943
Receivables from and payables to subsidiaries	648,364	795,377

Sofina SA has signed revolving credit facilities agreements with commitment with several of its subsidiaries. The loans thereby granted by Sofina SA to these subsidiaries bear interest at Euribor +3 months plus a margin.

With regard to its payables (deposits made by subsidiaries), Sofina SA remunerates them at a deposit rate that is reviewed regularly.

51. Composed of accrued interest related to the bonds (see point 3.7 above).

52. The amount for 2022 consists mainly of revolving credit facilities contracts, but also includes for 2022 a dividend receivable from a subsidiary for an amount of EUR 10,501 thousand, as well as trade receivables from subsidiaries for an amount of EUR 5,815 thousand.

53. The amount for 2022 consists mainly of a deposit made by a subsidiary, and trade payables to subsidiaries in the amount of EUR 460 thousand.

3.10 INTEREST INCOME AND EXPENSES

	IN THOUSAND EUR	
	2022	2021
Interest on non-current assets	35	0
Interest on receivables from subsidiaries ⁵⁴	8,588	5,022
Interest on current assets	1,234	471
Interest on payables to subsidiaries	-174	0
Interest to banks	-226	-17
Interest on other liabilities ⁵⁵	-7,783	-5,612
Interest income and expenses	1,674	-136

3.11 NET REVENUE OF THE INVESTMENT PORTFOLIO

Unrealised capital gains mainly come from our subsidiary Sofina US and from other investments active in the fields of dental implants, wine production and biotechnology.

Unrealised capital losses are mainly due to our subsidiary Sofina Capital, the decrease in the share price of Colruyt and bioMérieux, and other investments active in online education, asset management, data management, and hygiene products.

	IN THOUSAND EUR	
	2022	2021
Investments		
Results due to sales	1,270	42,443
<i>Realised capital gains</i>	1,270	42,705
<i>Realised capital losses</i>	0	-262
Results not due to sales	-1,879,321	2,556,914
<i>Unrealised capital gains</i>	95,883	2,628,265
<i>Unrealised capital losses</i>	-1,975,204	-71,351
Total investments	-1,878,051	2,599,357
Receivables		
Results due to sales	0	0
<i>Realised capital gains</i>	0	0
<i>Realised capital losses</i>	0	0
Results not due to sales	0	0
<i>Unrealised capital gains</i>	0	0
<i>Unrealised capital losses</i>	0	0
Total receivables	0	0
Net result of the investment portfolio	-1,878,051	2,599,357

54. For details, see point 3.9 above.

55. Composed mainly of accrued interest related to the bonds.

3.12 OTHER FINANCIAL RESULTS

	IN THOUSAND EUR	
	2022	2021
Foreign exchange results	550	2,641
Results on other current assets	-6,796	8,398
Other financial results	-6,246	11,039

3.13 OTHER EXPENSES

	IN THOUSAND EUR	
	2022	2021
Other financial expenses	-2,025	-1,846
Services and other goods	-14,359	-14,625
Remuneration, social security charges and pensions	-21,868	-35,745
Miscellaneous	-7,014	-6,709
Other expenses	-45,266	-58,925

Services and other goods mainly comprise consultancy services received and remuneration of the Directors.

3.14 TAXES

	IN THOUSAND EUR	
	2022	2021
Income taxes		
Current tax expense (+) / income (-)	8	-478
Deferred tax expense (+) / income (-)	-1,564	-368
	-1,556	-846
Reconciliation between current tax expense (+) / income (-) and accounting profit		
Accounting profit before taxes	-1,873,082	2,592,585
Taxes calculated at 25%	0	648,146
Impact of different tax rates used in other countries	0	0
Impact of tax exemption of net unrealised capital gains on the portfolio under Investment Entity status	-59,381	-618,097
Impact of tax exemption of capital gains and reversals of impairments and non-deductibility of capital losses and impairments on investments	64,078	-24,189
Impact of the exemption of dividends received	-5,830	-6,713
Impact of tax adjustments relating to prior years	0	-486
Other tax adjustments (disallowed expenses)	1,141	861
Deferred tax expense (+) / income (-)	-1,564	-368
Income tax expense (+) / income (-)	-1,556	-846
Taxes on items recognised in equity		
Deferred tax expense (+) / income (-) relating to the capital gain on the sale of the "Rue de Naples" building	-1,331	-80

As a holding company, Sofina is fully tax-exempt on most of its income (dividends and capital gains). This tax regime applicable to holding companies has been implemented notably in Belgium and in Luxembourg in view of avoiding double taxation, principle guided by the European Parent-Subsidiary Directive. No deferred tax liability is therefore

recognised for unrealised capital gains on the investments. There are however a few investments for which a tax on capital gain in the country of residence of the investee company can apply in specific situations encountered by some of Sofina's investment subsidiaries. The impact of the deferred tax liabilities for the temporary tax differences recognised by

such investment subsidiaries between the carrying amount and the tax base of such portfolio investments is reflected in their fair value. At 31 December 2022, such impact amounts to a total of EUR 1.18 million.

The reserves of Sofina SA include temporary differences arising from tax-exempt income prior to 1990 and tax rules applicable at that time. No deferred tax liability is recognised because Sofina SA is able to control the timing of the reversal of such temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. In this respect, at 31 December 2022, the deferred tax liabilities not recognised amount to EUR 57.63 million (EUR 63.63 million in 2021).

Sofina SA does not recognise deferred tax assets for tax losses (and dividend-received-deduction) carried forward for an unlimited time because their recovery is deemed uncertain in the foreseeable future. At 31 December 2022, these deferred tax assets not recognised amount to EUR 6.07 million (EUR 4.65 million in 2021).

As explained in point 2.1 above, there is also some accumulated profit within Luxembourg investment subsidiaries holding Sofina Private Funds which could become taxable (at a 25% tax rate) in some very unlikely scenarios (and, moreover, scenarios over which Sofina SA has the control). Accordingly, no deferred tax liability is recognised for these amounts.

