SMCP

sandro · maje · claudie pierlot · fursac

SMCP S.A.

Société anonyme (a joint-stock company) with a capital of €83,267,404

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

Paris Companies Register no. 819 816 943

2021

INTERIM FINANCIAL REPORT

For the six-month period ended June 30, 2021

This Interim Financial Report is available

on SMCP's website at: www.smcp.com

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

1.1 Person responsible for the 2021 interim financial report

Isabelle Guichot, Chief Executive Officer SMCP S.A.

1.2 Declaration by the person responsible for the 2021 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, 2021, 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 9, 2021 - Chief Executive Officer

Isabelle Guichot

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, Sweden 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 SAR, South Korea, Singapore, Thailand, Malaysia 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, 2021.
- 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".

- 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 2020 and H1 2021 under IFRS 16.

2.1 H1 2021 business review and 2021 outlook

2.1.1 Business highlights

Results for H1 2021

- Solid sales performance vs H1 2020: up +21.6% as reported to €453.3 million; +23.3% on an organic[1] basis, despite store closures and restrictions, low traffic, and lack of tourism
- Strong double-digit growth in Mainland China, reaching +54.6% on an organic basis vs H1 2020, and +24% as reported vs H1 2019
- Confirmed momentum in the U.S., going from strength to strength
- Back to positive adj. EBIT, reaching €25.2m (5.6% of sales), and positive Net Income
- Focus on Capex and Working Capital leading to a solid Free Cash Flow generation of €20.2m
- Healthy liquidity headroom of more than €240m

Commenting on these results, Daniel Lalonde stated: *"We delivered a solid performance in H1 2021 in all regions, particularly in APAC and in the U.S., where our sales exceeded or were back to their pre-pandemic levels. Despite challenging market conditions, our EBIT is back to positive thanks to a strong discipline on costs and expenses. Our focus on capex and working capital management enabled us to deliver a strong performance in terms of Free Cash Flow. Over the course of the semester, we also managed to improve our financial structure by significantly reducing our leverage ratio. This overall performance has been possible thanks to the day-to-day contribution of our teams around the world, and I would like to thank them for enabling us to successfully overcome the challenges of the first six months of the year."*

Isabelle Guichot, CEO of SMCP, added: *"Looking beyond the numbers, we have also made strong progress on each pillar of our One Journey strategic plan. On Brand Desirability, we have notably been able to increase full price sales and develop new store initiatives in order to enhance in-store experience. We pursued our efforts to consolidate our phygital network through the optimization of our brick-and-mortar network and increasing our digital penetration. We have also implemented a centralized global demand planning that has led to the optimization of our inventories and therefore strengthened our business model. Finally, we have remained deeply focused on our sustainability initiatives, enabling us to get closer to our objectives with each passing day."*

[1] *Organic growth | All references in this document to the "organic sales performance" refer to the performance of the Group at constant currency and scope*

Key figures as of June 30, 2021

(in €m except points of sale and data per share in €)	H1 2020	H1 2021	*Sales growth in reported data*
Points of sale	1,650	1,686	+36
Sales (€m)	**372.8**	**453.3**	*+21.6%*
Adjusted Ebitda (€m)	55.1	100.3	*+81.9%*
Adjusted EBIT (€m)	**-29.7**	*25.2*	*+54.9m*
Net income Group Share	**-88.5**	**0.6**	*+89.0m*
EPS (€)[1]	-1.20	0.01	*n.a.*
Diluted EPS (€)[2]	-1.20	0.01	*n.a.*
FCF (€m)	**-56.7**	**20.2**	*+76.9m*

2.1.2 Consolidated net income review

2.1.2.1 Sales

2.1.2.1.1 Consolidated sales

Over the first half of 2021, consolidated sales stood at €453.3 million, up +23.3% on an organic basis vs H1 2020. Reported sales were up +21.6%, including a negative currency impact of -1.7%. This reflects a solid performance despite the impact of lockdown measures throughout the semester, low traffic and lack of tourism. Mainland China recorded a strong double-digit growth, reaching +54.6% on an organic basis vs H1 2020, and +24% as reported vs H1 2019. The momentum observed in the U.S. early this year has been confirmed in the second quarter, going from strength to strength.

