

# SMCP

sandro maje claudie pierlot

**SMCP S.A.**

Société anonyme (a joint-stock company) with a capital of €82,687,319

Registered office: 49, rue Étienne Marcel, 75001 Paris, France

Paris Companies Register no. 819 816 943

## 2020

### INTERIM FINANCIAL REPORT

For the six-month period ended June 30, 2020



*This Interim Financial Report is available  
on SMCP's website at: [www.SMCP.com](http://www.SMCP.com)*

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## **1. STATEMENT OF THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT**

### **1.1 Person responsible for the 2020 interim financial report**

Daniel Lalonde, Chief Executive Officer SMCP S.A.

### **1.2 Declaration by the person responsible for the 2020 interim financial report**

"I certify that, to my knowledge, the condensed interim consolidated financial statements, presented in the interim financial report as of June 30, 2020, have been prepared in accordance with applicable accounting standards and provide a faithful representation of the assets, liabilities, financial position and results of SMCP and of all companies within its scope of consolidation, and that the attached interim management report presents a faithful representation of the significant events that occurred in the first six months of the fiscal year, their impact on the condensed interim consolidated financial statements, and the main related party transactions, and it describes the major risks and uncertainties for the remaining six months of the year."

Paris, September 4, 2020

Chief Executive Officer

Daniel Lalonde

## 2. INTERIM MANAGEMENT REPORT

Unless otherwise stated:

- All references herein to the “Group,” the “Company” or “SMCP,” refer to the Company and its consolidated subsidiaries;
- All references herein to the “EMEA” region comprise the Group’s activities in European countries excluding France (mainly the United Kingdom, Ireland, Spain, Germany, Switzerland, Benelux, Italy and Russia) as well as the Middle East (including the United Arab Emirates);
- All references to the “Americas” zone comprise activities in the United States, Canada and Mexico;
- All references to the “APAC” zone comprise activities in Asia-Pacific (mainly mainland China, Hong Kong, Macao, Taiwan, South Korea, Singapore, Thailand and Australia);
- All references herein to “Consolidated financial statements, Notes to the consolidated financial statements” refer to the condensed interim consolidated financial statements for the period ended June 30, 2020;
- Amounts are stated in millions of euros and rounded to the closest million. In general, amounts presented in the interim financial report are rounded to the nearest unit. As a result, the sum of rounded amounts may present immaterial discrepancies relative to the reported total. Also, ratios and differences are calculated on the basis of the underlying amounts as opposed to the rounded amounts.

SMCP reports on financial indicators that are not defined by IFRS, both internally (among indicators used by the chief operating decision-makers) and externally. The definition for non-IFRS defined indicators used by SMCP can be found in the section entitled “Financial indicators not defined by IFRS” on pages 15 and 16 herein.

- Number of points of sale;
- Like-for-like sales growth;
- Organic sales growth;
- Adjusted EBITDA and adjusted EBITDA margin;
- Adjusted EBIT and adjusted EBIT margin;
- “Management” gross margin and Retail margin;
- Operational free cash-flow after tax;
- Net financial debt.

*Unless otherwise stated, all results reported in this document are reported for H1 2019 and H1 2020 under IFRS 16.*

## **2.1 H1 2020 business review and 2020 outlook**

### **2.1.1 Foreword: an unprecedented context due to the Covid-19 pandemic**

The Covid-19 pandemic that began in Asia in late 2019 and spread throughout the world as early as the first quarter of 2020 has significantly affected the global economy. Indeed, the exceptional measures taken in all regions of the world (lockdown measures, travel restrictions, etc.) to limit health consequences have heavily impacted global consumption and have put a halt to tourist travel. In this context, SMCP was forced to temporarily close most of its points of sale in Asia as early as February and in Europe and the Americas as early as March.

Against this unprecedented backdrop, the Group took immediate measures to mitigate the impacts of the crisis and protect its cash-flow, including:

- Reducing its capital expenditure with postponement of several infrastructure investments, along with the reduction of its store openings plan with around 20 net openings (directly operated stores) expected in 2020
- Reducing its operating expenses:
  - Renegotiation of commercial leases
  - Almost all network teams in Europe and North America were on temporary unemployment since the end of March
  - Strong adjustment in Selling, General & Administrative Expense
  - Adjusting inventories and collections with a strong reduction of purchases on the FW20 collections and some adjustments in the SS20 collections.

At the same time, there have been numerous brand initiatives to encourage e-commerce and to engage their customers on digital, and all teams were fully mobilized in distribution centers.

Lastly, SMCP drew on its €200 million Revolving Credit Facility (RCF) in March and increased its financial flexibility, signing a €140 million State-guaranteed loan and securing a suspension of its 2020 financial covenants and the easing of its 2021 financial covenants.

As of the date of this document, 99% of directly operated stores have reopened. However, risks of new local lockdown measures remain present, particularly in the US, Hong Kong and in northern China. The Group is carefully monitoring the situation.

The Group remains confident in its business model and the attractiveness of its brands. The mobilization of its teams toward ensuring a strict control of its costs has contributed to mitigating the impact of COVID-19. SMCP's financial structure and level of liquidity put the Group in a solid position to face these exceptional circumstances.

### **2.1.2 Business highlights**

#### **Results for H1 2020**

- H1 2020 sales down -31.0% as reported to €372.8 million (-33.5% on an organic basis)
- Significant impact of Covid-19:
  - Lockdown measures in all regions (from the end of January in Asia and from mid-March in Europe and North America)
  - A halt to tourist travel
- Sequential sales improvement since May, driven by the gradual re-opening of points of sale; mainland China returned to positive sales growth in June

- Strong<sup>1</sup> growth in e-commerce, including a sharp acceleration in Q2 2020 to +32.0%
- Solid execution of the action plan to mitigate the impact of the crisis:
  - Capex reduction
  - Opex: variabilization more than 50% of operational costs<sup>2</sup> excl. (more than €60 million in cost savings)
  - Inventories: reduction of FW20 purchases by more than 30%
- Cash: signature of a €140 million State-guaranteed loan and additional flexibility on 2020-21 financial covenants
- Selective openings: +2 directly operated stores in H1 2020
- Adj. Ebitda down from €141.0 million to €55.1 million; Adjusted EBIT: -€29.7million compared to €66.5 million in H1 2019
- Net income at -€88.5 million, including a goodwill impairment of the “Other brands” division, impacted by the Covid-19 pandemic
- Leverage: net financial debt/adj. EBITDA<sup>3</sup> ratio at 5.5x

**Daniel Lalonde, CEO comments:** “As anticipated, the Covid-19 pandemic has strongly impacted our sales, as shutdown measures were implemented in many countries, and as tourism has been absent for several months. Nevertheless, since the beginning of May we have seen a progressive improvement in our sales as our stores gradually reopened. Our performance in mainland China showed good resilience and returned to growth in June. Digital has been part of the Group’s key growth drivers for years and has once again demonstrated its ability to support our sales despite lockdown measures in all of our regions. Regarding costs, we have also made meaningful progress on our action plan to mitigate the impact of the crisis, including reducing our costs and increasing our financial flexibility. Despite the persistent market uncertainties, I remain confident in our ability to get through this unprecedented crisis thanks to the strength of our business model, the attractiveness of our brands and the impressive commitment of our teams.”

#### Key figures as of June 30, 2020

<i>(in €m except points of sale and data per share in €) - IFRS 16</i>	H1 2019	H1 2020	<b>Sales growth in reported data</b>
Points of sale	1,518	1,650	+72 <sup>1</sup>
<b>Sales (€m)</b>	<b>540.3</b>	<b>372.8</b>	<b>-31.0%</b>
Adjusted Ebitda (€m)	141.0	55.1	-60.9%
<b>Adjusted EBIT (€m)</b>	<b>66.5</b>	<b>-29.7</b>	<i>n.a.</i>
<b>Net income Group Share</b>	<b>17.2</b>	<b>-88.5</b>	<i>n.a.</i>
EPS (€) <sup>4</sup>	0.23	-1.20	<i>n.a.</i>
Diluted EPS (€) <sup>5</sup>	0.22	-1.20	<i>n.a.</i>
<b>Pre-tax operating FCF</b>	<b>19.0</b>	<b>-49.4</b>	<i>n.a.</i>

<sup>1</sup>Excluding De Fursac

<sup>2</sup>Excluding De Fursac and IFRS 16

<sup>3</sup>Adjusted EBITDA calculated on a rolling 12 months basis and excluding the impact of IFRS 16

<sup>4</sup>Net Income Group Share divided by the average number of common shares in H1 2020 minus existing treasury shares held by the Group.

<sup>5</sup>Net Income Group Share divided by the average number of common shares in H1 20, minus the treasury shares held by the company, plus the common shares that may be issued in the future. They include the conversion of Class G preferred shares (4,129,169 shares) and the long-term incentive plan shares - LTIP (780,979 shares) which are prorated according to the performance criteria reached as of June 30, 2020.

## 2.1.3 Consolidated net income review

### 2.1.3.1 Sales

#### 2.1.3.1.1 Consolidated sales

Over the first half of 2020, consolidated sales reached €372.8 million, down -33.5% on an organic basis, including a like-for-like sales contraction of -37.6%. Overall, reported sales decreased by -31.0%, including a positive currency impact of +0.3% and a positive contribution of +2.2% from De Fursac.

This performance reflects the impact of lockdown measures in most countries (particularly in the first quarter of 2020 in Asia and the second quarter in Europe and North America) and a halt in tourism flows across regions. Over the quarter, while traffic in stores remained weak, the Group recorded solid conversion rates. Furthermore, SMCP partially offset the impact of the crisis through a strong performance in e-commerce<sup>1</sup> (+15.0% of sales growth).

Over the last twelve months, SMCP net openings<sup>1</sup> amounted to +57 directly operated stores (DOS). This includes +26 net openings in APAC, +27 in EMEA and +18 in Americas. At the same time, the Group continued to optimize its network in France (-14 DOS). SMCP opened +2 DOS<sup>2</sup> in H1 2020.

#### 2.1.3.1.2 Consolidated sales by geographical area and by brand as of June 30, 2020

€m (except %)	H1 2019	H1 2020	Organic sales change	Change in reported data
<b>By region</b>				
France	183.5	133.0	-33.8%	-27.5%
EMEA	158.8	106.6	-33.5%	-32.8%
Americas	68.7	38.3	-45.5%	-44.3%
APAC	129.3	94.9	-26.6%	-26.6%
<b>By brand</b>				
Sandro	262.4	177.1	-32.8%	-32.5%
Maje	212.4	139.5	-34.6%	-34.3%
Other brands	65.6	56.3	-32.7%	-14.2%
<b>TOTAL</b>	<b>540.3</b>	<b>372.8</b>	<b>-33.5%</b>	<b>-31.0%</b>

#### Sales by region

In France and in the EMEA region, sales were down -33.8% and -33.5% respectively on an organic basis, in line with the Group's performance, showing a gradual sales improvement during the second quarter as points of sale gradually reopened. In Europe, sales trends were relatively contrasted due to various degrees of local shutdowns and levers of exposure to tourism, which remained absent during the second quarter. Among those who performed relatively better than the Group average are Germany, the Netherlands and Switzerland, while Italy, the UK and Spain were the most challenged. In France, performance is in line with that of Europe, despite some negative calendar effects in June related to the summer sales which were postponed by three weeks to July 15. Lastly, further progress has been made in the French store network optimization, with six closures in the first

<sup>1</sup> Excluding De Fursac

<sup>2</sup> Including De Fursac



half of 2020. At the same time, the Group reported a strong e-commerce performance<sup>1</sup> in Europe (including France) of +17.5%, highlighting a strong acceleration in the second quarter of 2020 to +39.7%.

In the **Americas**, sales were down -45.5% on an organic basis, showing a greater impact from the crisis as most stores re-opened much later than in Europe, staying closed throughout the second quarter, notably in New York, a key area for the Group. The situation in the United States remains difficult. Indeed, the region is still fighting the pandemic, and this could result in shutdowns of stores, such as in Florida and California. At the same time, e-commerce performed very well in the second quarter (+21.4%), highlighting a strong acceleration compared to the first quarter of 2020, which was impacted by operational issues in its distribution center.

In the **APAC** region, organic sales fell by -26.6%, notably impacted in Q1 2020 by the shutdown of most of its stores. Since Q2 2020, sales trends have been improving sequentially. A performance that reflects firstly, better resilience in mainland China (-3.4% of organic growth in Q2 2020) and secondly, persistent contrasted trends in the rest of Asia. In **mainland China**, the Group recorded a gradual improvement in sales in Q2 2020, returning to sales growth in June. These early signs of recovery are encouraging but performance remains contrasted by region. While the south of mainland China benefited, in June, from positive trends in many cities, the north is still facing some risks of local shutdowns. In parallel, mainland China benefited from a strong e-commerce performance in the first half (+26.2%), driven by the successful live-streaming operations at T-Mall especially for the celebration of the brands' anniversaries and the June 18 event. **In the rest of Asia**, SMCP recorded contrasted trends including a good resilience in South Korea and Taiwan and tougher markets in Hong Kong and Singapore.

### Sales by brand

On an organic basis, **Sandro** (-32.8%), **Maje** (-34.6%) and the **Other Brands** division (-32.7%) recorded relatively similar drops, impacted by the Covid-19 epidemic.

In this unprecedented context, all the Group's brands adapted to the current global environment, particularly in Q1 2020. They adopted a dynamic approach on social media in order to maintain a close connection with their community and begin preparing for the post-lockdown period.

At the same time, SMCP and its brands have been mobilized to support health players and vulnerable populations in the fight against the Covid-19 pandemic. Faithful to its values and commitments, SMCP and all its employees contributed to the collective effort in this exceptional period. Through these initiatives, the Group wishes to express its solidarity and gratitude to all those who have shown great courage during this crisis.