	IN THOUSAND EUR			
	ASSETS		LIABILITIES	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Deferred tax assets and liabilities				
Tangible fixed assets	0	0	0	1,331
Unrealised gains on financial fixed assets	0	0	0	233
Deferred tax assets and liabilities	0	0	0	1,564

	IN THOUSAND EUR			
	EXPENSES		INCOME	
	2022	2021	2022	2021
Deferred tax recognised in the income statement				
Tangible fixed assets	0	0	1,331	587
Unrealised gains on shares	0	219	233	0
Deferred tax income and expenses	0	219	1,564	587

	IN THOUSAND EUR	
	2022	2021
Other taxes		
Various taxes related to tangible assets	94	121
Non-deductible VAT	2,016	2,014
Annual tax on securities accounts	691	958
Tax on stock exchange transactions	14	37
Other taxes	141	12

3.15 PUBLIC AID

A subsidy of EUR 349,000 was granted in 2005 by the Brussels-Capital Region. This is a regional contribution to the costs of renovation work on the facades of the mansion where Sofina has its headquarters. The amount granted has been accounted for in the balance sheet as deferred income and is being depreciated at the same rate as the building of which the facades form part.

A subsidy of EUR 56,000 was granted in 2013 by the Brussels-Capital Region. This is a regional contribution to the costs of renovation work on the facade of our building on Boulevard d'Anvers. The amount granted has been accounted for the balance sheet as deferred income and is being depreciated at the same rate as the building of which the facades form part.

A subsidy of EUR 60,000 was granted in 2016 by the Brussels-Capital Region. This is a regional contribution to the costs of renovation work on the facades of the mansion where Sofina has its headquarters. The amount granted has been accounted for in the balance sheet as deferred income and is being depreciated at the same rate as the building of which the facades form part.

3.16 OFF-BALANCE SHEET RIGHTS AND COMMITMENTS

	IN THOUSAND EUR			
	31/12/2022		31/12/2021	
	FOREIGN CURRENCY	EUR	FOREIGN CURRENCY	EUR
	EUR	91,499		83,143
Investment portfolio, uncalled committed amounts ⁵⁶	CAD	190	329	228
	USD	1,315,795	1,014,168	895,434
	GBP	15,300	8,159	9,710
		1,342,516		988,515
Obtained credit lines		925,000		785,000
<i>Used amount</i>		0		35,000
<i>Unused amount</i>		925,000		750,000
Credit lines granted to the investment subsidiaries		765,000		765,000
<i>Used amount</i>		420,537		686,584
<i>Unused amount</i>		344,463		78,416

As a reminder, Sofina has pre-emptive or preferential subscription rights in certain investments of its portfolio (considered in transparency) and these are conditional to an increase in the capital of the portfolio company concerned or to the sale by a shareholder of its shares in the company. The other rights obtained relate essentially to the possibility for Sofina and its investment subsidiaries to follow a

shareholder who sells all or part of its investment (tag-along right). The commitments given by Sofina and its investment subsidiaries are related to follow-on obligations (transfer of shares) in the event of the disposal by certain shareholders of their shares (drag-along right). The total fair value of the investments concerned by these commitments amounts to EUR 3,541,439 thousand.

3.17 RELATED PARTY TRANSACTIONS

	IN THOUSAND EUR	
	31/12/2022	31/12/2021
Assets and liabilities		
Long-term receivables from non-consolidated related companies	0	0
Short-term receivables from non-consolidated related companies	823,998	796,320
Payables to non-consolidated related companies	-175,634	-943
Results from related/associated party transactions		
Dividends received from non-consolidated related companies	30,242	17,062
Dividends received from associated companies	6,621	1,105
Interest received from non-consolidated related companies	8,588	5,022
Interest paid to non-consolidated related companies	-175	0
Services provided to non-consolidated related companies	5,416	3,971
Services received from non-consolidated related companies	-845	-1,425
Compensation of key executives⁵⁷		
Gross fixed compensation	2,908	2,559
Gross variable compensation	24	14,843
Director's fees	2,115	2,117
Group insurance, hospitalisation and healthcare	709	603
Share-based payment expenses	3,797	2,043
Data related to significant off-market transactions between related parties	Nihil	Nihil

The receivables from and payables to non-consolidated related companies consist mainly of loans and deposits between Sofina and its subsidiaries. Their remuneration methods are detailed in point 3.9 above.

The services provided mainly include investment services and investment advisory services relating to investment opportunities and investments held by the service recipient.

The services received consist mainly of cash management services.

Sofina is the guarantor of the commitments of its non-consolidated related companies (i.e. its subsidiaries).

Shareholding structure

Union Financière Boël SA, Société de Participations Industrielles SA and Immobilière et Immobilière du Centre SA form a consortium within the meaning of Article 1:19 of the BCAC (together the "Reference Shareholder").

Based on the latest communication by the Reference Shareholder to the Company dated 23 August 2022, made in accordance with Article 74 of the Law of 1 April 2007 on public takeover bids, the companies forming the Reference Shareholder held on 23 August 2022 shares in the Company as set out in the table below:

	NUMBER OF SHARES	% OWNERSHIP
Union Financière Boël SA	7,676,729	22.41%
Société de Participations Industrielles SA	8,486,320	24.78%
Immobilière et Immobilière du Centre SA	2,535,968	7.40%
Sub-total of the Reference Shareholder	18,699,017	54.60%
Sofina SA (treasury shares)	770,028	2.25%
Total	19,469,045	56.84%

As at 31 December 2022 Sofina held 917,928 treasury shares representing 2.68% of its share capital.

56. These amounts come mainly from subscriptions to investments by Sofina Private Funds amounting to EUR 1,336 million (see point 2.6 above). These commitments are subscribed by Sofina SA or by its investment subsidiaries (seen in transparency).

57. These are members of the Executive Committee (including the CEO) and non-Executive Directors.

Auditors fee

	IN THOUSAND EUR	
	2022	2021
Audit services performed by the Auditors	91	81
Other audit services performed by the Auditors	39	62
Other non-audit services performed by the Auditors' network	125	96
Audit services performed by the Auditors' network	319	204
Tax advisory services	0	0

3.18 EMPLOYEE STOCK OPTION PLANS**Nature and scope of the agreements**

The Sofina group offers its executives⁵⁸ stock option plans on Sofina shares. These options are exercisable at the earliest on 1st January of the fourth calendar year following the year in which the offer was made, and at the latest until the end of the tenth calendar year following the year in which the offer was made.

The option plans are settled exclusively in existing Sofina shares.

The Company ensures that it holds the necessary number of own shares at all times to cover the various option plans.