As planned, over the first semester, SMCP continued its brick-and-mortar network optimisation plan, with - 19 DOS, including -25 net closures in France (mainly small points of sales, in small cities), including the impact of the end of the Suite 341 format (-14 in H1). On the other hand, SMCP pursued its expansion in APAC, with +14 DOS (including +11 in China).

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[1] *Net Income Group Share divided by the average number of ordinary shares in H1 2021 minus existing treasury shares held by the Group.*

[2] *Net Income Group Share divided by the average number of common shares in H1 2021, 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 (3,528,783 shares) and the long-term incentive plan shares - LTIP (572,870 shares) which are prorated according to the performance criteria reached as of June 30, 2021.*

2.1.2.1.2 Consolidated sales by geographical area and by brand as of June 30, 2021

€m (except %)	H1 2020	H1 2021	*Organic sales change*	*Change in reported data*
By region				
France	133.0	141.9	*+6.7%*	*+6.7%*
EMEA	106.6	114.0	*+7.1%*	*+6.9%*
Americas	38.3	59.1	*+67.2%*	*+54.5%*
APAC	94.9	138.4	*+48.1%*	*+45.7%*
By brand				
Sandro	177.1	212.0	*+21.7%*	*+19.7%*
Maje	139.5	182.9	*+33.3%*	*+31.1%*
Other brands	56.3	58.4	*+4.0%*	*+3.8%*
TOTAL	372.8	453.3	+23.3%	+21.6%

Sales by region

In **France** and in **EMEA**, sales were up respectively +6.7% and +7.1% on an organic basis: a very solid performance considering the restrictive measures we faced in the first semester. The performance reflects a gradual improvement throughout the second quarter in line with stores reopening even if tourism flows remained low.

In **APAC**, sales were up +48.1% on an organic basis, driven by a strong like-for-like growth, and a strong performance in Mainland China, both in brick-and-mortar and digital: +55% vs LY on an organic basis, and +24% reported vs H1 2019. A very good performance despite some pandemic headwinds in key cities.

And finally, In **the Americas**, sales were up +67.2% on an organic basis. While Canada was still impacted by store closures and restrictive measures to contain the pandemic, the momentum observed in the first quarter in the United States has been confirmed in Q2, going from strength to strength: sales exceeding pre-pandemic level, reaching in Q2 + 11.3% on an organic basis vs 2019.

2.1.2.2 Adjusted EBITDA and adjusted EBITDA margin

Adjusted EBITDA increased from €55.1 million in H1 2020 to €100.3 million in H1 2021.This resulted from the increase in sales combined with an increase of +0.1pts of the management gross margin ratio (71.6%), and the continuing strong cost management.

The improvement of the management gross margin is due to solid progress on our full price strategy, notably by deliberately reducing the promotional sales share, partly offset by liquidation initiatives, especially at the beginning of the year.
Thanks to cost-saving measures, the store costs[1], as a percentage of sales, have been reduced by 7.1pts, and SG&A[3] by 3.5pts, despite an increase in marketing expenses, in line with our strategy.

[1] *Excluding IFRS*

2.1.2.2.1 Adjusted EBITDA by brand

(In €m)	H1 2020	H1 2021
Adjusted EBITDA	**55.1**	**100.3**
Sandro	26.3	48.5
Maje	24.9	47.9
Other brands	3.9	3.9
Adjusted EBITDA margin	***14.8%***	***22.1%***
Sandro	*14.9%*	*22.9%*
Maje	*17.8%*	*26.2%*
Other brands	*7.0%*	*6.6%*

2.1.2.3 Amortization, depreciation and provisions

In the first half of 2021, amortization, depreciation and provisions expense amounted to -€75.1 million compared to -€84.8 million in the first half of 2020 and were stable in absolute value exclusing IFRS.

2.1.2.4 Adjusted EBIT and adjusted EBIT margin

Consequently, adjusted EBIT amounted to €25.2 million in the first half of 202& compared to -€29.7 million in the first half of 2020.