#### 2.1.3.2 Adjusted EBITDA and adjusted EBITDA margin

During the first half of 2020, adjusted EBITDA amounted to €55.1 million, compared to €141.0 million in the first half of 2019.

This decline reflects:

- The significant decline in sales, impacted by Covid-19
- A decrease in gross management margin by -4.8 pts to 71.5%, impacted by a market that was extremely promotional and to a lesser extent inventory depreciation.

However, SMCP has managed to partially absorb the effects of the crisis through its action plan, which was implemented from the outset of the crisis. This allowed SMCP to variabilize more than 50% of its operational costs<sup>2</sup>, amounting to more than €60 million in cost savings:

- The renegotiation of its commercial leases (almost €7 million in cost savings in H1 2020)

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<sup>1</sup> Excluding De Fursac

<sup>2</sup> Excluding De Fursac and IFRS 16

- Recourse to partial unemployment for the majority of its network teams in Europe and North America (around €18 million in cost savings in H1 2020) and a strict management of its workforce
- Optimization of general expenses, “headquarters” payroll and discretionary spends, such as A&P and travel expenses

### 2.1.3.3 Adjusted EBITDA by brand

<i>(In €m) – IFRS 16</i>	H1 2019	H1 2020
<b>Adjusted EBITDA</b>	<b>141.0</b>	<b>55.1</b>
Sandro	67.5	26.3
Maje	60.5	24.9
Other brands	12.9	3.9
<b>Adjusted EBITDA margin</b>	<b>26.1%</b>	<b>14.8%</b>
Sandro	25.7%	14.9%
Maje	28.5%	17.8%
Other brands	19.7%	7.0%

### 2.1.3.4 Amortization, depreciation and provisions

In the first half of 2020, amortization, depreciation and provisions expense amounted to -€84.8 million compared to -€74.4 million in the first half of 2019. This expense incorporates an increase in the amortization of the right of use (IFRS 16) of €6 million, from -€52.5 million in H1 2019 to -€58.5 million in H1 2020, reflecting in particular the store openings (DOS) made during the last 12 months (+117 points of sale).

In parallel, the expense related to amortization, depreciation and provision of investments increased by €4.4 million from -€21.9 million in H1 2019 to -€26.3 million in H1 2020.

The Group’s controlled investment strategy aims to maintain a good balance between the expenditures that support the expansion of points of sale, the expenditures to renovate the network of stores and infrastructure expenditures.

### 2.1.3.5 Adjusted EBIT and adjusted EBIT margin

Consequently, adjusted EBIT amounted to -€29.7 million in the first half of 2020 compared to €66.5 million in the first half of 2019.

### 2.1.3.6 Change from adjusted EBIT to net income Group share

<i>(In €m) – IFRS 16</i>	<b>H1 2019</b>	<b>H1 2020</b>
<b>Adjusted EBIT</b>	<b>66.5</b>	<b>-29.7</b>
Long-Term Incentive Plan (LTIP)	-6.7	-5.0
EBIT	59.8	-34.7
Other non-recurring income and expenses	-4.1	-46.0
<b>Operating profit</b>	<b>55.7</b>	<b>-80.7</b>
Cost of net financial debt	-25.5	-13.5
Other financial income and expenses	-2.5	-0.5
<b>Financial result</b>	<b>-28.0</b>	<b>-14.0</b>
Profit before tax	27.7	-94.8
Income tax	-10.5	6.3
<b>Net profit for the period</b>	<b>17.2</b>	<b>-88.5</b>
Group share	17.2	-88.5
Share of non-controlling interests	-	-

### 2.1.3.7 Long-Term Incentive Plan (LTIP)

In the first half of 2020, SMCP recorded an expense of -€5.0 million related to the long-term incentive plan set up in the fourth quarter of 2017 following the company's IPO in October 2017. Most of this expense corresponds to a provision according to IFRS2 and has no "cash" impact.

### 2.1.3.8 Other non-recurring income and expenses

In H1 2020, other non-recurring income and expenses totaled -€46.0 million compared to -€4.1 million in H1 2019. For H1 2020, other non-recurring income and expenses include -€42.6 million of asset impairment losses resulting from the current Covid-19 crisis. The asset impairment losses were recognized following impairment tests performed by estimating the recoverable amount of the Group's three CGUs (Sandro, Maje and "Other brands") and exclusively concerns the "Other brands" CGU which has been impacted by the current pandemic. The depreciations recorded this half-year relate exclusively to the Goodwill.

To a lesser extent, other non-recurring income and expenses also include costs related to certain closings and delayed or canceled openings of points of sale.

### 2.1.3.9 Financial result

In H1 2020, the financial result was an expense of -€14.0 million, compared with a financial expense of -€28.0 million in H1 2019.

By excluding the cost of net debt of "leases" (IFRS 16) of -€7.5 million in H1 2020 (versus -€6.3 million in H1 2019), SMCP has strongly reduced the cost of its debt from -€21.7 million in H1 2019 (including -€12.6 million in refinancing penalties) to -€6.5 million H1 2020.

SMCP thus shows continued optimization of the average cost of its debt from 4.1% in the first half of 2019 to 1.8% in the first half of 2020.

### 2.1.3.10 Profit before tax and income tax

In H1 2020, profit before tax amounted to -€94.8 million compared to €27.7 million in H1 2019.

Income tax amounted to +€6.3 million versus -€10.5 million in H1 2019.

### 2.1.3.11 Net income – Group share

Because of the factors described above, net income - Group share stood at -€88.5 million in H1 2020 (versus €17.2 million in H1 2019).

### 2.1.3.12 From Net income – Group share to EPS

	H1 2019	H1 2020
<b>Net profit - Group share (€ million)</b>	<b>17.2</b>	<b>-88.5</b>
<b>Average number of shares</b>		
Before dilution <sup>1</sup>	73,480,831	73,945,651
After dilution <sup>2</sup>	78,689,733	78,855,799
<b>EPS (in euros)</b>		
Before dilution <sup>1</sup>	<b>0.23</b>	<b>-1.20</b>
After dilution <sup>2</sup>	<b>0.22</b>	<b>-1.20</b>

### 2.1.3.13 Operating Free Cash Flow

**Pre-tax operating Free Cash Flow** amounted to -€49.4 million in H1 2020, compared to €19.0 million in H1 2019, reflecting the strong decline in adjusted Ebit in a context marked by the Covid-19 epidemic.

This performance includes a decrease in capex of €4.9 million, from -€33.9 million in H1 2019 to -€29.1 million in H1 2020. As part of its action plan to mitigate the effects of the Covid-19 crisis, SMCP decided to substantially reduce its capital expenditure this year. This includes a significant reduction in its store opening plan with approximately 20 stores in 2020. At the same time, the change in working capital requirements was -€9.3 million, in line with Group's expectations.

**After-tax operating Free Cash-Flow** was -€49.8 million in H1 2020 compared to -€2.8 million in H1 2019.

<i>(In € million) – IFRS 16</i>	<b>H1 2019</b>	<b>H1 2020</b>
<b>Adjusted EBIT</b>	<b>66.5</b>	<b>-29.7</b>
Amortization, depreciation and provisions	74.4	84.8
Change in working capital	-28.9	-9.3
Non-recurring expenses	-5.0	-4.8
Capital expenditure	-33.9	-29.1
Income tax	-21.9	-0.3
Lease payment reimbursement	-54.2	-61.3
<b>After-tax operating Free cash flow</b>	<b>-2.8</b>	<b>-49.8</b>
Income tax	-21.9	-0.3
<b>Pre-tax operating Free cash flow</b>	<b>19.0</b>	<b>-49.4</b>

<sup>1</sup> Average number of common shares in H1 2020 minus existing treasury shares held by the company.

<sup>2</sup> Average number of common shares in H1 2020, minus the treasury shares held by the company, plus the common shares that may be issued in the future. They include the conversion of the Class G preferred shares (4,129,169 common shares) and the long-term incentive plan shares – LTIP (780,979 shares) which are prorated according to the performance criteria reached as of June 30, 2020.

## 2.1.4 Balance sheet review

### 2.1.4.1 Simplified consolidated balance sheet

<i>(In € million) - Assets</i>	<b>As of December 31, 2019</b>	<b>As of June 30, 2020</b>
Goodwill	683.2	631.3
Trademarks	663.0	663.0
Other intangible assets	26.8	25.7
Right of use	594.4	571.6
Property, plant and equipment	93.9	90.2
Non-current financial assets	22.1	21.5
Deferred tax assets	43.9	39.4
<b>Non-current assets</b>	<b>2,127.2</b>	<b>2,042.9</b>
Inventories	247.9	262.3
Trade receivables	58.4	38.8
Other receivables	63.4	72.5
Cash and cash equivalents	52.3	273.5
<b>Current assets</b>	<b>422.1</b>	<b>647.1</b>
<b>Total assets</b>	<b>2,549.3</b>	<b>2,690.0</b>

<i>(In € million) – Equity &amp; Liabilities</i>	<b>As of December 31, 2019</b>	<b>As of June 30, 2020</b>
<b>Total equity</b>	<b>1,189.8</b>	<b>1,107.1</b>
Non-current lease liabilities	402.5	389.5
Non-current financial debt	436.5	623.9
Other financial liabilities	0.2	0.2
Provisions and other non-current liabilities	3.8	9.2
Net employee defined benefit liabilities	3.9	4.4
Deferred tax liabilities	183.0	185.3
<b>Non-current liabilities</b>	<b>1,029.9</b>	<b>1,212.5</b>
Trade and other payables	144.0	92.9
Short-term lease payments	101.8	103.0
Bank overdrafts and short-term borrowings and debt	3.0	94.4
Short-term provisions	0.7	0.6
Other liabilities	80.1	79.5
<b>Current liabilities</b>	<b>329.6</b>	<b>370.4</b>
<b>Total equity and liabilities</b>	<b>2,549.3</b>	<b>2,690.0</b>

#### 2.1.4.2 Net financial debt

<i>(In € million)</i>	<b>As of December 31, 2019</b>	<b>As of June 30, 2020</b>
Non-current financial debt & other financial liabilities	-436.8	-624.2
Bank overdrafts and short-term borrowings and debt	-3.0	-94.4
Cash and cash equivalents	52.3	273.5
<b>Net financial debt</b>	<b>-387.4</b>	<b>-445.1</b>
Adjusted EBITDA excluding IFRS 16 over the last	174.2	81.2
<b>Net financial debt / adjusted EBITDA<sup>1</sup></b>	<b>2.2x</b>	<b>5.5x</b>

Net financial debt increased from €387.4 million as of December 31, 2019 to €445.1 million as of June 30, 2020. Gearing ratio (net financial debt/adjusted EBITDA<sup>2</sup>) increased from 2.2x as of December 31, 2019 to 5.5x as of June 30, 2020.

Including IFRS 16, the total of the lease liability and the net financial debt was up from €891.7 million as of December 31, 2019 to €937.5 million as of June 30, 2020.

#### 2.1.5 Outlook for 2020

SMCP, which has renounced its 2020 objectives set out at the time of the 2017 IPO as part of its medium-term plan, does not communicate new objectives for 2020, both in terms of sales and profitability, given the high level of uncertainty over the duration of the Covid-19 epidemic.

#### 2.1.6 Subsequent events

Major events occurring after the end of the reporting period are detailed in Note 3.11.4 of the notes to the condensed interim consolidated financial statements.

<sup>1</sup> Adjusted EBITDA calculated on a rolling 12 months basis and excluding the impacts of IFRS 16

### 2.1.7 Main risks and uncertainties

The main risks and uncertainties to which SMCP believes it is exposed in 2020 are specified in section 3 Risk factors of the 2019 Universal Registration Document and listed hereafter.

Risks associated with the Group's business sector	Risks associated with major macroeconomic events occurring in the Group's key markets Risks associated with suppliers and manufacturers Risks associated with logistics and efficient order processing Risks associated with competition and consumer expectations Risks associated with increased production costs Risks associated with seasonal changes and weather conditions Risks associated with defective products and Group liability
Risks associated with the Group's business activities	Risks associated with the implementation of the Group's development strategy Risks associated with cyber attacks, IT, and fraud Risks associated with the Group's social responsibility Risks associated with the Group's brand reputation, integrity and image Risks associated with e-commerce and online sales Risks associated with lease agreements and concession agreements with department stores Risk associated with acquisitions
Risks associated with the Company	Risks associated with key personnel and human resources management Risks associated with the control of the Company by a controlling shareholder
Market risks	Liquidity risks Credit and/or counterparty risks Foreign exchange risk Risks associated with interest rates
Legal risks	Risks associated with regulatory and legislative changes Risks associated with intellectual property rights and anti-counterfeit measures Risks associated with proceedings and litigation Risks associated with taxes and changes in tax legislation

### 2.1.8 Financial indicators not defined by IFRS

The Group uses certain key financial and non-financial measures to analyze the performance of its business. The main performance indicators used include the number of its points of sale, like-for-like sales growth, adjusted EBITDA and adjusted EBITDA margin.

#### *Number of points of sale*

The number of the Group's points of sale comprises total retail points of sale open at the relevant date, which includes (i) directly operated stores, including free-standing stores, concessions in department stores, affiliate-operated stores, factory outlets and online stores, and (ii) partnered retail points of sale.

#### *Like-for-like sales growth*

Like-for-like sales growth corresponds to retail sales from directly operated points of sale on a like-for-like basis in a given period compared with the same period in the previous year, expressed as a percentage change between the two periods. Like-for-like points of sale for a given period include all of the Group's points of sale that were open at the beginning of the previous period and exclude points of sale closed during the period, including points of sale closed for renovation for more than one month, as well as points of sale that changed their activity (for example, Sandro points of sale changing from Sandro Femme to Sandro Homme or to a mixed Sandro Femme and Sandro Homme store).

Like-for-like sales growth percentage is presented at constant currencies (sales for year N and year N-1 in foreign currencies are converted at the average N-1 rate, as presented in the annexes to the Group's consolidated financial statements as of December 31 for the year N in question).