OPTIONS GRANTED	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE (IN EUR)
<i>Exercisable as at 31/12/2021</i>	<i>104,100</i>	<i>116.72</i>
Outstanding as at 01/01/2022	476,900	186.84
Granted ⁵⁹ during the year	196,550	385.40
Exercised during the year	-21,550	144.30
Renounced during the year	0	0.00
Expired during the year	0	0.00
Outstanding as at 31/12/2022	651,900	248.11
<i>Exercisable as at 31/12/2022</i>	<i>198,050</i>	<i>147.89</i>

The range of exercise prices of the 651,900 options outstanding as at 31 December 2022 is EUR 82.99 to EUR 385.40 (see table below) and the weighted average remaining

contractual life is seven years with a range of zero to nine years to exercise the options.

RANGE OF EXERCISE PRICE OF THE OPTIONS GRANTED	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE (IN EUR)
50 EUR to 100 EUR	19,100	82.99
101 EUR to 150 EUR	74,950	125.87
151 EUR to 200 EUR	228,750	187.19
200 EUR to 250 EUR	132,550	242.57
350 EUR to 400 EUR	196,550	385.40
Options outstanding as at 31/12/2022	651,900	

Calculation of the value

Weighted average value of options granted⁵⁹ in 2022: EUR 52.88. The valuation model used is the Black-Scholes model.

The weighted averages of the main parameters used for the calculations are:

YEAR	UNDERLYING SHARE PRICE (IN EUR)	DIVIDEND YIELD	RISK-FREE INTEREST RATE	EXPECTED VOLATILITY
2022	365.20	0.86%	-0.12%	20.25%

Volatility has been calculated on the basis of historical movements in the Sofina share price.

58. Employees and Chief Executive Officer.

59. Grant date on the last day of the sixty-days acceptance period.

Effect on the result

The 2022 expense related to the stock option plans amounts to EUR 5,902 thousand (EUR 3,128 thousand in 2021).

3.19 POST-CLOSING DATE EVENTS

Events after the end of the financial year are listed in the [Key events section](#), which forms an integral part of the Management report.

3.20 LIST OF SUBSIDIARIES AND ASSOCIATED COMPANIES

NAME AND HEADQUARTERS	LINK	CORPORATE RIGHTS HELD		CORPORATE RIGHTS HELD	
		NUMBER OF SHARES	% OWNERSHIP AS AT 31/12/2022	NUMBER OF SHARES	% OWNERSHIP AS AT 31/12/2021

A. INVESTMENT SUBSIDIARIES - AT FAIR VALUE

Sofina Ventures SA 29, rue de l'Industrie - 1040 Brussels Company number 0423 386 786	Indirect	11,709	100	11,709	100
Sofina Capital SA 12, rue Léon Laval - LU-3372 Leudelange	Direct	5,872,576	100	5,872,576	100
Sofina Partners SA 12, rue Léon Laval - LU-3372 Leudelange	Indirect	46,668,777	100	46,668,777	100
Sofina Private Equity SA SICAR 12, rue Léon Laval - LU-3372 Leudelange	Indirect	5,910,000	100	5,910,000	100
Sofina Global SA SIF 12, rue Léon Laval - LU-3372 Leudelange	Indirect	17,500,000	100	0	0.00
Global Education Holding SA 12, rue Léon Laval - LU-3372 Leudelange	Indirect	277,262	82.01	277,262	82.01
Global Beauty Holding SA 12, rue Léon Laval - LU-3372 Leudelange	Indirect	300,000	100	300,000	100
Sofina US, LLC 160 Federal Street, 9th floor - MA 02110 Boston - USA	Direct	802,000	100	802,000	100
Sofina Asia Private Ltd. 108 Amoy Street # 03-01 - SG-069928 Singapore	Indirect	375,000	100	375,000	100

B. ASSOCIATED COMPANIES - AT FAIR VALUE

Sofindex III Lambroekstraat, 5D - 1831 Machelen Company number 0885 543 088	Indirect	0	0.00	54,790	27.40
Groupe Petit Forestier 11, route de Tremblay - 93420 Villepinte - France	Direct	1,244,172	43.39	1,244,172	43.16
Hillebrand Group 6, Carl-Zeiss-Straße - 55129 Mainz- Hechtsheim - Germany	Indirect	0	0.00	998,595	20.91
Biotech Dental 305, Allées de Craonne - 13300 Salon-de- Provence - France	Direct	6,154,900	24.75	6,154,900	24.75
Cambridge Associates 125 High Street - MA 02110 Boston - USA	Indirect	24,242	23.64	24,242	22.19
Drylock Technologies Spinnerijstraat 12 - 9240 Zele Company number 0479 766 057	Direct	150,000,000	25.64	150,000,000	25.64
Polygone 59, Quai Rambaud - 69002 Lyon - France	Direct	221,076	20.96	221,076	20.96
Nuxe International 127, rue d'Aguesseau - 92100 Boulogne- Billancourt - France	Indirect	193,261,167	49.00	193,261,167	49.00

Considering Sofina's compliance with the conditions laid down in Article 70 of the Luxembourg law of 19 December 2002, Luxembourg subsidiaries (except Sofina Private Equity SA SICAR and Sofina Global SA SIF) may be exempted from certain provisions relating to the publication of their statutory annual accounts.

3.21 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following new standards and interpretations became effective in 2022:

- Amendments to IAS 16 - Property, plant and equipment: proceeds before intended use (applicable for annual periods beginning on or after 1st January 2022);
- Amendment to IFRS 16 - Leases: Covid-19 related rent concessions beyond 30 June 2021 (applicable for annual periods beginning on or after 1st April 2021);
- Amendments to IFRS 3 - Business combinations: reference to the conceptual framework (applicable for annual periods beginning on or after 1st January 2022);
- Annual improvements 2018-2020 to IFRS (applicable for annual periods beginning on or after 1st January 2022); and
- Amendments to IAS 37 - Provisions, contingent liabilities and contingent assets: onerous contracts - cost of fulfilling a contract (applicable for annual periods beginning on or after 1st January 2022).

The application of these standards and interpretations does not, however, have any material impact on the financial statements of Sofina.