2.1.2.5 Change from adjusted EBIT to net income Group share

(In €m) - IFRS 16	H1 2020	H1 2021
Adjusted EBIT	**-29.7**	**25.2**
Long-Term Incentive Plan (LTIP)	-5.0	-4.4
EBIT	-34.7	20.8
Other non-recurring income and expenses	-46.0	-4.7
Operating profit	**-80.7**	**16.1**
Cost of net financial debt	-13.5	-13.9
Other financial income and expenses	-0.5	-1.3
Financial result	**-14.0**	**-15.3**
Profit before tax	-94.8	0.8
Income tax	6.3	-0.3
Net profit for the period	**-88.5**	**0.6**
Group share	-88.5	0.6
Share of non-controlling interests	-	-

2.1.2.6 Long-Term Incentive Plan (LTIP)

In the first half of 2021, SMCP recorded an expense of -€4.4 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.

2.1.2.7 Other non-recurring income and expenses

In H1 2021, other non-recurring income and expenses totaled -€4.7 million compared to -€46.0 million in H1 2020. For H1 2020, other non-recurring income and expenses included -€42.6 million of asset impairment losses resulting from the current Covid-19 crisis. No additional impairment was recorded in H1 2021.

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.

2.1.2.8 Financial result

In H1 2021, the financial result was an expense of -€15.3 million, compared with a financial expense of -€14.0 million in H1 2020. It included the cost of net debt of "leases" (IFRS 16) of -€6.6 million in H1 2021 (versus -€7.5 million in H1 2020). The average cost of the debt stood at 2.3% in H1 2021.

2.1.2.9 Profit before tax and income tax

In H1 2021, profit before tax amounted to €0.8 million compared to -€94.8 million in H1 2020.

Income tax amounted to -€0.3 million in H1 2021 (reflecting the return to positive pre-tax income) versus a credit of +€6.3 million in H1 2020.

2.1.2.10 Net income - Group share

Because of the factors described above, net income - Group share stood at +€0.6 million in H1 2021 (vs. -€88.5 million in H1 2020).

2.1.2.11 From Net income - Group share to EPS

	H1 2020	H1 2021
Net profit - Group share (€ million)	-88.5	0.6
Average number of shares		
Before dilution[1]	73,945,651	74,571,845
After dilution[2]	78,855,799	78,673,498
EPS (in euros)		
Before dilution[1]	-1.20	0.01
After dilution[2]	-1.20	0.01

[1] *Average number of common shares in H1 2021 minus existing treasury shares held by the company.*

[2] *Average number of common shares in H1 2021, 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 (3,528,783 common shares) and the long-term incentive plan shares - LTIP (572,870 shares) which are prorated according to the performance criteria reached as of June 30, 2021.*

2.1.2.12 Free Cash Flow

The Group came back to positive **Free-cash-flow,** from -€56.7 million in H1 2020 to €20.2 million in H1 2021. Apart from the increase of EBITDA, this performance mostly reflects a significant improvement of the working capital from €195.3 million at the end of H1 2020 to 133.7 million at the end of H1 2021, thanks to a strong control of inventory, helped by the efficiency of the demand-planning processes implemented last year, and a sound management of trade receivables. Meanwhile, the Group maintained a tight control of its Capex throughout the semester (€20.8 million in H1 2021 versus €29.1 million in H1 2020).

(In € million)	H1 2020	H1 2020
Adjusted EBIT	**-29.7**	**25.2**
Amortization, depreciation and provisions	84.8	75.1
Change in working capital	-14.1	6.4
Income tax	-0.3	-2.5
Net cash flow from operating activities	**40.6**	**104.1**
Capex	-29.1	-20.8
Reimbursement rent lease	-61.3	-59.1
Interest & Other Financial	-6.5	-4.7
Other & FX	-0.4	0.6
Free cash flow	**-56.7**	**20.2**

2.1.3 Balance sheet review

2.1.3.1 Simplified consolidated balance sheet

(In € million) - Assets	As of December 31, 2020	As of June 30, 2021
Goodwill	631.3	631.3
Trademarks	663.0	663.0
Other intangible assets	21.6	16.7
Property, plant and equipment	86.9	84.8
Right of use	476.7	485.1
Non-current financial assets	19.6	18.9
Deferred tax assets	53.3	56.6
Non-current assets	**1,952.5**	**1,956.4**
Inventories	222.9	209.3
Trade receivables	53.5	48.3
Other receivables	56.3	64.3
Cash and cash equivalents	127.1	130.5
Current assets	**459.8**	**452.4**
Total assets	**2,412.3**	**2,408.8**