#### *Organic sales growth*

Organic sales growth corresponds to total sales in a given period compared with the same period in the previous year, expressed as a percentage change between the two periods, and presented at constant exchange rates

(sales for period N and period N-1 in foreign currencies are converted at the average year N-1 rate) excluding scope effects, i.e. excluding the acquisition of De Fursac

#### **Adjusted EBITDA and adjusted EBITDA margin**

Adjusted EBITDA is defined by the Group as operating income before depreciation, amortization, provisions and charges related to share-based long-term incentive plans (LTIP). Consequently, adjusted EBITDA corresponds to EBITDA before charges related to LTIP. Adjusted EBITDA is not a standardized accounting measure that meets a single generally accepted definition. It must not be considered as a substitute for operating income, net income, cash flow from operating activities, or as a measure of liquidity.

Adjusted EBITDA margin corresponds to adjusted EBITDA divided by net sales.

#### **Adjusted EBIT and adjusted EBIT margin**

Adjusted EBIT is defined by the Group as earning before interests and taxes and charges related to share-based long-term incentive plans (LTIP). Consequently, Adjusted EBIT corresponds to EBIT before charges related to LTIP.

Adjusted EBIT margin corresponds to Adjusted EBIT divided by net sales.

#### **Management gross margin**

Management gross margin corresponds to the sales after deducting rebates and cost of sales only. The accounting gross margin (as appearing in the accounts) corresponds to the sales after deducting the rebates, the cost of sales and the commissions paid to the department stores and affiliates.

#### **Retail margin**

Retail margin corresponds to the management gross margin after taking into account the direct expenses of the points of sale such as rent, personnel costs, commissions paid to the department stores and other operating costs. The table below summarizes the reconciliation of the management gross margin and the retail margin with the accounting gross margin as included in the Group's financial statements for the following periods:

<i>(€m) excluding IFRS 16 impacts</i>	<b>H1 2019</b>	<b>H1 2020</b>
<b>Gross margin (as appearing in the accounts)</b>	<b>342.8</b>	<b>230.0</b>
Readjustment of the commissions and other adjustments	69.5	36.6
<b>Management gross margin</b>	<b>412.3</b>	<b>266.6</b>
Direct costs of points of sale	-222.6	-179.1
<b>Retail margin</b>	<b>189.7</b>	<b>87.5</b>

#### **Pre-tax operational free cash flow**

Operational Free Cash Flow after tax is defined as adjusted EBITDA after taking into account changes in working capital requirements, non-current items paid, income tax paid and net cash flows from investing activities excluding acquisitions.

#### **Net financial debt**

Net financial debt represents the net financial debt portion bearing interest. It corresponds to current and non-current financial debt, net of cash and cash equivalents net of current bank overdrafts.

## **2.2 Related party transactions**

Major related party transactions are detailed in Note 3.11.3 of the notes to the 2020 condensed interim consolidated financial statements.



### 3. INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 3.1 Consolidated income statement

		6/30/2019	6/30/2020
		<i>in €m</i>	<i>in €m</i>
<b>Sales</b>	<b>3.9.1</b>	<b>540.3</b>	<b>372.8</b>
Cost of sales	3.9.2	(197.6)	(142.8)
<b>Gross margin</b>		<b>342.8</b>	<b>230.0</b>
Other operating income and expenses		(85.1)	(73.1)
Personnel costs		(116.7)	(101.8)
Depreciation, amortization and impairment		(74.4)	(84.8)
Share-based Long-Term Incentive Plan	3.9.3	(6.7)	(5.0)
<b>Current operating income</b>		<b>59.8</b>	<b>(34.7)</b>
Other income and expenses	3.9.4	(4.1)	(46.0)
<b>Operating profit</b>		<b>55.7</b>	<b>(80.7)</b>
Financial income and expenses		(2.5)	(0.5)
Cost of net debt		(25.5)	(13.5)
<b>Financial income</b>	<b>3.9.5</b>	<b>(28.0)</b>	<b>(14.0)</b>
<b>Profit/(loss) before tax</b>		<b>27.7</b>	<b>(94.8)</b>
Income tax expense	3.9.6	(10.5)	6.3
<b>Net profit for the period</b>		<b>17.2</b>	<b>(88.5)</b>
Attributable to owners of the Company		17.2	(88.5)
Attributable to non-controlling interests		-	-
<b>Net profit/(loss) attributable to owners of the Company</b>		<b>17.2</b>	<b>(88.5)</b>
<b>Basic Group share of net earnings per share (EUR)</b>	<b>3.9.7</b>	<b>0.23</b>	<b>(1.20)</b>
<b>Diluted Group share of net earnings per share (EUR)</b>	<b>3.9.7</b>	<b>0.22</b>	<b>(1.20)</b>

Foreign currency items in the consolidated income statement and consolidated statement of comprehensive income are translated at the average exchange rate for each period presented (see Note 3.7.2.2 – Rates applicable for the period).

### 3.2 Consolidated statement of comprehensive income

	6/30/2019	6/30/2020
	<i>in €m</i>	<i>in €m</i>
<b>Net profit/(loss) for the period</b>	<b>17.2</b>	<b>(88.5)</b>
Revaluation of the net liability for defined benefit plans	-	-
<b>Total other comprehensive income/(loss) that may not be reclassified to profit or loss</b>	<b>-</b>	<b>-</b>
Gains/(losses) on derivative financial instruments (cash flow hedges), net of tax	(0.6)	1.7
Gains/(losses) on exchange differences on translation of foreign operations	0.0	0.9
<b>Total other comprehensive income/(loss) that may be reclassified to profit or loss</b>	<b>(0.6)</b>	<b>2.6</b>
<b>Total other comprehensive income/(loss)</b>	<b>(0.6)</b>	<b>2.6</b>
<b>Total comprehensive income/(loss)</b>	<b>16.6</b>	<b>(85.8)</b>

*Foreign currency items in the consolidated income statement and consolidated statement of comprehensive income are translated at the average exchange rate for each period presented (see Note 3.7.2.2 – Rates applicable for the period).*

### 3.3 Consolidated statement of financial position

#### 3.3.1 Assets

		12/31/2019	6/30/2020
	Notes	<i>in €m</i>	<i>in €m</i>
		Net	Net
Goodwill	3.10.1.1	683.2	631.3
Trademarks	3.10.1.2	663.0	663.0
Other intangible assets	3.10.1.2	26.8	25.7
Property, plant and equipment	3.10.1.3	93.9	90.2
Right of use	3.10.1.4	594.4	571.6
Non-current financial assets		22.1	21.5
Other non-current assets		0.0	0.0
Deferred tax assets		43.9	39.4
<b>Non-current assets</b>		<b>2,127.2</b>	<b>2,042.9</b>
Inventories	3.10.3	247.9	262.3
Trade receivables	3.10.4	58.4	38.8
Other receivables	3.10.5	63.4	72.5
Cash and cash equivalents	3.10.7	52.3	273.5
<b>Current assets</b>		<b>422.1</b>	<b>647.1</b>
<b>Total assets</b>		<b>2,549.3</b>	<b>2,690.0</b>

### 3.3.2 Equity and liabilities

	Notes	12/31/2019	6/30/2020
		<i>in €m</i>	<i>in €m</i>
		<b>Net</b>	<b>Net</b>
Share capital	3.10.6	82.2	82.7
Share premium		951.2	950.7
Reserves and retained earnings		123.5	112.5
Other comprehensive income/(loss)		39.4	(36.8)
Treasury shares		(6.5)	(2.0)
<b>Equity attributable to owners of the Company</b>		<b>1,189.8</b>	<b>1,107.1</b>
Non-controlling interests		0.0	0.0
<b>Total equity</b>		<b>1,189.8</b>	<b>1,107.2</b>
Non-current lease liabilities	3.10.1.4	402.5	389.5
Non-current financial debt	3.10.7	436.5	623.9
Other non-current liabilities	3.10.7	0.2	0.2
Non-current provisions	3.10.8	3.8	9.2
Net employee defined benefit liabilities	3.10.8	3.9	4.4
Other non-current liabilities	3.10.10	-	-
Deferred tax liabilities		183.0	185.3
<b>Non-current liabilities</b>		<b>1,029.9</b>	<b>1,212.5</b>
Trade and other payables		144.0	92.9
Current lease liabilities	3.10.1.4	101.8	103.0
Bank overdrafts and short-term borrowings and debt	3.10.7	3.0	94.4
Short-term provisions	3.10.8	0.7	0.6
Other liabilities	3.10.10	80.1	79.5
<b>Current liabilities</b>		<b>329.6</b>	<b>370.4</b>
<b>Total equity and liabilities</b>		<b>2,549.3</b>	<b>2,690.0</b>

### 3.4 Consolidated statement of cash flows

in €m	6/30/2019	6/30/2020
<b>Profit/(loss) before tax</b>	<b>27.7</b>	<b>(94.8)</b>
Depreciation, amortization and impairment	74.4	84.8
Other income and expenses	4.1	46.0
Financial income	28.0	14.0
Share-based Long-Term Incentive Plan	6.7	5.0
<b>Sub-total (1)</b>	<b>141.0</b>	<b>55.1</b>
Non-operating expenses incurred during the period	(5.0)	(4.8)
(Increase)/decrease in trade and other receivables and prepayments	(12.7)	19.9
(Increase)/decrease in net inventories after provisions	(11.8)	(15.3)
Increase /(decrease) in trade and other payables	(4.3)	(13.9)
<b>Change in working capital (2)</b>	<b>(28.9)</b>	<b>(9.3)</b>
Reimbursed (paid) income tax	(21.9)	(0.3)
<b>Net cash flow from operating activities</b>	<b>85.3</b>	<b>40.6</b>
Purchases of property, plant and equipment and intangible assets	(33.4)	(29.4)
Sales of property, plant, equipment and intangible assets	2.6	-
Purchases of financial instruments	(4.6)	(1.6)
Proceeds from sales of financial instruments	1.4	1.9
Purchases of subsidiaries net of cash acquired	-	-
<b>Net cash flow used in investing activities</b>	<b>(33.9)</b>	<b>(29.1)</b>
Redemption of bonds	(180.3)	
Issuance of long-term financial borrowings	260.3	344.0
Reimbursement of long-term financial borrowings	(0.2)	(117.9)
Net reimbursement of short-term financial borrowings	(66.1)	
Reimbursement of lease liabilities	(54.2)	(61.3)
Other financial income and expenses	(3.4)	(1.6)
Interest paid (3)	(13.0)	(4.9)
<b>Net cash flow from financing activities</b>	<b>(56.9)</b>	<b>158.3</b>
Net foreign exchange difference	0.2	(0.4)
<b>Change in net cash and cash equivalents</b>	<b>(5.3)</b>	<b>169.5</b>
Cash and cash equivalents at the beginning of the period	46.5	52.3
Bank credit balances at the beginning of the period	(5.0)	(3.0)
<b>Net cash and cash equivalents at the beginning of the period</b>	<b>41.5</b>	<b>49.3</b>
Cash and cash equivalents at the end of the period	49.7	273.5
Bank credit balances at the beginning/end of the period	(13.5)	(54.7)
<b>Net cash and cash equivalents at the end of the period</b>	<b>36.2</b>	<b>218.8</b>

(1) Recurring operating income before other income and expenses and before depreciation, amortization and impairment and before the share-based Long-Term Incentive Plan, and after the rental charges linked to IFRS 16.

(2) Does not include other income and expenses with a cash impact of -€4.8 million for the six-month period ended June 30, 2020 and -€5.0 million for the six-month period ended June 30, 2019.

(3) Interest paid includes early payment penalties: €5.3 million in 2019 due to the reimbursement of the €371 million 2023 bond issued in 2016 by SMCP S.A.S.