Sofina has not anticipated the application of the new and amended standards and interpretations not yet applicable for the annual period beginning on or after 1st January 2022:

- IFRS 17 - Insurance contracts (applicable for annual periods beginning on or after 1st January 2023, but not yet adopted at European level);
- Amendments to IFRS 17 - Insurance contracts: initial application of IFRS 17 and IFRS 9 – comparative information (applicable for annual periods beginning on or after 1st January 2023, but not yet adopted at European level);
- Amendments to IAS 1 - Presentation of financial statements: classification of liabilities as current or non-current (applicable for accounting years beginning on or after 1st January 2023, but not yet adopted at European level);
- Amendments to IAS 1 - Presentation of financial statements and to the statement of Practice in IFRS 2: disclosure of accounting policies (effective for annual periods beginning on or after 1st January 2023, but not yet adopted at European level);
- Amendments to IAS 8 - Accounting policies, changes in accounting estimates and errors: definition of accounting estimates (effective for annual periods beginning on or after 1st January 2023, but not yet adopted at European level);
- Amendments to IAS 12 - Income taxes: deferred taxes on assets and liabilities arising from the same transaction (applicable for accounting years beginning on or after 1st January 2023, but not yet adopted at European level); and
- Amendments to IAS 16 - Leases: lease liability in a Sale and Leaseback (applicable for accounting years beginning on or after 1st January 2024, but not yet adopted at European level).

The future application of these new standards and interpretations is not expected to have a significant impact on the consolidated financial statements.

Basis of evaluation

The IFRS consolidated financial statements are prepared on the basis of fair value through profit and loss except for trade and employee receivables and payables, which are measured at amortised cost.

In order to reflect the significance of the data used in fair value measurements, the Sofina group classifies these measurements into a hierarchy consisting of the following levels:

- **Level 1:** listed prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2:** data other than listed prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- **Level 3:** data for the asset or liability that are not based on observable market data (unobservable data).

Consolidation principles

In accordance with its status as an Investment Entity, Sofina does not consolidate its subsidiaries and does not apply IFRS 3 when it acquires control of another entity.

An exception to this is made for subsidiaries that only provide services related to Sofina's investment activities. These subsidiaries are fully consolidated.

Investments in other subsidiaries, which do not exclusively provide services related to Sofina's investment activities, are also measured at fair value through profit and loss in accordance with IFRS 9.

Investments in which Sofina exercises significant influence are also measured at fair value through profit and loss in accordance with IAS 28, §18 and IFRS 9.

The list of subsidiaries and associated companies is presented above under point 3.20. This list does not include companies in which Sofina holds more than 20% of the capital without exercising significant influence, because, for example, it has neither a representative mandate on the board of directors nor veto rights (other than the usual protective rights, for reorganisations, capital increases, etc.).

Transactions in foreign currencies

Transactions in foreign currencies are accounted for at the exchange rate in force on the date of the transaction.

The impact of foreign exchange is recognised in the income statement under Other financial income and expenses.

Monetary assets and liabilities denominated in foreign currencies are translated at closing rates. Exchange differences arising from these transactions, as well as exchange differences arising from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in force on the transaction date.

The financial statements of foreign companies included in the consolidation are translated into euros at the closing rate for balance sheet accounts and at the average exchange rate for the year for income statement accounts. The difference resulting from the use of these two different rates is recorded in the consolidated balance sheet under Reserves.

Main foreign exchange rates

	31/12/2022	31/12/2021
Closing rate	1 EUR =	1 EUR =
USD	1.0666	1.1326
GBP	0.8869	0.8403
CHF	0.9847	1.0331
SGD	1.4300	1.5279
CAD	1.4440	1.4393
INR	88.1710	84.2292
	2022	2021
Average rate		1 EUR =
SGD	n/a	1.5860

(In)tangible fixed assets

(In)tangible fixed assets are recorded on the assets side of the balance sheet at their acquisition or production cost, less accumulated depreciation and any impairment losses. (In)tangible fixed assets are depreciated over their estimated useful life using the straight-line method.

- Buildings: 30 years
- Equipment and furniture: 3 to 10 years
- Rolling stock: 5 years
- Licenses: 5 years

Investments and receivables

Investments at fair value are recorded at the transaction date and are measured at fair value.

Equity investments at fair value consist of securities that are acquired with the aim of obtaining returns in the form of capital gains and/or investment income. They are measured at fair value at each balance sheet date. Unrealised gains and losses are recognised directly in the income statement. In the event of disposal, the difference between the net sale proceeds and the carrying amount is charged or credited to the income statement.

Deposits and other current financial assets

Trade receivables are measured at amortised cost. IFRS 9 requires the recognition of credit losses on all debt instruments, loans and trade receivables on the basis of their useful life. This impairment model under IFRS 9 is based on the anticipation of losses and does not have a significant impact on the measurement of impairment of financial assets.

Deposits are designated at fair value through the income statement.

Receivables from subsidiaries are designated at fair value through the income statement.

Cash and cash equivalents comprise cash and term deposits with a maturity of less than three months.

Treasury shares

Purchases and sales of treasury shares are deducted from and added to equity respectively. Changes during the period are explained in the statement of changes in equity. No result is recorded on these changes.

Employee benefits

The Sofina group's employees benefit from "defined benefit", "defined contribution" and "cash balance" pension plans. These pension plans are financed by contributions from Sofina group companies and subsidiaries employing staff and by contributions from the staff.

For pension plans, the cost of pension obligations is determined using the "Projected Unit Credit" actuarial method for "defined benefit" plans and the "Traditional Unit Credit" method for "defined contribution" and "cash balance" plans in accordance with the principles of IAS 19. The present value of the promised benefits is calculated. This calculated present value is then compared with the existing funding and, if necessary, generates an accounting provision. The costs established by the actuaries are themselves compared with the premiums or contributions paid by the employer to the funding organisation and, if necessary, generate an additional expense in the consolidated income statement.

The amount recognised in the balance sheet corresponds to the present value of the pension obligations less the fair value of pension plan assets, in accordance with the principles of IAS 19. Actuarial differences, differences between the actual return on assets and the normative return on assets, as well as the effect of the asset ceiling (excluding the interest effect) are recognised in full in equity, without subsequent reclassification to the income statement.

Incentive plans granted are accounted for in accordance with IFRS 2. Under this standard, the fair value of the options at the grant date is recognised in the income statement over the vesting period. Options are valued using a generally accepted valuation model based on market conditions prevailing at the time of granting.

Financial liabilities

Derivative financial instruments are initially recorded at fair value and revalued at each balance sheet date. Changes in fair value are recognised in the income statement.