(In € million) - Equity & Liabilities	As of December 31, 2020 (*)	As of June 30, 2021
Total equity	**1,095.3**	**1,095.8**
Non-current lease liabilities	319.7	324 .8
Non-current financial debt (*)	358.0	289.4
Other non-current liabilities	0.3	0.1
Non-current provisions	4.0	3.6
Net employee defined benefit liabilities	4.5	4.9
Deferred tax liabilities	182.2	184.9
Non-current liabilities	**868.7**	**807.6**
Trade and other payables	128.7	123.2
Current lease liabilities	100.4	98.9
Bank overdrafts and short-term borrowings and debt (*)	151.7	206.6
Short-term provisions	1.1	1.4
Other liabilities	66.4	75.4
Current liabilities	**448.2**	**505.4**
Total equity and liabilities	**2,412.3**	**2,408.8**

(*) The December 31, 2020 Non-current financial debt and the Bank overdrafts and short-term borrowings and debts have been restated. The € 55-million- tranche of the amortizable term loan repayable in May 2021 and the € 55 million of NEU CP, which were presented in the annual consolidated financial statements as of December 31,2020 on the line "Non-current financial debt", have been reclassified on the line "Bank overdrafts and short-term borrowings and debt". See note 3.10.9 for further information.

2.1.3.2 Net financial debt

(In € million)	As of December 31, 2020	As of June 30, 2021
Non-current financial debt & other financial liabilities	-358.3	-289.5
Bank overdrafts and short-term borrowings and debt	-151.7	-206.6
Cash and cash equivalents	127.1	130.5
Net financial debt	**-382.8**	**-365.6**
Adjusted EBITDA excluding IFRS 16 over the last twelve	*54.0*	101.4
Net financial debt / adjusted EBITDA[1]	**7.1x**	**3.6x**

Net financial debt was reduced from €382.8 million on December 31, 2020 to €365.6 million on June 30, 2021. **Net financial debt/adjusted EBITDA[2]** ratio decreased from 7.1x in Dec. 31, 2020 to 3.6x on June 30, 2021.

[1] *Adjusted EBITDA calculated on a rolling 12-month basis and excluding the impacts of IFRS 16*

2.1.4 Outlook for 2021

Given the market uncertainties (such as Covid resurgence, sanitary restrictions impact on traffic, tourism flows), SMCP remains cautiously optimistic about H2 2021.

2.1.5 Subsequent events

Major events occurring after the end of the reporting period are detailed in Note 3.11.1 of the condensed interim consolidated financial statements.

2.1.6 Main risks and uncertainties

The main risks and uncertainties to which SMCP believes it is exposed in 2021 are specified in section 3 "Risk factors and Internal Control" of the 2020 Universal Registration Document and listed hereafter.

Risks associated with the Group's business sector	Risk associated with the major macroeconomic events occurring in the Group's key markets Risk associated with suppliers, manufacturers and products Risk associated with logistics and effi cient order processing Risk associated with competition and consumer expectations
Risks related to the Group's strategy and organisation	Risk associated with the implementation of the Group's development strategy Risk associated with cyber attacks, IT, and fraud Risk associated with the Group's social responsibility Risk associated with the Group's brand reputation, integrity and image Risk associated with key personnel and human resources management Risk associated with control of the Company by a majority shareholder Risk associated with acquisitions Risk associated with lease agreements and concession agreements with department stores
Financial risks	Rick of impairment of intangible assets Liquidity risk Foreign exchange, credit and/or counterparty and interest rate risks
Legal and regulatory risks	Risk associated with regulatory and legislative changes Risk associated with disputes, intellectual property rights and anti-counterfeit measures

2.1.7 Financial indicators not defined by IFRS

The Group uses certain key financial and non-financial measures to analyse the performance of its business. The principal performance indicators used include the number of its points of sale, like-for-like sales growth, Adjusted EBITDA and Adjusted EBITDA margin, Adjusted EBIT and Adjusted EBIT 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 exchange rates (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 refers to the performance of the Group at constant currency and scope, i.e. excluding the acquisition of 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 points of sale's direct expenses 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:

(€m) excluding IFRS 16 impacts	H1 2020	H1 2021
Gross margin (as appearing in the accounts)	**230.0**	**280.9**
Readjustment of the commissions and other adjustments	36.6	43.7
Management gross margin	**266.6**	**324.6**
Direct costs of points of sale	-179.1	-185.4
Retail margin	**87.5**	**139.2**

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 and net of current bank overdrafts.