### 3.5 Consolidated statement of changes in equity

(in €m)	Number of OS	Share capital	Share premium	Treasury shares	Reserves and retained earnings	Revaluation of defined benefit liabilities	Translation adjustment	Future cash flow hedges	Net profit attributable to owners of the Company	Equity		
										Total Group share	Non-controlling interests	Total equity
<b>Balance at January 1<sup>st</sup>, 2019</b>	<b>73,174,015</b>	<b>81.9</b>	<b>951.5</b>	<b>(1.6)</b>	<b>63.5</b>	<b>0.2</b>	<b>(3.9)</b>	<b>0.3</b>	<b>50.2</b>	<b>1,142.2</b>	-	<b>1,142.2</b>
Net profit at December 31, 2019		-	-	-	-	-	-	-	43.7	43.7	-	<b>43.7</b>
Cumulative actuarial losses on defined benefit plans, net of tax		-	-	-	-	0.1	-	-	-	0.1	-	<b>0.1</b>
Gains/(losses) on exchange differences on translation of foreign operations		-	-	-	-	-	0.7	-	-	0.7	-	<b>0.7</b>
Other comprehensive income/(loss)		-	-	-	-	-	-	(1.6)	-	(1.6)	-	<b>(1.6)</b>
<b>Total comprehensive income/(loss)</b>		-	-	-	-	<b>0.1</b>	<b>0.7</b>	<b>(1.6)</b>	<b>43.7</b>	<b>42.9</b>	-	<b>42.9</b>
Appropriation of 2017 net loss		-	-	-	50.2	-	-	-	(50.2)	-	-	-
Dividend paid		-	-	-	-	-	-	-	-	-	-	-
Conversion of class G preferred shares	376,053	0.3	(0.3)	-	-	-	-	-	-	-	-	-
Share-based Long-Term Incentive Plan		-	-	-	9.6	-	-	-	-	9.6	-	<b>9.6</b>
Purchase of treasury shares		-	-	(4.9)	-	-	-	-	-	(4.9)	-	<b>(4.9)</b>
1 <sup>st</sup> application of IFRS 9 "Hedge accounting"		-	-	-	0.2	-	-	(0.2)	-	-	-	-
<b>Total transactions with owners</b>	<b>376,053</b>	<b>0.3</b>	<b>(0.3)</b>	<b>(4.9)</b>	<b>59.9</b>	-	-	<b>(0.2)</b>	<b>(50.2)</b>	<b>4.7</b>	-	<b>4.7</b>
<b>Balance at December 31, 2019</b>	<b>73,550,068</b>	<b>82.2</b>	<b>951.2</b>	<b>(6.5)</b>	<b>123.5</b>	<b>0.3</b>	<b>(3.2)</b>	<b>(1.4)</b>	<b>43.7</b>	<b>1,189.8</b>	-	<b>1,189.8</b>
Net profit at June 30, 2020		-	-	-	-	-	-	-	(88.5)	(88.5)	-	<b>(88.5)</b>
Cumulative actuarial losses on defined benefit plans, net of tax		-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on exchange differences on translation of foreign operations		-	-	-	-	-	1.0	-	-	1.0	-	<b>1.0</b>
Other comprehensive income/(loss)		-	-	-	-	-	-	1.7	-	1.7	-	<b>1.7</b>
<b>Total comprehensive income/(loss)</b>		-	-	-	-	-	<b>1.0</b>	<b>1.7</b>	<b>(88.5)</b>	<b>(85.8)</b>	-	<b>(85.8)</b>
Appropriation of 2018 net profit		-	-	-	43.7	-	-	-	(43.7)	-	-	-
Dividend paid		-	-	-	-	-	-	-	-	-	-	-
Conversion of class G preferred shares	567,692	0.5	(0.5)	-	-	-	-	-	-	-	-	-
Share-based Long-Term Incentive Plan		-	-	-	(0.7)	-	-	-	-	(0.7)	-	<b>(0.78)</b>
Purchase of treasury shares		-	-	3.8	-	-	-	-	-	3.8	-	<b>3.8</b>
<b>Total transactions with owners</b>	<b>567,692</b>	<b>0.5</b>	<b>(0.5)</b>	<b>3.8</b>	<b>42.9</b>	-	-	-	<b>(43.7)</b>	<b>3.1</b>	-	<b>3.1</b>
<b>Balance at June 30, 2020</b>	<b>74,111,760</b>	<b>82.7</b>	<b>950.7</b>	<b>(2.7)</b>	<b>166.4</b>	<b>0.3</b>	<b>(2.2)</b>	<b>0.3</b>	<b>(88.5)</b>	<b>1,107.1</b>	-	<b>1,107.1</b>

€k	Number of ordinary shares	Share capital	Share premium	Treasury shares	Reserves and retained earnings	Revaluation of defined benefit liabilities	Translation adjustment	Future cash flow hedges	Net profit attributable to owners of the Company	Total Equity		
										Group share	Non controlling interests	Total Equity
<b>Balance at December 31, 2018</b>	<b>73 174 015</b>	<b>81 914</b>	<b>951 522</b>	<b>(1 649)</b>	<b>63 546</b>	<b>242</b>	<b>(3 922)</b>	<b>317</b>	<b>50 203</b>	<b>1 142 172</b>	<b>-</b>	<b>1 142 172</b>
Profit/(loss) at June 30, 2019									17 155	17 155	-	17 155
Cumulative actuarial losses on defined benefit plans, net of tax						-				-	-	-
Gains/(Losses) on exchange differences on translation of foreign operations							14			14	-	14
Other comprehensive income/(loss)								(613)		(613)	-	(613)
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>(613)</b>	<b>17 155</b>	<b>16 556</b>	<b>-</b>	<b>16 556</b>
Appropriation of 2018 net profit					50 203				(50 203)	-	-	-
Dividend paid										-	-	-
Capital increase/(decrease)										-	-	-
Conversion of free shares										-	-	-
Conversion of class G preferred shares	376 053	308	(308)							-	-	-
Free shares allocation plan					5 559					5 559	-	5 559
Purchase of treasury shares										-	-	-
Changes in scope								165		165	-	165
<b>Total transactions with owners</b>	<b>376 053</b>	<b>308</b>	<b>(308)</b>	<b>-</b>	<b>55 762</b>	<b>-</b>	<b>-</b>	<b>165</b>	<b>(50 203)</b>	<b>5 724</b>	<b>-</b>	<b>5 724</b>
<b>Balance at June 30, 2019</b>	<b>73 550 068</b>	<b>82 222</b>	<b>951 214</b>	<b>(1 649)</b>	<b>119 308</b>	<b>242</b>	<b>(3 908)</b>	<b>(131)</b>	<b>17 155</b>	<b>1 164 452</b>	<b>-</b>	<b>1 164 452</b>

### 3.6 GENERAL INFORMATION

#### 3.6.1 Presentation of the Group

SMCP S.A. was incorporated in France on April 19, 2016 as a listed joint stock company (Société par Actions). The consolidated group ("the Group") includes parent company SMCP S.A. and its subsidiaries. The Company's registered office is located at 49 rue Étienne Marcel, 75001 Paris, France. It has been listed on Euronext Paris since October 2017.

SMCP S.A. is 53.4% indirectly owned by Ruyi International Fashion (China) Limited, Hong Kong company, RM 1201, 12/F Empire Center 68, Mody Road TST KL, Hong Kong, registered under the number 61544102-000-06-14-0, through its subsidiary European TopSoho S.A.R.L. in Luxembourg.

The Group's main businesses include the creation and sale of apparel and accessories on the accessible luxury segment under the Sandro, Maje, Claudie Pierlot and De Fursac brands mostly through stores, concessions ("corners") in department stores or its own websites.

At June 30, 2020, the Group operated 1,650 stores (of which 1,590 for Sandro, Maje, Claudie Pierlot and 60 for De Fursac), of which 1,324 directly operated (of which 1,264 for Sandro, Maje, Claudie Pierlot and 60 for De Fursac), and 326 managed through partnerships (for Sandro, Maje, Claudie Pierlot). Its brands were present in 41 countries worldwide.

#### 3.6.2 Significant events

##### Impact of Covid-19

Measures taken by various governments in the fight **against the Covid-19 pandemic had a major impact on SMCP's business over the half year, and significantly affected the interim financial statements**. The reduction in the Group's sales and profitability was the direct result of the closure of stores in the majority of countries for several months, coupled with the suspension of international travel.

Assumptions and forecasts on which certain balance sheet and income statement items are assessed (see Note 6.4 to the 2019 consolidated financial statements) have been reviewed to take into account the context relating to the crisis. The elements in question include:

- The valuation of intangible assets: impairment tests were carried out for all of the Group's CGUs and led to the recognition of an impairment loss of €42.6 million for the Other Brands CGU, which includes the De Fursac and Claudie Pierlot brands (see 3.10.2);
- The Group launched the renegotiation of its lease agreements, in a bid to optimize its rental costs. Rent reductions thus secured during the half year, in the amount of €7.2 million, were recognized in the profit and loss statement as negative variable rents as opposed to as a change to the lease agreement. The accounting method applied complies with the simplification measure set out in the amendment to IFRS 16 – *Leases* published by the IASB on May 28, 2020, although at the date on which the condensed interim consolidated financial statements were prepared, this amendment had not yet been formally adopted by the European Union;

This amendment introduces a simplification measure that allows lessees to choose to recognize lease arrangements initially due until the end of June 2021 as negative variable rents (i.e., immediately to profit and loss) due to the public health crisis, without having to assess whether they are allowed under the contractual or legal terms governing the implementation of the agreement.



- The €10 million earn out liabilities on the acquisition of De Fursac has been write off due factors in sales forecasts;
- Provisions for the impairment of inventories were updated (€4.7 million impact for the first half of 2020), to take into account longer inventory turnover times and weaker selling prospects for seasonal products (see Note 3.10.3);
- The Group benefited from employee furlough measures in the various countries in which it operates. These measures were mainly applied during periods of store closures and related to both store employees and those at the Group's head offices. These measures were recognized as a reduction in H1 2020 personnel costs, for a total amount of €18.4 million.
- Indemnities received from the States or public bodies under measures to protect the economy were recorded as a reduction in expenses for which these indemnities were awarded.

In this unprecedented context, the Group implemented immediate measures to alleviate the impact of the crisis and protect its cash flow, mainly by:

- Significantly reducing its capital expenditure by postponing several infrastructure investments, as well as reducing the planned number of store openings with around 20 net openings (directly operated stores) scheduled for 2020.
- The reduction of its operating expenses:
  - Renegotiation of commercial leases
  - Recourse to temporary unemployment for the majority of its network teams in Europe and North America since the end of March, supported by local governments
  - Significant adjustments to SG&A costs
  - Adjustments to inventories and collections with a major reduction in purchases for the 2020 Fall/Winter collections and adjustments to the Spring/Summer collections.

At the same time, several initiatives were introduced by the brands to encourage e-commerce and maintain a digital connection with customers. The teams are also fully mobilized at the logistic centers.

Finally, in order to improve its financial flexibility, SMCP drew on its €200 million Revolving Credit Facility (RCF) in March, negotiated a €140 million State-guaranteed loan with its banking partners, and secured the suspension of its 2020 financial covenants and the easing of its 2021 financial covenants (taking the leverage ratio to 4.5x EBITDA at June 30, 2021 and to 4.0x EBITDA at December 31, 2021). Following these measures to secure its liquidity, the Group's cash position at the end of the period exceeded €200 million (cf note 3.10.7).

### **3.7 ACCOUNTING PRINCIPLES AND METHODS**

#### **3.7.1 Basis of preparation**

The Group's consolidated interim financial statements cover a business period of six months, from January 1 to June 30, 2020, and were approved by the Board of Directors on September 3, 2020. They should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2019 and the consolidated interim financial statements as at June 30, 2019 for a comparative analysis.

All amounts are expressed in millions of euros unless stated otherwise.

The Group's scope of consolidation at June 30, 2020 is identical to the scope of consolidation as at December 31, 2019 (Note 3.11.5).

### **3.7.2 Accounting principles and methods**

The condensed consolidated interim financial statements for the period ended June 30, 2020 have been prepared in accordance with IAS 34 – *Interim Financial Reporting* and the international accounting standards and interpretations (IAS/IFRS) adopted by the European Union and in force on June 30, 2020, as well as the amendment to IFRS 16 – Leases published by the IASB on May 28, 2020 early applied even if not yet approved on by the European Union.

These standards and interpretations are applied consistently to the periods presented.

The condensed consolidated interim financial statements have been prepared according to the same accounting policies as those used to prepare the annual financial statements for the period ended December 2019, subject to the following clarifications:

- **Seasonality of sales and changes in inventories**

The Group's business is sensitive to seasonal effects that have an impact on:

- its stock levels:
  - the Group presents two annual collections, the "Fall/Winter" and the "Spring/Summer" collections, which are available from June and December/January respectively, leading to a generally higher level of inventory volume in April and in October/November due to the receipt of products before the merchandising in stores of these two collections;
- income and margin levels:
  - the Group's sales volume is higher in the first weeks of the January and June/July sale periods, although they have a lower margin due to discounts;
  - the volume of sales is also lower in the first quarter (February is a month with fewer days) and in the third quarter (August is a month of holidays);
  - the Christmas and fourth quarter margins are historically stronger given lower discounts over this period.

- **Calculation of tax at the end of the interim period**

At the end of each interim period, income tax expense or income is determined according to the principles defined in IAS 34. The tax is calculated on the basis of the best possible estimate for each taxable entity, of the expected average annual tax rate for the full year, reprocessed for the tax effects generated by the non-recurring items recorded in the period in which they occurred.

- **Valuation of non-current assets at the end of the interim period**

In the presence of indicators of impairment of non-current assets, the Group carries out an assessment to determine whether the recoverable amount is sufficient.

The Group tests the carrying value of non-current assets with indefinite useful life annually. At the end of each interim period, when indicators of impairment have been identified (significant deterioration in the legal or

economic environment, significant decline in asset performance, etc.), the Group proceeds to the evaluation of such non-current assets (cf note 3.10.2).

- **Post-employment benefits**

Without any material changes in actuarial assumptions, no actuarial assessment was carried out when preparing the interim financial statements. The expense recognized at June 30, 2020 for post-employment benefits corresponds to the amount calculated for the 2019 fiscal year prorated over six months.

### 3.7.2.1 New standards and interpretations

The application of standards, amendments and interpretations that came into effect on January 1<sup>st</sup>, 2020 had no impact on the Group's financial statements.

### 3.7.2.2 Exchange rates applicable for the period

Expenses, proceeds and cash flows for each of the two interim periods were converted using the average for January to June.

Assets and liabilities were converted at the losing rate in force at 6/30/2020.

The rates used to translate foreign currency transactions into euros are indicated below:

		12/31/2019		6/30/2020	
		Closing	Average	Closing	Average
			12 months		6 months
SWISS FRANC	EUR/CHF	1.0854	1.1127	1.0651	1.0639
EURO	EUR/EUR	1.0000	1.0000	1.0000	1.0000
POUND STERLING	EUR/GBP	0.8508	0.8773	0.9124	0.8743
US DOLLAR	EUR/USD	1.1234	1.1196	1.1198	1.1015
CANADIAN DOLLAR	EUR/CAD	1.4598	1.4857	1.5324	1.5031
CHINESE YUAN	EUR/CNY	7.8237	7.7402	7.9250	7.7541
HONG KONG DOLLAR	EUR/HKD	8.7473	8.7724	8.6788	8.5484
SINGAPORE DOLLAR	EUR/SGD	1.5111	1.5272	1.5648	1.5409
DANISH KRONE	EUR/DKK	7.4715	7.4661	7.4526	7.4648
NORWEGIAN KRONE	EUR/NOK	9.8638	9.8497	10.9120	10.7363
SWEDISH KRONA	EUR/SEK	10.4468	10.5867	10.4948	10.6610
PATACA	EUR/MOP	9.0066	9.0365	8.9584	8.8052
TAIWAN DOLLAR	EUR/TWD	33.8005	34.6065	33.0520	33.0708
JAPANESE YEN	EUR/JPY	121.9400	122.0600	120.6600	119.2072
MALAYSIAN RINGGIT	EUR/MYR	4.5953	4.6372	4.7989	4.6829

## 3.8 Business combinations

The Group did not acquire the control of any entities over the period from January 1 to June 30, 2020.