Trade payables, loans and bank overdrafts are initially measured at fair value less transaction costs directly attributable to their acquisition or issue and subsequently measured at amortised cost.

Payables to subsidiaries are designated at fair value through the income statement.

IFRS 16 – Leases: when a lease is entered into (unless it is a short-term lease or concerns a low-value asset), a liability is recognised for the related commitment, valued at amortised

cost, and the related asset is recognised as property, plant and equipment.

Provisions

A provision is recognised when a legal or constructive obligation exists at the balance sheet date as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, the amount of which can be reliably estimated.

Taxes

Taxes include income taxes and deferred taxes. Deferred taxes are recognised in the income statement except when they relate to items that have been recognised directly in equity, in which case they are also recognised directly in this item.

Income taxes consist of taxes payable on taxable income for the year, together with any adjustments relating to previous years.

Deferred taxes consist of income taxes payable or recoverable in future years in respect of temporary differences between the carrying amount of assets and liabilities and their tax base and in respect of unused tax loss carry forwards.

Deferred tax is not recognised on temporary differences arising from goodwill that is not deductible for tax purposes, from the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profit at the time of the transaction, or from investments in subsidiaries, provided it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred taxes on unused tax losses are recognised only to the extent that taxable profits are likely to be realised, thereby enabling the losses to be utilised.

Taxes are calculated at the tax rates that have been enacted.

Income and expenses

Income and expenses are recognised as follows:

- Dividends and other income are recognised in the income statement at the date of allocation;
- Interest income is recognised when earned;
- Interest expense is recorded as incurred;
- Gains and losses on non-current assets and gains and losses on current assets are recognised at the date of the transaction that generated them;
- Other income and expenses are recognised at the time of the transaction;
- Sofina SA provides investment management services to non-consolidated subsidiaries. Each resulting service obligation is covered by a service contract and the related revenue is recognised as the service obligation is fulfilled (over the term of the contract). Services provided by non-consolidated subsidiaries to Sofina SA are treated in the same way;

- Income and capital gains of non-consolidated foreign investments are recognised net of foreign taxes.

Significant accounting judgments and sources of uncertainty in accounting estimates

The main accounting estimates relate to the valuation of the investment portfolio: the significant assumptions and judgments are discussed in the notes on the fair value of the portfolio under point 2.4 above.

The significant judgments made by Sofina when determining its status as an Investment Entity relate to the assessment of the existence of a divestment strategy on portfolio investments, as well as the assessment of this divestment strategy on investments held by subsidiaries rather than on direct investments in these subsidiaries.

The current health and economic crisis caused by the Covid-19 pandemic increases the uncertainty of the future performance of the investments made by Sofina. These uncertainties regarding the performance of our investments lead to a higher degree of subjectivity in the determination of the fair values of level 3 in the IFRS 13 hierarchy (see point 2.3 and 3.11 above).

Free translation of the French original

Independent auditor's report to the general meeting of Sofina SA for the year ended 31 December 2022

In the context of the statutory audit of the Consolidated Financial Statements) of Sofina SA (the "Company") and its subsidiaries (together the "Group"), we report to you as statutory auditor. This report includes our opinion on consolidated balance sheet as at 31 December 2022, the consolidated income statement, the consolidated statement of comprehensive income, the changes in consolidated shareholders' equity and the consolidated cash flow statement for the year ended 31 December 2022 and the disclosures (all elements together the "Consolidated Financial Statements") as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable.

We have been appointed as statutory auditor by the shareholders' meeting of 7 May 2020, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee. Our mandate expires at the shareholders' meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2022. We performed the audit of the Consolidated Financial Statements of the Group during 3 consecutive years.

Report on the audit of the Consolidated Financial Statements

UNQUALIFIED OPINION

We have audited the Consolidated Financial Statements of Sofina SA, that comprise of consolidated balance sheet on

31 December 2022, the consolidated income statement, the consolidated statement of comprehensive income, the changes in consolidated shareholders' equity and the consolidated cash flow statement of the year and the disclosures, which show a consolidated balance sheet total of €10,197,835 thousand and of which the consolidated income statement shows a loss for the year of € 1,871,526 thousand.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as at 31 December 2022, and of its consolidated results for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

BASIS FOR THE UNQUALIFIED OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISA's") applicable in Belgium. In addition, we have applied the ISA's approved by the International Auditing and Assurance Standards Board ("IAASB") that apply at the current year-end date and have not yet been approved at national level. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect to independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe

that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

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 consequently we do not provide a separate opinion on these matters.

VALUATION OF UNLISTED INVESTMENTS

Description of the key audit matter

As described in note 2.4 (Fair Value of the total investment portfolio in transparency) of the Consolidated Financial Statements, the Group holds, in its portfolios « Sofina Direct », investments in unlisted companies for a total of €4,115,739 thousand, which represents 40% of the total assets.

These investments are classified as « financial assets » within the definition of IFRS 9 – Financial Instruments, which should be measured at fair value. The Group applies the « International Private Equity and Venture Capital Valuation » (« IPEV ») guidelines in the valuation of these assets.

The determination of the fair value of these unlisted « financial assets », for which limited public data is available, is a key audit matter as it depends on significant estimates and/or judgements from the management, such as the choice of the valuation method used and the underlying assumptions used. This fair value therefore falls under the level 3 of the fair value hierarchy according to IFRS 13 - Fair Value Measurement.

Summary of the procedures performed

We have analyzed the valuation process of unlisted « financial assets » as well as the internal controls related hereon, in particular the use of an independent specialist to confirm the fair values estimated internally and management's review controls of these fair values.

We have verified the design and the operational effectiveness of these internal controls.

We have tested, on the basis of a sampling, the valuation of these assets focusing on the choice of methods used as well as on the underlying assumptions. In particular, for this sample:

- We have reconciled the data used in the valuation models with relevant and available external sources. These data used, include the transaction multiples used, the published results or information coming directly from the management of the companies in which a participation is held;
- We verified the mathematical accuracy of the valuation models;

We have verified the retrospective review of the assumptions used in the past valuation exercises to validate their accuracy.

We have verified that the impact of the fair value of the investments on the Consolidated Financial Statements has been appropriately recognised in the income statement.

Lastly, we have verified that the content of the note 2.4 of the Consolidated Financial Statements complied with the requirements of the relevant IFRS standards.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern. The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

OUR RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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.