2.2 Related party transactions

Major related party transactions are detailed in note 3.11.3 of the 2021 condensed interim consolidated financial statements.

3. INTERIM CONSOLIDATED FINANCIAL STATEMENTS

3.1 Consolidated income statement

		6/30/2020	6/30/2021
		in €m	*in €m*
Sales	3.9.1	372.8	453.3
Cost of sales	3.9.2	(142.8)	(172.4)
Gross margin		230.0	280.9
Other operating income and expenses		(73.1)	(85.1)
Personnel costs		(101.8)	(95.6)
Depreciation, amortization, and impairment		(84.8)	(75.1)
Share-based Long-Term Incentive Plan	3.9.3	(5.0)	(4.4)
Current operating income		(34.7)	20.8
Other non-current income and expenses	3.9.4	(46.0)	(4.7)
Operating profit		(80.7)	16.1
Financial income and expenses		(0.5)	(1.3)
Cost of net debt		(13.5)	(13.9)
Financial income	3.9.5	(14.0)	(15.3)
Profit/(loss) before tax		(94.8)	0.8
Income tax expense	3.9.6	6.3	(0.2)
Net profit for the period		(88.5)	0.6
Attributable to owners of the Company		(88.5)	0.6
Attributable to non-controlling interests		-	-
Net profit/(loss) attributable to owners of the Company		(88.5)	0.6
Basic Group share of net earnings per share (EUR)	3.9.7	(1.20)	0.01
Diluted Group share of net earnings per share (EUR)	3.9.7	(1.20)	0.01

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

	6/30/2020	6/30/2021
	in €m	*in €m*
Net profit/(loss) for the period	(88.5)	0.6
Revaluation of the net liability for defined benefit plans	-	-
Total other comprehensive income/(loss) that may not be reclassified to profit or loss	-	-
Gains/(losses) on derivative financial instruments (cash flow hedges), net of tax	1.7	(1.8)
Gains/(losses) on exchange differences on translation of foreign operations	0.9	0.7
Total other comprehensive income/(loss) that may be reclassified to profit or loss	2.6	(1.1)
Total other comprehensive income/(loss)	2.6	(1.1)
Total comprehensive income/(loss)	(85.8)	(0.5)

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

	Notes	12/31/2020 *in €m* Net	6/30/2021 *in €m* Net
Goodwill	3.10.1.1.	631.3	631.3
Trademarks	3.10.1.2	663.0	663.0
Other intangible assets	3.10.1.2	21.6	16.7
Property, plant and equipment	3.10.2	86.9	84.8
Right of use	3.10.3.1	476.7	485.1
Non-current financial assets		19.6	19.0
Deferred tax assets		53.3	56.6
Non-current assets		**1,952.5**	**1,956.4**
Inventories	3.10.5	222.9	209.3
Trade receivables	3.10.6	53.5	48.3
Other receivables	3.10.7	56.3	64.3
Cash and cash equivalents		127.1	130.5
Current assets		**459.8**	**452.4**
Total assets		**2,412.3**	**2,408.8**

3.3.2 Equity and liabilities

	Notes	12/31/2020 (*) *in €m* Net	6/30/2021 *in €m* Net
Share capital		82.7	83.3
Share premium		950.7	950.2
Reserves and retained earnings		64.5	64.5
Treasury shares		(2.6)	(2.2)
Equity attributable to owners of the Company		**1,095.3**	**1,095.8**
Total equity		**1,095.3**	**1,095.8**
Non-current lease liabilities	3.10.3.2	319.7	324 .8
Non-current financial debt (*)	3.10.9	358.0	289.4
Other non-current liabilities	3.10.12	0.3	0.1
Non-current provisions	3.10.10	4.0	3.6
Net employee defined benefit liabilities	3.10.10	4.5	4.9
Deferred tax liabilities		182.2	184.9
Non-current liabilities		**868.7**	**807.6**
Trade and other payables		128.7	123.2
Current lease liabilities	3.10.3.2	100.4	98.9
Bank overdrafts and short-term borrowings and debt (*)	3.10.9	151.7	206.6
Short-term provisions	3.10.10	1.1	1.4
Other liabilities	3.10.12	66.4	75.4
Current liabilities		**448.2**	**505.4**
Total equity and liabilities		**2,412.3**	**2,408.8**