### 3.8.1 Acquisition of De Fursac

The Group acquired a 99.97% stake in De Fursac Finance (the parent company of De Fursac) on September 5, 2019 (through the immediate payment of 97.24% and a put payable during H2 2020 for the remaining 2.73%). The consideration paid in cash amounted to €101 million; in addition to a put of €2.9 million to be paid in H2 2020 and an earnout of €10 million to be paid in April 2023 subject to the achievement of the sales target. The sales target no longer appears achievable due to the revision of the business plan as a consequence of the pandemic [à rajouter également dans la version française]. The SMCP Group therefore reviewed, within the one-year post-

acquisition period, the amount of the purchase price allocation (PPA) to be deducted from the earnout. Final goodwill therefore stands at €43.8 million compared with €53.1 million calculated as at September 5, 2019.

In accordance with IFRS 3 – Business Combinations, De Fursac’s identifiable assets and liabilities were recognized at fair value at the acquisition date.

### 3.8.2 Segment information

#### 3.8.2.1 Group operating segments

SMCP’s operations are managed through three operating and reportable segments as defined by IFRS 8. These correspond to four brands that each have their specific customer base:

- Sandro
- Maje
- Other brands\* comprising Claudie Pierlot and De Fursac because these brands have a more international profile

*\* the monitoring of operating segments as set out in IFRS 8 was reviewed during the acquisition of De Fursac.*

These Cash Generating Units each have their own identity along with dedicated creative teams and play a primary role in the Group’s strategy. They are managed by separate teams based on financial information specific to each brand.

The main operating body is SMCP S.A.’s Management Board, which reviews each of the four brand’s business activities and performance on a monthly basis.

#### 3.8.2.2 Key performance indicators

SMCP S.A.’s Board of Directors assesses the performance of the three segments in order to take operating decisions, mainly by reference to the following key indicators: retail sales including VAT, and adjusted EBITDA.

Adjusted EBITDA is not defined by IFRS but was defined by the Group as being the recurring operating income before depreciation, amortization, impairment and the share-based Long-Term Incentive Plan.

	6/30/2019	6/30/2020
	<i>in €m</i>	<i>in €m</i>
<b>Recurring operating income</b>	<b>59.8</b>	<b>(34.7)</b>
Depreciation, amortization and impairment	74.4	84.8
<b>EBITDA (1)</b>	<b>134.3</b>	<b>50.0</b>
Share-based Long-Term Incentive Plan	6.7	5.0
<b>Adjusted EBITDA (1)</b>	<b>141.0</b>	<b>55.1</b>

*(1) Of which €54.2 million due to the IFRS 16 impact in 2019 and €61.3 million in 2020.*

### 3.8.2.3 Financial information by operating segment

The tables below set out the Group's financial information by operating segment at June 30, 2019 (six-month period), December 31, 2019 (twelve-month period) and June 30, 2020 (six-month period):

	Sandro	Maje	Other brands	Others & Holdings	6/30/2020
	<i>in €m</i>	<i>in €m</i>	<i>in €m</i>	<i>in €m</i>	<i>in €m</i>
Sales <sup>(1)</sup>	177.1	139.5	56.3	-	372.8
Adjusted EBITDA <sup>(2)</sup>	26.3	24.9	3.9	-	55.1
Adjusted EBITDA excluding IFRS 16	(3.0)	1.6	(4.8)	-	(6.2)
<b>Current operating income</b>	<b>(16.7)</b>	<b>(9.4)</b>	<b>(8.6)</b>	<b>-</b>	<b>(34.7)</b>
Goodwill <sup>(3)</sup>	336.0	237.3	58.0	-	631.3
Right of use	256.6	181.3	78.1	55.5	571.6
Intangible assets	321.0	230.7	64.7	72.4	688.7
Property, plant and equipment	53.7	17.2	9.4	10.0	90.2
Capital expenditure <sup>(4)</sup>	7.0	10.2	5.3	8.6	31.0

(1) Sales include Retail sales and sales with Group partners.

(2) Of which €61.3 million due to the IFRS 16 impact in 2020 (Sandro €29.6 million, Maje €23.5 million and Other Brands €8.3 million).

(3) The assumption adopted consisted of allocating goodwill according to the profitability of each trademark upon the Group's acquisition.

(4) For the six-month period ending June 30, 2020 capital expenditure breaks down as follows: (see Note 3.4. Consolidated statement of cash flows):

Purchases of property, plant and equipment: € 17 million;

Purchases of intangible assets: € 9.2 million;

Purchases of financial instruments: € 1.9 million;

Change in trade payables for fixed assets: € 6.2 million

	Sandro	Maje	Other brands	Others & Holdings	6/30/2019
	<i>in €m</i>	<i>in €m</i>	<i>in €m</i>	<i>in €m</i>	<i>in €m</i>
Sales <sup>(1)</sup>	262.4	212.4	65.6	-	540.3
Adjusted EBITDA <sup>(2)</sup>	67.5	60.5	12.9	-	141.0
Adjusted EBITDA excluding IFRS 16	41.3	38.7	6.7	-	86.8
<b>Current operating income</b>	<b>28.7</b>	<b>25.7</b>	<b>5.5</b>	<b>-</b>	<b>59.8</b>
Goodwill <sup>(3)</sup>	336.0	237.3	56.7	-	630.1
Right of use <sup>(4)</sup>	246.7	195.1	60.6	52.9	555.2
Intangible assets	320.9	227.4	55.3	16.8	620.4
Property, plant and equipment	17.9	39.6	8.9	11.3	77.7
Capital expenditure <sup>(5)</sup>	53.9	33.0	11.9	12.0	110.8

As of June 30, 2019? De Fursac was not yet included in Others & Holding as the acquisition have been made in September 2019.

(1) Sales include Retail sales and sales with Group partners.

(2) Adjusted EBITDA is not defined by IFRS but was defined by the Group as being the recurring operating income less depreciation, amortization and impairment and the share-based Long-Term Incentive Plan.

(3) The assumption adopted consisted of allocating goodwill on the same weighting as trademarks.

(4) Application of IFRS 16 at January 1, 2019.

(5) For the six-month period ending June 30, 2019 capital expenditure breaks down as follows: (see Note 3.4. Consolidated statement of cash flows):

Purchases of property, plant and equipment: €19.0 million;

Purchases of intangible assets: €7.9 million;

Purchases of financial instruments: €4.6 million;

Change in trade payables for fixed assets: €6.5 million.

	Sandro	Maje	Other brands	Others & Holdings	12/31/2019
	<i>in €m</i>	<i>in €m</i>	<i>in €m</i>	<i>in €m</i>	<i>in €m</i>
Sales <sup>(1)</sup>	551.6	438.2	142.1	-	1,131.9
Adjusted EBITDA <sup>(2)</sup>	141.0	119.9	25.4	-	286.4
Adjusted EBITDA excluding IFRS 16	86.4	75.3	12.5	-	174.2
<b>Current operating income</b>	<b>59.9</b>	<b>50.9</b>	<b>10.8</b>	<b>-</b>	<b>121.5</b>
Goodwill <sup>(3)(4)</sup>	336.0	237.3	109.8	-	683.2
Leasehold rights <sup>(5)</sup>	291.6	228.5	75.2	(0.9)	594.4
Other intangible assets <sup>(6)</sup>	320.8	228.5	66.6	73.8	689.7
Property, plant and equipment	25.8	43.8	12.7	11.6	93.9
Capital expenditure <sup>(7)</sup>	29.4	22.5	7.0	18.0	76.9

(1) Sales include Retail sales and sales with Group partners.

(2) Adjusted EBITDA is not defined by IFRS but was defined by the Group as being the recurring operating income less depreciation, amortization and impairment and the share-based Long-Term Incentive Plan.

(3) Of which an impact of €53 million in 2019 following the acquisition of De Fursac.

(4) The assumption adopted consisted of allocating goodwill on the same weighting as trademarks.

(5) Application of IFRS 16 at January 1, 2019.

(6) Of which an impact of €63 million in 2019 following the acquisition of De Fursac.

(7) At December 31, 2019, capital expenditure broke down as follows (excluding right of use):

Purchases of property, plant and equipment: €50.4 million;

Purchases of intangible assets: €22.6 million;

Purchases of financial instruments: €4.9 million;

Change in trade payables for fixed assets: -€1.1 million

Operating expenses of holding companies are rebilled to the brands pro rata to sales, plus a mark-up.

### 3.8.2.4 Financial information by geographic segment

The EMEA region in which the Group operates includes the European countries except France (mainly the United Kingdom, Spain, Italy, Germany, Benelux and Switzerland), along with the Middle East.

The Americas covers the Group's activities in the United States and Canada.

The APAC region covers the Group's activities in Asia/Pacific (especially China, Hong Kong and South Korea). The table below sets out sales by geographic region of delivery. Sales on wholesale and online sales is allocated based on the customer's country of residence. Total assets consist of all assets except goodwill and trademarks, which are allocated by country.

	France	EMEA	Americas	APAC	6/30/2020
	<i>in €m</i>	<i>in €m</i>	<i>in €m</i>	<i>in €m</i>	<i>in €m</i>
<b>Net sales</b>	133.0	106.6	38.3	94.9	<b>372.8</b>
<b>Total assets</b>	862.2	274.9	110.4	184.2	<b>1,395.7</b>

	France	EMEA	Americas	APAC	6/30/2019
	<i>in €m</i>	<i>in €m</i>	<i>in €m</i>	<i>in €m</i>	<i>in €m</i>
Net sales	183.5	158.8	68.7	129.3	<b>540.3</b>
<b>Total assets</b>	532.9	266.0	112.2	194.2	<b>1,105.4</b>

	France	EMEA	Americas	APAC	12/31/2019
	<i>in €m</i>	<i>in €m</i>	<i>in €m</i>	<i>in €m</i>	<i>in €m</i>
Net sales	384.6	337.6	150.4	259.2	<b>1,131.9</b>
<b>Total assets</b>	<b>572.9</b>	<b>297.2</b>	<b>145.1</b>	<b>188.1</b>	<b>1,203.1</b>

### 3.9 Notes to the income statement

#### 3.9.1 Sales

	6/30/2019	6/30/2020
	<i>in €m</i>	<i>in €m</i>
Sales of goods	540.3	372.8
<b>Sales</b>	<b>540.3</b>	<b>372.8</b>

The table below shows the Group's sales by distribution channel over the two periods presented:

	6/30/2019	6/30/2020
	<i>in €m</i>	<i>in €m</i>
Retail	503.4	340.0
- Directly operated stores	196.2	113.7
- Concessions ("corners")	173.6	101.8
- Outlets	47.6	33.9
- Affiliates	13.7	8.6
- Online	72.2	81.9
Partnered retail sales	36.9	32.8
<b>Sales</b>	<b>540.3</b>	<b>372.8</b>

#### 3.9.2 Cost of sales

The cost of sales includes:

- Consumption of raw materials and products plus sub-contracting costs and ancillary costs (customs duties, etc.);
- Fees paid to affiliates, department stores and local partners, and to third-party websites.

	6/30/2019	6/30/2020
	<i>in €m</i>	<i>in €m</i>
Raw materials consumed	(33.2)	(28.2)
Finished products consumed	(55.5)	(41.9)
Subcontracting and ancillary expenses	(46.1)	(30.6)
Commissions	(62.7)	(42.1)
<b>Cost of sales</b>	<b>(197.6)</b>	<b>(142.8)</b>

#### 3.9.3 Share-based payments

The expense recognized during the period for the bonus share allocation plans totaled €5 million, in accordance with the decision of the General Meeting of Shareholders on June 4, 2020.

### 3.9.4 Income and expenses

Other income and expenses break down as follows:

<i>(in €m)</i>	<b>6/30/2019</b>	<b>6/30/2020</b>
Other income	6.7	2.0
Other expenses	(10.8)	(48.0)
<b>Other income and expenses</b>	<b>(4.1)</b>	<b>(46.0)</b>

At June 30, 2020, other non-current operating income and expenses represented a net expense of €46.0 million and mainly related to the impairment of the other brands CGU for €42.6 million (cf note 3.10.1.1 & 3.10.2). Excluding this item, other non-current operating income and expenses represented an expense of €3.4 million, of which for most of the closure of points of sale for €1.0 million and thus costs incurred due to canceled or postponed openings for €1.5 million.

### 3.9.5 Financial income and expenses

	<b>6/30/2019</b>	<b>6/30/2020</b>
	<i>in €m</i>	<i>in €m</i>
Interest expenses on borrowings	(25.5)	(13.5)
- 2023 Bonds	(15.3)	-
- RCF	(3.1)	-
- New RCF & NEU CP	(0.7)	(1.7)
- Term Loan	-	(3.6)
- Bridge	-	(0.7)
- State-guaranteed loan	-	-
- IFRS 16	(6.3)	(7.5)
- Others	-	(0.1)
Net exchange gain/ (loss)	(2.3)	(1.2)
Other financial expenses	(0.3)	0.7
<b>Financial income</b>	<b>(28.0)</b>	<b>(14.0)</b>

	<b>6/30/2019</b>	<b>6/30/2020</b>
	<i>in €m</i>	<i>in €m</i>
<b>2023 Bonds</b>	<b>(15.3)</b>	<b>-</b>
- Interest paid	(5.9)	-
- Accrued interest	1.8	-
- Repayment penalty	(5.3)	-
- Amortization of issuance costs	(5.9)	-
<b>Bonds</b>	<b>(3.1)</b>	<b>-</b>
- Interest paid	(1.7)	-
- Accrued interest	0.4	-
- Amortization of issuance costs	(1.8)	-
<b>New RCF &amp; NEU CP</b>	<b>(0.7)</b>	<b>(1.7)</b>
- Interest paid	-	(1.2)
- Accrued interest	(0.6)	(0.5)
- Amortization of issuance costs	(0.1)	(0.0)
<b>Term Loan</b>	<b>-</b>	<b>(3.6)</b>
- Interest paid	-	(2.9)
- Accrued interest	-	(0.0)
- Amortization of issuance costs	-	(0.6)
<b>Bridge</b>	<b>-</b>	<b>(0.7)</b>
- Interest paid	-	(0.2)
- Accrued interest	-	(0.3)
- Amortization of issuance costs	-	(0.2)
<b>State-guaranteed loan</b>	<b>-</b>	<b>(0.0)</b>
- Interest paid	-	(0.0)
- Accrued interest	-	(0.0)
- Amortization of issuance costs	-	(0.0)



On June 23, 2020, SMCP contracted a loan of €140 million, 90% guaranteed by the French state, maturing in one year and carrying an option to extend for up to an additional five years.