In performing our audit, we comply with the legal, regulatory and normative framework that applies to the audit of the Consolidated Financial Statements in Belgium. However, a statutory audit does not provide assurance about the future viability of the Company and the Group, nor about the efficiency or effectiveness with which the board of directors has taken or will undertake the Company's and the Group's business operations. Our responsibilities with regards to the going concern assumption used by the board of directors are described below.

As part of an audit in accordance with ISA's, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures

are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;

- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

Report on other legal and regulatory requirements

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report on the Consolidated Financial Statements, and other information included in the annual report.

RESPONSIBILITIES OF THE AUDITOR

In the context of our mandate and in accordance with the additional standard to the ISA's applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, and other information included in the annual report, as well as to report on these matters.

ASPECTS RELATING TO BOARD OF DIRECTORS' REPORT AND OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 3:32 of the Code of companies and associations.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report and other information included in the annual report, being the key figures (on page 6 of the annual report), contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported.

INDEPENDENCE MATTERS

Our audit firm and our network have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company during the course of our mandate.

The fees related to additional services which are compatible with the audit of the Consolidated Financial Statements as referred to in article 3:65 of the Code of companies and associations were duly itemized and valued in the notes to the Consolidated Financial Statements.

EUROPEAN SINGLE ELECTRONIC FORMAT ("ESEF")

In accordance with the standard on the audit of the conformity of the financial statements with the European single electronic format (hereinafter "ESEF"), we have carried out the audit of the compliance of the ESEF format with the regulatory technical standards set by the European Delegated Regulation No 2019/815 of 17 December 2018 (hereinafter: "Delegated Regulation").

The board of directors is responsible for the preparation, in accordance with the ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format in the official French language (hereinafter 'the digital consolidated financial statements') included in the annual financial report available on the portal of the FSMA (<https://www.fsma.be/en/data-portal>) in the official French language.

It is our responsibility to obtain sufficient and appropriate supporting evidence to conclude that the format and markup language of the digital consolidated financial statements comply in all material respects with the ESEF requirements under the Delegated Regulation.

Based on the work performed by us, we conclude that the format and tagging of information in the digital consolidated financial statements of Sofina SA per 31 December 2022 included in the annual financial report available on the portal of the FSMA (<https://www.fsma.be/en/data-portal>) in the official French language are, in all material respects, in accordance with the ESEF requirements under the Delegated Regulation.

OTHER COMMUNICATIONS

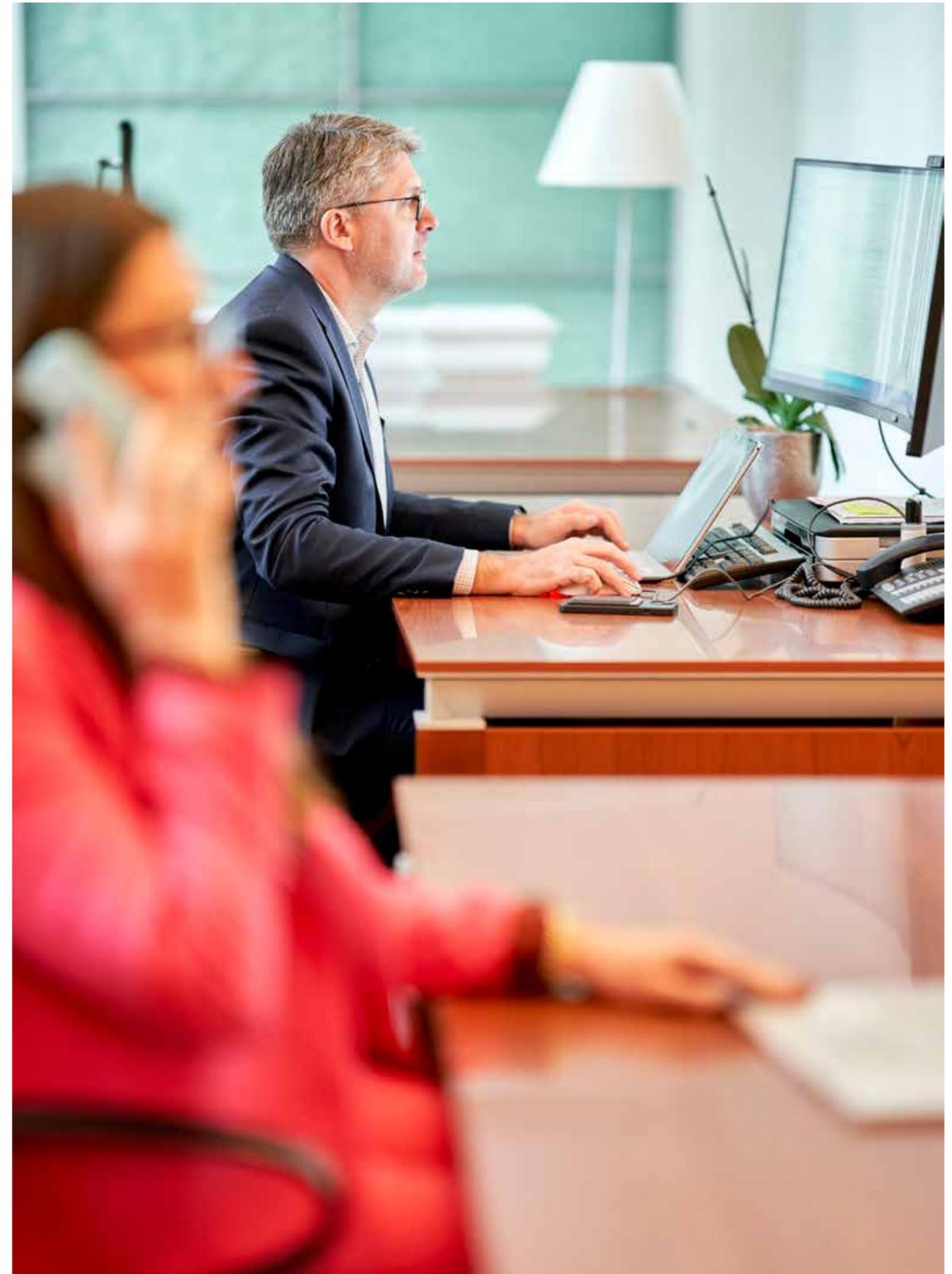
· This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Brussels, 30 March 2023

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by

Jean-François Hubin¹
Partner

23JFH0133



1. Acting on behalf of a BV/SRL

Statutory financial statements of Sofina SA and appropriation of result



“ In accordance with Article 3:17 of the BCAC, the accounts presented below are an abridged version of the annual accounts. The full version, including the balance sheet, will be filed with the National Bank of Belgium and is also available at Sofina’s registered office and on its website. The auditor’s opinion on the financial statements is unqualified.