(*) The December 31, 2020 Non-current financial debt and the Bank overdrafts and short-term borrowings and debts have been restated. The € 55-million- tranche of the amortizable term loan repayable in May 2021 and the € 55 million of NEU CP, which were presented in the annual consolidated financial statements as of December 31,2020 on the line "Non-current financial debt", have been reclassified on the line "Bank overdrafts and short-term borrowings and debt". See note 3.10.9 for further information.

3.4 Consolidated statement of cash flows

	6/30/2020 *in €m*	6/30/2021 *in €m*
Profit/(loss) before tax	**(94.8)**	**0.8**
Depreciation, amortization and impairment	84.8	75.1
Other income and expenses	46.0	4.7
Financial income	14.0	15.3
Share-based Long-Term Incentive Plan	5.0	4.4
Sub-total (1)	**55.1**	**100.3**
(Increase)/decrease in trade and other receivables and prepayments	19.9	(18.1)
(Increase)/decrease in net inventories after provisions	(15.3)	16.7
Increase /(decrease) in trade and other payables	(18.7)	7.8
Change in working capital (2)	**(14.1)**	**6.4**
Reimbursed (paid) income tax	(0.3)	(2.5)
Net cash flow from operating activities	**40.6**	**104.1**
Purchases of property, plant and equipment and intangible assets	(29.4)	(22.6)
Sales of property, plant, equipment and intangible assets	-	0.6
Purchases of financial instruments	(1.6)	(1.1)
Proceeds from sales of financial instruments	1.9	1.9
Purchases of subsidiaries net of cash acquired	-	-
Net cash flow used in investing activities	**(29.1)**	**(20.8)**
Share repurchased program	-	(2.3)
Issuance of long-term financial borrowings	344.0	-
Reimbursement of long-term financial borrowings (3)	(117.9)	(56.7)
Net reimbursement of short-term financial borrowings	-	42.3
Reimbursement of lease liabilities	(61.3)	(59.1)
Other financial income and expenses	(1.6)	2.0
Interest paid	(4.9)	(6.7)
Net cash flow from financing activities	**158.3**	**(80.5)**
Net foreign exchange difference	(0.4)	0.6
Change in net cash and cash equivalents	**169.5**	**3.5**
Cash and cash equivalents at the beginning of the period	52.3	127.1
Bank credit balances at the beginning of the period	(3.0)	(2.6)
Net cash and cash equivalents at the beginning of the period	**49.3**	**124.5**
Cash and cash equivalents at the end of the period	273.5	130.5
Bank credit balances at the beginning/end of the period	(54.7)	(2.5)
Net cash and cash equivalents at the end of the period	**218.8**	**128.0**

(1) Recurring operating income before depreciation, amortization, impairment and before the share-based Long-Term Incentive Plan.
(2) Does not include other income and expenses with a cash impact (previously presented in the consolidated financial statements as of June 30, 2020 on a dedicated line of -€ 4.8 million).
(3) included mainly the €55 million reimbursement of TLA

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 attribuable to owners of the Company	Total Group share	Total equity
Balance as of January 1st, 2021	**74 117 760**	**82.7**	**950.7**	**(2.7)**	**170.3**	**0.5**	**(4.5)**	**0.4**	**(102.2)**	**1,095.3**	**1,095.3**
Net profit as of June 30, 2021	-	-	-	-	-	-	-	-	0.6	0.6	0.6
Cumulative actuarial losses on defined benefit plans, net of tax	-	-	-	-	-						
Gains/(losses) on exchange differences on translation of foreign operations	-	-	-	-	-	-	0.7			0.7	0.7
Other comprehensive income/(loss)	-	-	-	-	-	-	-	(1.8)		(1.8)	(1.8)
Total comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**		**0.7**	**(1.8)**	**0.6**	**0.5**	**0.5**
Appropriation of 2020 net loss	-	-	-	-	(102.2)	-	-	-	102.2	-	-
Capital increase	80 010	0.1	(0.1)								-
Conversion of class G preferred shares	600 379	0.5	(0.5)								-
Share-based Long-Term Incentive Plan				(2.3)						(2.3)	(2.3)
Purchase of treasury shares				2.8	0.6					3.4	3.4
Total transactions with owners	**680 389**	**0.6**	**(0.6)**	**0.5**	**(101.6)**				**102.2**	**1.1**	**1.1**
Balance as of June 30, 2021	**74 798 149**	**83.3**	**950.2**	**(2.2)**	**68.7**	**0.5**	**(3.8)**	**(1.4)**	**0.6**	**1,095.8**	**1,095.8**