SMCP has committed not to pay dividends to its shareholders in respect of the 2020 and 2021 fiscal years.

At June 30, 2019, the repayment of the nominal amount of the 2023 bond generated one-off costs of €10.9 million (reimbursement penalty of €5.3 million and acceleration of the amortization of issuance costs for €5.6 million), the repayment of the RCF generated one-off costs of €1.6 million related to the accelerated amortization of issuance costs.

### 3.9.6 Income tax

#### 3.9.6.1 Income tax

Income tax includes the current tax expense for the period and deferred taxes arising on temporary differences.

<i>in €m</i>	<b>6/30/2019</b>	<b>6/30/2020</b>
Deferred tax	9.5	(5.6)
Current tax	(20.0)	11.9
<b>Income tax expense</b>	<b>(10.5)</b>	<b>6.3</b>

For the six-month period ended June 30, 2020, the reconciliation between the theoretical tax expense and the income tax expense as recorded in the P&L was mainly due to:

- CVAE tax;
- The non-deductibility of a portion of the expense related to the share-based Long-Term Incentive Plan, except for the social charges;
- Goodwill impairment for €42.6 million.

The rate stood at 6.68%.

For the six-month period ended June 30, 2019, the reconciliation between the theoretical tax expense and the income tax expense as recorded in the P&L was due to:

- CVAE tax;
- The non-deductibility of the expense related to the share-based Long-Term Incentive Plan, except for the social charges.

#### 3.9.6.2 Deferred tax position

Deferred taxes liabilities relating to the revaluation of trademarks and leasehold rights in France were calculated on the basis of a tax rate of 25.83% applicable from 2022 according to Article 84 of the Finance Act for 2018, given the low probability of selling these assets in the short term.

For other deferred tax recognized, a provisional timetable for the reversal of temporary differences was implemented in order to apply the relevant deferred tax rate according to maturity.

### 3.9.7 Earnings per share

Earnings per share is calculated as follows:

	<b>6/30/2019</b>	<b>6/30/2020</b>
	<i>in €m</i>	<i>in €m</i>
<b>Net profit (group share)</b>	<b>17.2</b>	<b>(88.5)</b>
Numbers of shares - before dilution *	73,480,831	73,945,651
Numbers of shares - after dilution	78,689,733	78,855,799
<b>Earnings per share (€)</b>	<b>0.23</b>	<b>(1.20)</b>
<b>Diluted earnings/(loss) per share (€)</b>	<b>0.22</b>	<b>(1.20)</b>

\* Excluding 172,109 treasury shares owned as of June 30, 2020.

Diluted earnings per shares can't have an earnings-enhancing effect, therefore it's equal to the earnings per shares.

### 3.10 NOTES TO THE STATEMENT OF FINANCIAL POSITION

#### 3.10.1 Goodwill and intangible assets

##### 3.10.1.1 Goodwill

When a newly acquired company is recognized for the first time, goodwill represents the difference between (i) the sum of the consideration transferred, measured at fair value, and the amount recognized for the entire non-controlling interest in the company acquired and (ii) identifiable assets and the acquired company's liabilities assumed at the acquisition date. If the difference is negative, it is immediately recognized in the income statement.

The gross value of goodwill relating to the acquisition of the De Fursac Group was reviewed within a 12-month timescale in accordance with IFRS 3. The Group considers that the earnout will not be paid to the former shareholders of Fursac Finance SAS. The amount of final goodwill was decreased by €9.3 million (which corresponds to the discounted €10 million earnout).

Moreover, the significant impact of the Covid-19 pandemic on Group sales led it to review its estimates for justifying this goodwill. This review led to the recognition of a goodwill impairment for the Other Brands CGU of €42.6 million (cf note 3.10.2).

The net value of goodwill totaled €631.3 million at June 30, 2020 and concerns the Sandro, Maje and Other Brands CGUs.

<i>in €m</i>	6/30/2019	12/31/2019	PPA adjustment	Impairment	6/30/2020
Goodwill - gross value	630.1	683.2	(9.3)	-	673.9
Impairment	-	-	-	(42.6)	(42.6)
<b>Goodwill - net value</b>	<b>630.1</b>	<b>683.2</b>	<b>(9.3)</b>	<b>(42.6)</b>	<b>631.3</b>

### 3.10.1.2 Intangible assets

The table below illustrates changes in this item over the period presented:

<i>(in €m)</i>	1/1/2019	Acquisitions	Disposals	Depreciation & amortization	Impairment	Foreign exchange differences	Effect of standard changes	6/30/2019
Trademarks	600.0	-	-	-	-	-	-	600.0
Leasehold rights	124.2	-	-	-	-	-	(124.2)	-
Other intangible assets	28.8	3.2	-	-	-	0.1	-	32.0
<b>Intangible assets</b>	<b>753.0</b>	<b>3.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.1</b>	<b>(124.2)</b>	<b>632.0</b>
Impairment of brands	-	-	-	-	-	-	-	-
Impairment of leasehold rights	(8.7)	-	-	-	-	-	8.7	-
Amort. /impairment of intangible assets	(8.2)	-	-	(3.4)	-	-	-	(11.6)
<b>Amort. /impairment of intangible assets</b>	<b>(16.9)</b>	<b>-</b>	<b>-</b>	<b>(3.4)</b>	<b>-</b>	<b>-</b>	<b>8.7</b>	<b>(11.6)</b>
<b>Carrying amount of intangible assets</b>	<b>736.1</b>	<b>3.2</b>	<b>-</b>	<b>(3.4)</b>	<b>-</b>	<b>0.1</b>	<b>(115.5)</b>	<b>620.4</b>

At June 30, 2020, intangible assets mainly included the three Group brands – Sandro, Maje and Claudie Pierlot – for a total value of €600 million.

<i>in €m</i>	1/1/2019	Changes in scope <sup>(1)</sup>	Acquisitions	Disposals	Depreciation & amortization	Impairment	Foreign exchange differences	Effect of standard changes <sup>(2)</sup>	Other	12/31/2019
Trademarks	600.0	63.0	-	-	-	-	-	-	-	663.0
Leasehold rights	124.2	-	-	-	-	-	-	(124.2)	-	-
Intangible assets in progress	7.5	-	-	-	-	-	0.0	-	(0.1)	7.4
Other intangible assets	21.3	0.1	13.9	0.0	-	-	0.0	-	0.1	35.3
<b>Intangible assets</b>	<b>753.0</b>	<b>63.1</b>	<b>13.9</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>0.0</b>	<b>(124.2)</b>	<b>0.0</b>	<b>705.7</b>
Impairment of brands	-	-	-	-	-	-	-	-	-	-
Impairment of leasehold rights	(8.7)	-	-	-	-	-	-	8.7	-	-
Amort. /impairment of intangible assets	(8.2)	-	-	-	(7.7)	-	0.0	-	0.0	(15.9)
<b>Amort. /impairment of intangible assets</b>	<b>(16.9)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7.7)</b>	<b>-</b>	<b>0.0</b>	<b>8.7</b>	<b>0.0</b>	<b>(15.9)</b>
								-	-	
<b>Carrying amount of intangible assets</b>	<b>736.1</b>	<b>63.1</b>	<b>13.9</b>	<b>0.0</b>	<b>(7.7)</b>	<b>-</b>	<b>0.0</b>	<b>(115.5)</b>	<b>-</b>	<b>689.8</b>

(1) The acquisition of the De Fursac group led to a change in scope, assets were integrated at their carrying amount, in accordance with IFRS 3.

(2) The impact of the change in standards corresponds to the application of IFRS 16. Leasehold rights are presented under right of use.

<i>(in €m)</i>	1/1/2020	Acquisitions	Disposals	Depreciation & amortization	Impairment	Foreign exchange differences	Other	6/30/2020
Trademarks	663.0	-	-	-	-	-	-	663.0
Intangible assets in progress	7.4	-	-	-	-	-	-	7.4
Other intangible assets	35.3	5.9	(0.2)	-	-	(0.0)	(1.6)	39.4
<b>Intangible assets</b>	<b>705.7</b>	<b>5.9</b>	<b>(0.2)</b>	<b>-</b>	<b>-</b>	<b>(0.0)</b>	<b>(1.6)</b>	<b>709.9</b>
Impairment of brands	-	-	-	-	-	-	-	-
Amort. /impairment of intangible assets	(15.9)	-	0.0	(5.2)	-	0.0	(0.0)	(21.1)
<b>Amort. /impairment of intangible assets</b>	<b>(15.9)</b>	<b>-</b>	<b>0.0</b>	<b>(5.2)</b>	<b>-</b>	<b>0.0</b>	<b>(0.0)</b>	<b>(21.1)</b>
							-	
<b>Carrying amount of intangible assets</b>	<b>689.8</b>	<b>5.9</b>	<b>(0.1)</b>	<b>(5.2)</b>	<b>-</b>	<b>(0.0)</b>	<b>(1.6)</b>	<b>688.7</b>

At June 30, 2020, intangible assets mainly included the four Group brands — Sandro, Maje, Claudie Pierlot and De Fursac — for a total value of €663 million.

### 3.10.1.3 Property, plant and equipment

The table below illustrates changes in this item over the period presented:

<i>in €m</i>	1/1/2019	Acquisitions	Disposals	Depreciation & amortization	Impairment	Foreign exchange differences	Other	6/30/2019
Technical fittings, equipment and industrial tools	4.1	1.0	-	-	-	-	0.2	5.3
Property, plant and equipment in progress	7.7	3.9	-	-	-	-	(2.7)	8.9
Advances and down payments on property, plant and equipment	0.5	0.2	-	-	-	-	(0.7)	-
Other property, plant and equipment	126.1	14.0	(0.3)	-	-	0.4	3.0	143.2
<b>Property, plant and equipment</b>	<b>138.5</b>	<b>19.0</b>	<b>(0.3)</b>	<b>-</b>	<b>-</b>	<b>0.4</b>	<b>(0.3)</b>	<b>157.4</b>
Amort. /impairment of technical fittings, equipment and industrial tools	(1.8)	-	0.1	(0.4)	-	-	0.0	(2.1)
Amort. /impairment of other property, plant and equipment	(60.7)	-	5.4	(22.2)	-	(0.1)	0.0	(77.7)
<b>Amort. /impairment of property, plant and equipment</b>	<b>(62.5)</b>	<b>-</b>	<b>5.4</b>	<b>(22.6)</b>	<b>-</b>	<b>(0.1)</b>	<b>0.0</b>	<b>(79.8)</b>
<b>Carrying amount of property, plant and equipment</b>	<b>76.0</b>	<b>19.0</b>	<b>5.2</b>	<b>(22.6)</b>	<b>-</b>	<b>0.3</b>	<b>(0.2)</b>	<b>77.7</b>

<i>in €m</i>	1/1/2019	Changes in scope (1)	Acquisitions	Disposals	Depreciation & amortization	Impairment	Foreign exchange differences	Other	12/31/2019
Technical fittings, equipment and industrial tools	4.1	-	1.2	(0.1)	-	-	-	0.1	5.4
Property, plant and equipment in progress	7.7	0.1	8.6	-	-	-	0.1	(5.2)	11.2
Advances and down payments on property, plant and equipment	0.5	-	0.0	-	-	-	0.0	(0.5)	0.1
Other property, plant and equipment	126.1	2.8	40.6	(3.6)	-	-	2.4	5.0	173.3
<b>Property, plant and equipment</b>	<b>138.5</b>	<b>2.8</b>	<b>50.4</b>	<b>(3.7)</b>	<b>-</b>	<b>-</b>	<b>2.5</b>	<b>(0.5)</b>	<b>190.0</b>
Amort. /impairment of technical fittings, equipment and industrial tools	(1.8)	-	-	0.1	(1.0)	-	-	0.0	(2.6)
Amort. /impairment of other property, plant and equipment	(60.7)	-	-	8.7	(39.9)	-	(1.7)	0.0	(93.5)
<b>Amort. /impairment of property, plant and equipment</b>	<b>(62.5)</b>	<b>-</b>	<b>-</b>	<b>8.8</b>	<b>(40.8)</b>	<b>-</b>	<b>(1.7)</b>	<b>0.0</b>	<b>(96.1)</b>
<b>Carrying amount of property, plant and equipment</b>	<b>76.0</b>	<b>2.8</b>	<b>50.4</b>	<b>5.1</b>	<b>(40.8)</b>	<b>-</b>	<b>0.8</b>	<b>(0.5)</b>	<b>93.9</b>

(1) The acquisition of the De Fursac group led to a change in scope, assets were integrated at their carrying amount, in accordance with IFRS 3.