ACCOUNTS AS AT 31 DECEMBER 2022 (AFTER APPROPRIATION OF RESULT)

	IN MILLION EUR	
	31/12/2022	31/12/2021
ASSETS		
Fixed assets	1,649	1,869
(In)Tangible fixed assets	9	10
Financial fixed assets	1,640	1,859
<i>Related companies</i>	475	490
<i>Other companies linked with participating interest</i>	637	631
<i>Other financial fixed assets</i>	528	738
Current assets	1,811	1,824
Amounts receivable within one year	829	801
Cash investments	841	931
Cash and cash equivalents	140	91
Deferred charges and accrued income	1	1
TOTAL ASSETS	3,460	3,693

	IN MILLION EUR	
	31/12/2022	31/12/2021
LIABILITIES		
Shareholders' equity	2,461	2,849
Share capital	80	80
Share premium	4	4
Reserves	1,712	1,736
Retained earnings	665	1,029
Provisions and deferred taxes	4	6
Debts	995	838
Amounts payable after one year	695	695
Amounts payable within one year	297	141
Accrued charges and deferred income	3	2
TOTAL LIABILITIES	3,460	3,693

INCOME STATEMENT

	IN MILLION EUR	
	2022	2021
Sales and services	16	11
Turnover	6	3
Other operating income	10	6
Non-recurring operating income	0	2
Cost of sales and services	42	54
Services and other goods	14	14
Remuneration, social security and pensions	24	36
Provisions for liabilities and charges	-2	-1
Other operating charges	6	5
Operating profit (+) / loss (-)	-26	-42
Financial income	101	185
Recurring financial income	78	54
Income from financial assets	48	36
Income from current assets	9	5
Other financial income	21	13
Non-recurring financial income	23	131
Financial charges	356	44
Recurring financial charges	83	11
Debt charges	8	6
Other financial charges	75	5
Non-recurring financial charges	273	33
Profit (+) / Loss (-) of the year before taxes	-281	99
Taxes	0	1
Profit (+) / Loss (-) of the year	-281	100
Transfers from (+) / Transfers to (-) untaxed reserves	24	18
Profit (+) / Loss (-) of the year available for appropriation	-257	118

APPROPRIATION ACCOUNT

	IN MILLION EUR	
	2022	2021
Profit (+) / Loss (-) to be appropriated	778	1,280
Profit (+) / Loss (-) of the year to be appropriated	-257	118
Profit (+) / Loss (-) brought forward from the preceding period	1,035	1,162
Transfers from shareholders' equity	0	
From reserves	0	
Appropriation to shareholders' equity	0	142
To other reserves	0	142
Profit (+) / Loss (-) to be carried forward	665	1,029
Profit (+) / Loss (-) to be carried forward	665	1,029
Profit to be distributed	113	109
Return on capital	111	107
Directors	2	2

RESULT APPROPRIATION

It is proposed to the Annual General Meeting of Sofina SA which will be held on 4 May 2023 to proceed with the appropriation of the result of EUR 778,557 thousand as follows:

	IN THOUSAND EUR
Net dividend of EUR 2.268	77,679
Withholding tax on the dividend	33,291
Directors	2,330
Available reserves	0
Profit carried forward	665,257
	778,557

The appropriation of the result proposed by the Board of Directors includes the distribution to 34,250,000 shares of a gross dividend of EUR 3.24 per share, representing a net dividend of EUR 2.268, an increase of EUR 0.08 compared with the previous year.

Since the treasury shares are not entitled to a dividend in accordance with Article 7:217, §3 of the BCAC, the total dividend amount depends on the number of treasury shares held by Sofina SA on 11 May 2023 at 11.59 pm Belgian time (i.e. the trading day before the ex-date). Accordingly, the Board of Directors proposes to authorise the CEO to record the final total dividend amount (and the resulting changes to the director's fees and result appropriation) in the statutory financial statements.

The maximum total amount of gross dividend proposed is EUR 110,970 thousand (34,250,000 x EUR 3.24), including a withholding tax of EUR 33,291 thousand.

If the Annual General Meeting approves this proposal, a dividend of EUR 2.268¹ net of withholding tax will be paid to each share as from 16 May 2023 (ex-date: 12 May 2023 and record date: 15 May 2023) upon detachment of coupon nr. 25.

Payments will be made in Belgium by Euroclear Belgium.

¹ The beneficiaries referred to in Art. 264, para. 1, 1° and 264/1 of the ITC, as well as foreign pension funds and approved pension savings funds and holders of a qualifying individual savings account referred to in Art. 106, para. 2, Art. 115, para. 1 and para. 2, Art. 117, para. 2 of the RD/ITC and Art. 266, para. 4 of the ITC may receive the gross amount of coupon nr. 25, i.e. EUR 3.24, provided that they submit the required certificates no later than 25 May 2023. Beneficiaries of double tax treaties may benefit from a withholding tax reduction under the conditions set in said treaties.

Glossary



- **2020 Code:** 2020 Belgian Code on Corporate Governance.
- **ANAVPS:** A concept used in the calculation of the LTIP performance test. This is the adjusted NAVPS. The ANAVPS at the beginning of each year of the cohort (four-year reference period) is based on Sofina's audited NAVPS as at 31 December of the previous year, minus an amount equal to twice the gross dividend distributed in the year in question. The ANAVPS at the end of each year of the cohort must be based on the audited NAVPS as at 31 December of that year, reduced by an amount equal to twice the dividend distributed in that year, multiplied by a rate equal to a maximum of (x) 0% and (y) the 12-month Euribor rate as published on 31 December of the previous year.
- **Average annual return:** Average annual growth rate calculated on the basis of the change in equity per share (NAVPS) during the period ending on 31 December 2022, taking into account the gross dividend(s) per share of Sofina. It is expressed on an annualised basis. As an example, the average annual return over one year is calculated as follows and is based on the "XIRR" formula in Excel:

YEAR	NAVPS (T-1)	GROSS DIVIDEND PAID (IN EUR)	NAVPS (T)	PERFOR- MANCE (IN%)
2022	337.86	3.13	279.4	-16.5%

It should be noted that the comparison of Sofina's average annual return against a benchmark index is made on the basis of identical periods.

Since 2016, the Company measured its long-term performance by comparing the evolution of its equity per share against a benchmark, the MSCI ACWI Net Total Return EUR Index. Sofina's NAVPS is used instead of its share price in order to better reflect management performance and to better align with LTIP concepts.

- **BCAC:** Belgian Companies and Associations Code.
- **Cash – Non-cash:** Defines whether a portfolio transaction generated a cash inflow or outflow (Cash) or not (Non-cash).
- **Company:** Sofina SA.
- **ESG:** Refers to Environmental, Social and Governance factors, as set out in Sofina's Responsible investment policy.
- **Euro Stoxx 50 Net Return Index EUR ("EUR Stoxx 50"):** Ticker used by Bloomberg (SX5T Index). This index is also presented because of its wide use in the financial markets.
- **General Partners ("GPs" or "Managers"):** Specialised teams managing investment funds in unlisted companies, focusing on venture and growth capital funds.
- **Gross cash:** Net cash plus financial debts, in transparency.
- **Investment Entity:** Status adopted by Sofina SA since 1st January 2018 in application of IFRS 10, §27, which provides that, as long as it meets the definition of an Investment Entity, a company does not consolidate its subsidiaries (except for subsidiaries exclusively providing services related to investment activities). Direct subsidiaries are recorded at fair value in the consolidated financial statements, including the fair value of their equity investments and other assets and liabilities (mainly intra-group debts and receivables).

The direct subsidiaries of Sofina SA are stated at fair value through profit and loss in accordance with IFRS 9.

As required by IFRS 10, §B101, Sofina applied this accounting treatment as of 1st January 2018, when it met all the criteria of an Investment Entity, Sofina has determined that it is an Investment Entity within the meaning of IFRS 10 because it meets the three criteria set by the standard. In fact, Sofina:

- uses the funds of its investors (who are shareholders of the listed company) to provide them with investment management services;

- makes investments with the aim of obtaining returns in the form of capital gains and/or investment income;

- monitors the performance of its investments by measuring them at fair value.

In addition, Sofina has all the typical characteristics of an Investment Entity as defined by IFRS 10:

- it has more than one investment;
- it has more than one investor;
- it has investors who are not related parties;
- it has ownership rights in the form of equity securities or similar interests.

As mentioned above, Sofina SA does not consolidate its subsidiaries (IFRS 10, §27).

- **Listed:** Level 1 and 2 investments as per the fair value hierarchy defined in point 2.3 of the Notes to the consolidated financial statements.
- **Loan-to-value (%):** Ratio between (i) Net debt (or if negative, corresponds to Net cash) and (ii) the total value of the portfolio in transparency.
- **LTIP:** Long-term incentive plan organised within Sofina.
- **MSCI ACWI Net Total Return EUR Index ("MSCI ACWI"):** Ticker used by Bloomberg (NDEEWNR Index). This index is the benchmark used by Sofina. This benchmark is considered to be the most appropriate because of (i) Sofina's global investment strategy (which called for a reference to a World Index ("WI") for developed markets) and (ii) the Sofina group's investments in Asia and the rest of the world (which justified the choice of the All Countries ("AC") index for emerging markets). The Company's essentially European shareholder base and its listing on Euronext Brussels ultimately guided the choice of the euro-denominated index.
- **Net Asset Value ("NAV"):** Net assets or shareholder's equity. NAV per share ("NAVPS") corresponds to the net assets per share or equity per share (calculation based on the number of outstanding shares at the end of the period). It should be remembered that since 1st January 2018, Sofina has adopted the status of Investment Entity according to IFRS 10. Since then, its equity, or NAV in the context of this Annual report, corresponds to the fair value of its investments as well as of its direct subsidiaries and their investments and other assets and liabilities.
- **Net cash (or Net debt if negative):** Sum, in transparency, of "Cash and cash equivalents", "Deposits" and "Cash investments", less "Financial debts" of current and non-current liabilities. "Receivables from subsidiaries" and "Debts to subsidiaries" are not included in Net cash. The term is used

in the key management information (see point 2.1 of the Notes to the consolidated financial statements).

- **Other assets and liabilities:** Sum of "Deferred taxes" (on the assets side), "Other current financial assets", "Receivables from subsidiaries", "Other current debtors" and "Taxes" (on the assets side), less "Non-current provisions", "Non-current financial liabilities", "Deferred taxes" (on the liabilities side), "Payables to subsidiaries", "Current trade and other payables" and "Taxes" (on the liabilities side). These are not shown as separate lines in the internal information used for the management of the Sofina group and have therefore been grouped together to reflect this information (see point 2.1 of the Notes to the consolidated financial statements).

- **Portfolio in transparency:** Sofina SA manages its portfolio on the basis of the total investments held either directly or through investment subsidiaries. When preparing the financial statements as an Investment Entity, the fair value of its direct investments (in portfolio investments or in investment subsidiaries) is recognised as an asset in the balance sheet. By contrast, segment management information (based on internal reporting) is prepared on the entire portfolio in transparency (i.e. on all portfolio investments whether held by Sofina SA directly or indirectly through its investment subsidiaries), and thus on the basis of the total fair value of each investment ultimately held. The presentation of dividends or cash follows the same logic.

- **PSU:** Performance Share Units offered to beneficiaries under the LTIP.

- **Shareholders' equity:** Net Asset Value (as defined herein).

- **Sofina Direct:** Denomination combining Long-term minority investments and Sofina Growth as a result of some of their similar features, as opposed to Sofina Private Funds.

- **Total Shareholder Return ("TSR"):** Average annual return (as defined above).

- **Unlisted:** Level 3 investments as per the fair value hierarchy defined in point 2.3 of the Notes to the consolidated financial statements.

- **UNPRI:** Principles for Responsible Investment developed by the United Nations (www.unpri.org).



SOFINA SA

Registered office
Rue de l'Industrie, 31 | B-1040 Brussels
Tel.: +32 (0)2 551 06 11
Fax: +32 (0)2 513 96 45
Company number
0403 219 397

info@sofinagroup.com | www.sofinagroup.com

S O F I N A

Purpose & Patience