<i>in €m</i>	1/1/2020	Acquisitions	Disposals	Depreciation & amortization	Impairment	Foreign exchange differences	Other	6/30/2020
Technical fittings, equipment and industrial tools	5.4	0.0	-	-	-	-	-	5.4
Property, plant and equipment in progress	11.2	5.1	-	-	-	(0.0)	(3.7)	12.5
Advances and down payments on property, plant and equipment	0.1	-	-	-	-	(0.0)	(0.1)	0.0
Other property, plant and equipment	173.3	11.9	(0.1)	-	-	(1.6)	1.3	184.9
<b>Property, plant and equipment</b>	<b>190.0</b>	<b>17.0</b>	<b>(0.1)</b>	<b>-</b>	<b>-</b>	<b>(1.6)</b>	<b>(2.5)</b>	<b>202.9</b>
Amort. /impairment of technical fittings, equipment and industrial tools	(2.6)	-	0.0	(0.6)	-	-	-	(3.2)
Amort. /impairment of other property, plant and equipment	(93.5)	-	2.2	(21.3)	-	1.2	2.0	(109.5)
<b>Amort. /impairment of property, plant and equipment</b>	<b>(96.1)</b>	<b>-</b>	<b>2.2</b>	<b>(21.9)</b>	<b>-</b>	<b>1.2</b>	<b>2.0</b>	<b>(112.6)</b>
<b>Carrying amount of property, plant and equipment</b>	<b>93.9</b>	<b>17.0</b>	<b>2.1</b>	<b>(21.9)</b>	<b>-</b>	<b>(0.4)</b>	<b>(0.5)</b>	<b>90.2</b>

### 3.10.1.4 Lease agreements

#### 3.10.1.4.1 Right of use

Rights of use break down as follows:

<i>Rights of use in €m</i>	6/30/2019	12/31/2019	6/30/2020		
	Net	Net	Gross	Amortization, depreciation and impairment	Net
Stores	388.0	409.4	543.6	(150.2)	393.4
Offices and warehouses	52.8	64.5	75.6	(17.0)	58.6
<b>Capitalized fixed rents</b>	<b>440.8</b>	<b>473.9</b>	<b>619.2</b>	<b>(167.2)</b>	<b>452.0</b>
Leasehold rights	114.4	120.5	130.4	(10.8)	119.6
<b>Right of use</b>	<b>555.2</b>	<b>594.4</b>	<b>749.6</b>	<b>(178.0)</b>	<b>571.6</b>

The change in the net balance of rights of use during the half year can be explained by the following elements:

<i>Gross value</i>	Fix rent			Leasehold rights	Total
	Stores	Offices and warehouses	Total		
At January 1, 2019	373.4	56.2	429.6	124.2	553.8
Arrangement of new leases	71.1	1.7	72.8	2.7	75.5
Expirations and early terminations	-	-	-	(4.9)	(4.9)
Reclassification of fixed assets in progress				0.8	0.8
Other (foreign exchange difference)			-	(0.1)	(0.1)
<b>As of June 30, 2019</b>	<b>444.4</b>	<b>58.0</b>	<b>502.4</b>	<b>122.8</b>	<b>625.2</b>

<i>Amortization, depreciation and impairment</i>	Fix rent			Leasehold rights	Total
	Stores	Offices and warehouses	Total		
At January 1, 2019			-	(8.7)	(8.7)
Amortization, depreciation and impairment	(56.5)	(5.2)	(61.6)	0.3	(61.3)
Expirations and early terminations			-	-	-
Other (exchange rate)			-	-	-
<b>As of June 30, 2019</b>	<b>(56.5)</b>	<b>(5.2)</b>	<b>(61.6)</b>	<b>(8.4)</b>	<b>(70.0)</b>
<b>Net value at June 30, 2019</b>	<b>388.0</b>	<b>52.8</b>	<b>440.8</b>	<b>114.4</b>	<b>555.2</b>

<i>Gross value</i>	<b>Fix rent</b>			<b>Leasehold rights</b>	<b>Total</b>
	<b>Stores</b>	<b>Offices and warehouses</b>	<b>Total</b>		
January 1st, 2020	510.0	75.4	585.4	130.4	715.8
Reversal of deferred rent	-	-	-	-	-
Introduction of new lease agreements	50.0	0.9	50.9	0.3	51.2
Expirations and early terminations	(11.8)	(0.8)	(12.6)	(0.5)	(13.1)
Reclassification of fixed assets in progress	-	-	-	1.2	1.2
Other (foreign exchange difference)	(4.6)	0.0	(4.5)	(1.0)	(5.5)
<b>As of June 30, 2020</b>	<b>543.6</b>	<b>75.6</b>	<b>619.2</b>	<b>130.4</b>	<b>749.6</b>

<i>Amortization, depreciation and impairment</i>	<b>Fix rent</b>			<b>Leasehold rights</b>	<b>Total</b>
	<b>Stores</b>	<b>Offices and warehouses</b>	<b>Total</b>		
January 1st, 2020	(100.6)	(11.0)	(111.5)	(9.9)	(121.4)
Reversal of deferred rent	0.9	-	0.9	-	0.9
Amortization, depreciation and impairment	(53.2)	(6.2)	(59.4)	(1.3)	(60.6)
Expirations and early terminations	1.4	0.2	1.6	0.1	1.5
Other (foreign exchange difference)	1.2	0.0	1.2	0.4	1.7
<b>As of June 30, 2020</b>	<b>(150.2)</b>	<b>(17.0)</b>	<b>(167.2)</b>	<b>(10.8)</b>	<b>(178.0)</b>
<b>Net value at June 30, 2020</b>	<b>393.4</b>	<b>58.6</b>	<b>452.0</b>	<b>119.7</b>	<b>571.6</b>

Lease arrangements mainly concern store rentals, and incidentally, administrative and storage buildings.



### 3.10.1.4.2 Lease liability

Lease liabilities break down as follows:

<i>in €m</i>	6/30/2019	12/31/2019	6/30/2020
Lease liabilities at more than 1 year	360.3	402.5	389.5
Lease liability at less than one year	94.0	101.8	103.0
<b>Total</b>	<b>454.3</b>	<b>504.2</b>	<b>492.4</b>

The change in lease liabilities during the half year can be explained by the following items:

<i>in €m</i>	FSS	Offices and warehouses	Total
<b>At January 1, 2019</b>	372.0	56.2	428.2
Arrangement of new leases	71.1	1.7	72.8
Reimbursement of the nominal	(40.6)	(4.7)	(45.3)
Changes in incurred interests	0.5	-	0.5
Termination of lease	-	-	-
Other	(1.9)	-	(2.0)
<b>As of June 30, 2019</b>	<b>401.1</b>	<b>53.2</b>	<b>454.3</b>
<i>in €m</i>	FSS	Offices and warehouses	Total
<b>January 1st, 2020</b>	438.4	65.8	504.2
Arrangement of new leases	56.4	0.9	57.3
Reimbursement of the nominal	(49.8)	(5.3)	(55.1)
Changes in incurred interests	0.2	0.2	0.4
Termination of lease	(10.4)	(0.6)	(11.0)
Other	(3.5)	0.0	(3.4)
<b>As of June 30, 2020</b>	<b>431.4</b>	<b>61.0</b>	<b>492.4</b>

During 2020 first semester, rent cancellation of €61.3 million, amortization of €58.5 million and financial charges of €7.5 million were recognized with respect of IFRS 16.

The impact of rent relief obtained during the semester and amounting to € 7.2m was recognized in profit or loss as negative variable rents and not as a modification of the rental contract. Therefore, right of use and lease liability were not impacted.

### 3.10.2 Valuation of intangible assets with an indefinite useful life

Trademarks, other intangible assets with an indefinite useful life and goodwill were subject to annual impairment testing at December 31, 2019. The Covid-19 pandemic significantly disrupted commercial operations, leading to a marked decline in the Group's sales and current operating income in H1 2020.

In the preparation of its strategic annual plan, the Group has reviewed its business expectations for each of its segments taking into this new context, which serve as a basis for the impairment test of each of Group's CGU as of June 30, 2020. This test compares the net book value of the CGU mainly included brand, allocated goodwill and rights of use of the CGU with the highest value of the net fair value of the exit costs and the useful value of this CGU.

This value in use is now established on the discounted cash flows of an 8 years Business Plan instead of 5 years previously. Although it's in derogation from IAS 36.34, this 8 years period is considered the most relevant to take

into account the brands' growth in the international and in particular the expected effect of key projects, such as the entry of brands in new countries, which may arise during the plan, but which take several years to develop their potential or the implementation of infrastructure projects such as the Oracle Finance implementation, the Paloma project (inventory management tools roadmap) or the evolution of our retail ERP. These projects, spread over the duration of the plan, often require several years of deployment and an additional period of change management to achieve the expected return on investment.

Of these three business segments, two had intangible assets with a carrying amount close to their recoverable amount. The amount of these intangible assets at June 30, 2020, as well as the impairment amount that would result from a 1 point change in the discount rate after taxes, or a 0.5 point change in the growth rate beyond the duration of the plans, or a 2 point decrease in average compound sales growth over the duration of the plan compared with rates applied at June 30, 2020 are detailed below:

<i>in €m</i>	Amount of intangible assets affected at 6/30/2020	1.0% increase in the discount rate after taxes	0.5% decrease in the growth rate beyond the duration of the plans
Sandro	639.4	(55.0)	-
Maje	490.3	-	-
Other Trademarks	216.8	(32.1)	(9.3)
<b>Total</b>	<b>1,346.5</b>	<b>(87.1)</b>	<b>(9.3)</b>

### 3.10.3 Inventories

The table below illustrates changes in this item during the first half of 2020:

	12/31/2019 <i>in €m</i>	6/30/2020 <i>in €m</i>		
	Net value	Gross value	Impairment	Carrying amount
Raw materials and other supplies	32.7	36.6	(5.3)	31.3
Finished products	215.3	253.0	(22.0)	231.0
<b>Total inventories</b>	<b>247.9</b>	<b>289.6</b>	<b>(27.3)</b>	<b>262.3</b>

### 3.10.4 Trade receivables

	1/1/2019	Changes in gross value	Impairment	Reversals	Translation adjustment	Other changes	6/30/2019
Trade receivables	51.6	6.4	-	-	0.2	0.5	58.6
Provisions for impairment	(0.2)	-	(0.1)	0.5	-	(0.4)	(0.2)
<b>Trade receivables, net</b>	<b>51.4</b>	<b>6.4</b>	<b>(0.1)</b>	<b>0.5</b>	<b>0.2</b>	<b>0.1</b>	<b>58.4</b>
	1/1/2020	Changes in gross value	Impairment	Reversals	Translation adjustment	Other changes	6/30/2020
Trade receivables	58.6	(19.0)	-	-	(0.3)	(0.4)	38.9
Provisions for impairment	(0.1)	-	(0.0)	(0.0)	-	-	(0.1)
<b>Trade receivables, net</b>	<b>58.4</b>	<b>(19.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.3)</b>	<b>(0.4)</b>	<b>38.8</b>

Amounts owed by department stores are paid at 10 days. Amounts owed by local partners are paid between 30 and 45 days. Bank guarantees are set up where appropriate.

### 3.10.5 Other receivables

At June 30, 2020, other receivables totaled €72.5 million and included accrued expenses for €18.1 million, tax receivables for €23.3 million, particularly VAT recoverable by the Group from the tax authorities in the countries in which it operates.

### 3.10.6 Share capital

The total value of the shares issued by the parent company is recognized in full within equity, as these instruments represent its share capital.

At June 30, 2020, the Company's fully subscribed and paid-up share capital amounted to €82,687,319, or 74,117,760 common shares each with a par value of €1.10 and 1,052,530 class G preferred shares.

### 3.10.7 Consolidated net debt

Compared with December 31, 2019, and as indicated in Significant Events 2.2, the Group drew on its entire €200 million Revolving Credit Facility (RCF) as of March 16, 2020, signed a €140 million State-guaranteed loan on June 23, 2020 and repaid €117.5 million on the NEU CP during H1 2020. As of June 30, 2020, the debt is made up of the €265 million amortizing term loan, a RCF drawn for €200 million, a €140 million State-guaranteed loan, a €40 million Bridge Loan, as well as the balance of the NEU CP drawn for €11 million and other bank debt for €10.6 million.

The Group also has unused overdraft facilities as of June 30, 2020, for a total amount of €4.2 million.

The group secured the suspension of its 2020 financial covenants and the easing of its 2021 financial covenants (taking the leverage ratio to 4.5 at June 30, 2021 and 4.0 at December 31, 2021).

The Group calculates consolidated net debt, which constitutes an important indicator of the Group's financial performance, as follows:

	12/31/2019	6/30/2020
	<i>in €m</i>	<i>in €m</i>
Cash and cash equivalents	52.3	273.5
Current bank overdrafts	(3.0)	(54.7)
<b>Cash and cash equivalents net of current bank overdrafts</b>	<b>49.3</b>	<b>218.8</b>
Short-term borrowings and debt	-	(39.7)
Accrued interest on short-term borrowings and debt	-	-
Bank borrowings	(435.3)	(621.6)
Deposits and sureties received	(0.2)	(0.2)
Accrued interest on borrowings	(1.2)	(2.3)
<b>Operating net debt</b>	<b>(387.4)</b>	<b>(445.1)</b>

SMCP plans to use the PGE's 5-year extension option beyond its one-year maturity, this is the reason why this loan has been classified as long-term financial debt

### 3.10.8 Current and non-current provisions

The table below illustrates changes in this item over the period presented:

<i>in €m</i>	1/1/2019	Additions	Reversals (utilized provisions)	Reversals (surplus provisions)	Foreign exchange differences	6/30/2019
Provisions for disputes	-	-	-	-	-	-
Provision for risk	0.2	1.2	(0.2)	-	-	1.3
Other provisions for contingencies and charges	-	-	-	-	-	-
<b>Provisions and other non-current liabilities</b>	<b>0.2</b>	<b>1.2</b>	<b>(0.2)</b>	<b>-</b>	<b>-</b>	<b>1.3</b>
Provisions for pension liabilities	3.3	0.5	(0.1)	-	-	3.7
<b>Total non-current provisions</b>	<b>3.6</b>	<b>1.7</b>	<b>(0.3)</b>	<b>-</b>	<b>-</b>	<b>5.0</b>
Provisions for disputes	1.3	0.1	0.9	(1.1)	-	1.3
Provision for risk	1.8	(0.9)	(0.3)	(0.6)	-	0.0
Other provisions for contingencies and charges	-	-	-	-	-	-
<b>Total current provisions</b>	<b>3.2</b>	<b>(0.8)</b>	<b>0.6</b>	<b>(1.7)</b>	<b>-</b>	<b>1.3</b>

<i>in €m</i>	1/1/2020	Additions	Reversals (utilized provisions)	Reversals (surplus provisions)	Foreign exchange differences	Other comprehensive income/(loss)	6/30/2020
Provisions for disputes	-	-	-	-	-	-	-
Provision for risk	3.7	6.1	(0.6)	-	0.0	-	9.2
Other provisions for contingencies and charges	0.0	-	-	-	0.0	-	0.0
<b>Non-current provisions</b>	<b>3.8</b>	<b>6.1</b>	<b>(0.6)</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>9.2</b>
Provisions for pension liabilities	3.9	0.5	(0.1)	-	-	-	4.4
<b>Total non-current provisions</b>	<b>7.7</b>	<b>6.6</b>	<b>(0.7)</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>13.6</b>
Provisions for disputes	0.7	0.1	(0.2)	(0.1)	0.0	-	0.6
Provision for risk	-	-	-	-	-	-	-
Other provisions for contingencies and charges	-	-	-	-	-	-	-
<b>Total current provisions</b>	<b>0.7</b>	<b>0.1</b>	<b>(0.2)</b>	<b>(0.1)</b>	<b>0.0</b>	<b>-</b>	<b>0.6</b>

Provisions for disputes include provisions for labor-related risks, supplier-related risks and tax audits.

### 3.10.9 Fair value of financial assets and liabilities

Following the application of IFRS 9 on financial instruments, the Group reviewed and measured financial assets based on existing facts and circumstances at January 1, 2018. It also defined its business model for the ownership of a financial asset.

Impacts on financial assets relating to their classification and their evaluation are summarized in the table below:

	Notes	Fair value hierarchy	12/31/2019		6/30/2020	
			in €m		in €m	
			Carrying amount	Fair value	Carrying amount	Fair value
Loans, sureties and other receivables						
Liquidity agreement	FV OCI	1	0.4	0.4	-	-
Pledged assets (**)	FV PL	1	0.3	0.3	0.3	0.3
Loans and receivables	L&R	(*)	21.5	21.5	21.2	21.2
<b>Non-current financial assets</b>			<b>22.1</b>	<b>22.1</b>	<b>21.5</b>	<b>21.5</b>
<b>Other non-current assets</b>	L&R	(*)	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Trade receivables</b>	3.10.4	L&R	<b>58.4</b>	<b>58.4</b>	<b>38.8</b>	<b>38.8</b>
Derivative instruments eligible for hedge accounting (***)	FV OCI/FV PL	2	1.2	1.2	3.1	3.1
<b>Cash and cash equivalents</b>	3.10.7	L&R	<b>52.3</b>	<b>52.3</b>	<b>273.5</b>	<b>273.5</b>
2023 Bond	3.10.7 Amortized costs	1	-	-	-	-
Term Loan	3.10.7 Amortized costs	1	<b>260.9</b>	<b>260.9</b>	261.5	262.1
Bridge	3.10.7 Amortized costs	1	<b>39.3</b>	<b>40.0</b>	39.7	40.0
RCF	3.10.7 Amortized costs	1	-	-	200.0	200.0
NEU CP	3.10.7 Amortized costs	2	<b>128.0</b>	<b>128.5</b>	10.7	10.7
PGE	3.10.7 Amortized costs	1	-	-	138.8	140.0
Medium-term loan	3.10.7 Amortized costs	1	<b>7.1</b>	<b>7.1</b>	10.6	10.6
Other financial liabilities	3.10.7 Amortized costs	(*)	<b>0.2</b>	<b>0.2</b>	0.2	0.2
Accrued interest on bonds	3.10.7 FV PL	2	1.2	1.2	2.3	2.3
Other accrued interests	Amortized costs		(1.2)	(1.2)	(2.3)	(2.3)
<b>Interest-bearing liabilities (current)</b>	3.10.7		<b>0.0</b>	<b>0.0</b>	-	-
<b>Trade and other payables</b>	Amortized costs	(*)	<b>144.0</b>	<b>144.0</b>	<b>92.9</b>	<b>92.9</b>
Current bank overdrafts	Amortized costs	(*)	3.0	3.0	<b>54.7</b>	<b>54.7</b>
Short-term borrowings and debt	Amortized costs	(*)	-	-	-	-
<b>Bank overdrafts and short-term financial liability</b>			<b>3.0</b>	<b>3.0</b>	<b>54.7</b>	<b>54.7</b>
Derivative instruments eligible for hedge accounting (***)	FV OCI/ FV PL	2	3.1	3.1	1.3	1.3
Other derivative instruments not eligible for hedge accounting (***)	FV PL	2	-	-	-	-
<b>Other liabilities</b>			<b>3.1</b>	<b>3.1</b>	<b>1.3</b>	<b>1.3</b>

(\*) Fair value is not provided since the net book value represents a reasonable estimate of their fair value.

(\*\*) Refers to pledged mutual funds whose fair value is disclosed by the issuing bank.

(\*\*\*) Refers to forward contracts or options for the hedging of future foreign currency-denominated cash flows. The application of IFRS 9 has widened the scope of financial instruments eligible for hedge accounting. Below are the Group's accounting rules for hedge accounting under IAS 39 and then IFRS 9:

Hedge type	Type of impact of IAS 39	Type of impact of IFRS 9
CFH	OCI impacts	OCI impacts
FVH total	P&L impacts	P&L impacts
CFH	P&L impacts	OCI impacts
Trading	P&L impacts	P&L impacts

The fair value on listed bonds (fixed rate and floating rate bonds) reflects the market value at the closing date on Bloomberg (Level 1 of the fair value hierarchy according to IFRS 13).

At June 30, 2020, the fair value of bonds and derivative instruments were estimated based on their market value, taking into account changes in the Group's credit risk (using Level 2 of the fair value hierarchy according to IFRS 13, by reference to recent transactions between knowledgeable, willing parties in an arm's length transaction).

### 3.10.10 Other liabilities

Other liabilities amounted to €79.5 million at June 30, 2020 and were mainly composed of taxes, duties and other payroll-related liabilities totaling €63.8 million and advances and prepayments from customers of €11.0 million.

### 3.10.11 Capital markets risk management

The Group is exposed to the same risk and uncertainty as set out in Note 6.17 Financial instruments and market risk management for consolidated financial statements at December 31, 2019. No additional risk was identified during the first half of 2020.

The fair values of asset and liability derivative financial instruments at December 31, 2019:

<i>in m€</i>	Positive Fair Value	Negative Fair Value	Net Fair Value
Terms	1	(2.3)	(1.3)
Options	0.2	(0.8)	(0.6)
<b>Total</b>	<b>1.2</b>	<b>(3.1)</b>	<b>(1.9)</b>

The fair value of asset and liability derivative financial instruments was as follows at June 30, 2020:

<i>in m€</i>	Positive Fair Value	Negative Fair Value	Net Fair Value
Terms	2.8	(1.1)	(1.7)
Options	0.4	(0.2)	(0.1)
<b>Total</b>	<b>3.2</b>	<b>(1.4)</b>	<b>(1.8)</b>

### 3.11 OTHER INFORMATION

#### 3.11.1 Off-balance sheet commitments

No major events have affected the commitments and contractual obligations received or given as described in the Group's consolidated financial statements at December 31, 2019.

#### 3.11.2 Headcount

The following table illustrates the breakdown of headcount by geographical area:

Operational employees	6/30/2019	6/30/2020
France	2,538	2,440
Europe (except France)	1,646	1,554
America	770	709
Asia	1,176	1,286
<b>Total headcount</b>	<b>6,130</b>	<b>5,989</b>

#### 3.11.3 Transactions with associated companies and related parties

Group's transaction with related parties mainly concerns:

- Compensation and similar benefits granted to members of the Group's management and supervisory bodies;
- Transaction with members of the Group's management and supervisory bodies or their relatives;

These transactions between related parties are carried out at a market price basis. During the first half of 2020, there were no significant changes.

#### 3.11.4 Subsequent events

No others significant events occurred between June 30, 2020 and the date of approval by the Board of Directors of the financial statements on September 3, 2020.



### 3.11.5 Scope of consolidation

The table below shows the scope of consolidation at June 30, 2020:

Entity	12/31/2019	Consolidation method	6/30/2020	Consolidation method
	% interest*		% interest*	
SMCP S.A.	100.00%	Parent company	100.00%	Parent company
SMCP GROUP S.A.S.	100.00%	FC	100.00%	FC
SMCP HOLDING S.A.S.	100.00%	FC	100.00%	FC
SMCP LOGISTIQUE	100.00%	FC	100.00%	FC
SANDRO ANDY	100.00%	FC	100.00%	FC
SMCP BELGIQUE	100.00%	FC	100.00%	FC
SMCP DEUTSCHLAND	100.00%	FC	100.00%	FC
PAP SANDRO ESPANA	100.00%	FC	100.00%	FC
SMCP ITALIA	100.00%	FC	100.00%	FC
SMCP UK	100.00%	FC	100.00%	FC
SANDRO SUISSE	100.00%	FC	100.00%	FC
SMCP IRELAND	100.00%	FC	100.00%	FC
MAJE	100.00%	FC	100.00%	FC
SMCP LUXEMBOURG	100.00%	FC	100.00%	FC
MAJE GERMANY	100.00%	FC	100.00%	FC
MAJE SPAIN	100.00%	FC	100.00%	FC
MAJE STORES	100.00%	FC	100.00%	FC
MAJE SUISSE	100.00%	FC	100.00%	FC
MAJBEL	100.00%	FC	100.00%	FC
CLAUDIE PIERLOT	100.00%	FC	100.00%	FC
CLAUDIE PIERLOT SUISSE	100.00%	FC	100.00%	FC
341 SMCP	100.00%	FC	100.00%	FC
SMCP USA	100.00%	FC	100.00%	FC
SMCP USA Retail East, Inc.	100.00%	FC	100.00%	FC
SMCP USA Retail West, Inc.	100.00%	FC	100.00%	FC
SMCP CANADA	100.00%	FC	100.00%	FC
SMCP ASIA	100.00%	FC	100.00%	FC
SMCP SHANGHAI TRADING CO.	100.00%	FC	100.00%	FC
SMCP NETHERLANDS	100.00%	FC	100.00%	FC
SMS	100.00%	FC	100.00%	FC
SMCP HONG-KONG	100.00%	FC	100.00%	FC
SMCP FASHION SINGAPORE PTE	100.00%	FC	100.00%	FC
AZ RETAIL	100.00%	FC	100.00%	FC
SMCP DENMARK	100.00%	FC	100.00%	FC
SMCP NORWAY	100.00%	FC	100.00%	FC
SMCP MACAU	100.00%	FC	100.00%	FC
SMCP SWEDEN	100.00%	FC	100.00%	FC
SMCP PORTUGAL	100.00%	FC	100.00%	FC
SMCP TAIWAN	100.00%	FC	100.00%	FC
SMCP JAPAN	100.00%	FC	100.00%	FC
SMCP MALAYSIA	100.00%	FC	100.00%	FC
DE FURSAC FINANCE SAS	100.00%	FC	100.00%	FC
BERCO FINANCE SAS	100.00%	FC	100.00%	FC
DE FURSAC SA	99.97%	FC	99.97%	FC
CHAJACOB SA	99.97%	FC	99.97%	FC
FURSAC SUISSE SA	99.97%	FC	99.97%	FC

(\*) Percentage stake is identical to percentage ownership.

Abbreviations used: FC = Full consolidation.

#### 4. STATUTORY AUDITORS' REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

*This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France*

Period from January, 1 2020 to June 30, 2020

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To the Shareholders of SMCP S.A.,

In compliance with the assignment entrusted to us by the General Shareholders' Meeting and in accordance with the requirements of article L.451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of SMCP S.A., for the period from January 1 to June 30, 2020;
- the verification of the information contained in the half-year management report.

These condensed half-year consolidated financial statements were prepared under the supervision of your Board of Directors which met on September 3, 2020, based on the information available at that date and in a constantly changing context of crisis due to the Covid-19 pandemic and the related difficulties in understanding its impact and establishing an accurate outlook. Our role is to express a conclusion on these financial statements based on our review.

##### Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France. Consequently, the level of assurance obtained about whether the condensed half-year consolidated financial statements taken as a whole are free of material misstatements is moderate, and lower than that obtained in an audit.

As indicated in note "2.2. Significant events", the Company has applied the amendment to IFRS 16 – Leases published by the IASB on May 28, 2020 and has accounted an income of €7.2 million for lease concessions granted by lessors prior to June 30, 2020 in the income statement.

Based on our review and subject to this reservation, nothing has come to our attention that causes us to believe that the condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, the IFRS standard as adopted by the European Union applicable to interim financial information.

##### Specific verification

We have also verified the information given in the half-year management report prepared on September 3, 2020 on the condensed half-year consolidated financial statements that were subject to our review.

With the exception of the impact of the item described in the "Conclusions on the financial statements" section, we have no matters to report with respect to their fair presentation and consistency with the condensed half-year consolidated financial statements.

Paris La Défense,  
September 10, 2020  
The Statutory Auditors

KPMG S.A.  
Valéry Foussé  
Associé

Deloitte & Associés  
Albert Aidan  
Associé