(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 attribuable to owners of the Company	Total Group share	Total equity
Balance as of January 1st, 2020	**73 550 068**	**82.2**	**951.2**	**(6.5)**	**123.5**	**0.3**	**(3.2)**	**(1.4)**	**43.7**	**1,189.8**	**1,189.8**
Profit/(loss) as of June 30, 2020	-	-	-	-	-	-	-	-	(88.5)	(88.5)	(88.5)
Cumulative actuarial losses on defined benefit plans, net of tax	-	-	-	-	-	-	-	-	-	-	-
Gains/(Losses) on exchange differences on translation of foreign operations	-	-	-	-	-	-	1.0	-	-	1.0	1.0
Other comprehensive income/(loss)	-	-	-	-	-	-	-	1.7	-	1.7	1.7
Total comprehensive income/(loss)	**-**	**-**	**-**	**-**	**-**	**-**	**1.0**	**1.7**	**(88.5)**	**(85.8)**	**(85.8)**
Appropriation of 2019 net profit	-	-	-	-	43.7	-	-	-	(43.7)	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-
Capital increase/(decrease)	-	-	-	-	-	-	-	-	-	-	-
Conversion of free shares	-	-	-	-	-	-	-	-	-	-	-
Conversion of class G preferred shares	567 692	0.5	(0.5)	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	3.8	(0.7)	-	-	-	-	3.1	3.1
Total transactions with owners	**567 692**	**0.5**	**(0.5)**	**3.8**	**42.9**	**-**	**-**	**-**	**(43.7)**	**3.1**	**3.1**
Balance as of June 30, 2020	**74 117 760**	**82.7**	**950.7**	**(2.7)**	**166.4**	**0.3**	**(2.2)**	**0.3**	**(88.5)**	**1,107.1**	**1,107.1**

3.6 GENERAL INFORMATION

3.6.1 Presentation of the Group

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 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 is an international player in the retailing of ready-to-wear clothing and accessories. The Group's products are marketed under four brands: Sandro, Maje, Claudie Pierlot and Fursac. The Group's product range consists of high quality, trendy clothing and accessories for women and men at more affordable prices than those offered by luxury brands. A cornerstone of the Group's business philosophy, its model combines the codes of the luxury industry with those of fast fashion. The Group offers its customers a range of products with the characteristics associated with luxury, such as trendy, high-quality products, high-end communication, first-class retail locations and a personalized experience. In addition, inspired by fast fashion, the Group has implemented a short and responsive product development cycle, a tightly controlled vertically integrated distribution model (mainly through directly operated stores), a retail model that is easily deployable internationally and has already proven its effectiveness, and a global platform and distribution chain.

The Group sells its products mainly through its retail network, which consists mainly of stores located in popular areas and concessions in prestigious department stores. Its retail network also includes e-stores and third-party electronic platforms, as well as outlets and affiliates (in France and Spain). In addition to its retail network, the Group sells products through a network of local partners ("partnered retail") in countries where the complexity of the market does not make direct operation optimal. In addition, these partners enable the Group to sell its products in countries where it would be impossible, difficult, less profitable, or less efficient to deploy its own distribution network, due to local legislation.

3.6.2 Significant events

Store network

SMCP has been impacted by the lockdowns of several of its point of sales in Europe and North America during the first semester 2021. However, its network in Asia remained fully open during the first half of 2021.

As of June 30, 2021, the Group operated 1,686 stores (including 740 Sandro, 608 Maje, 248 Claudie Pierlot, 24 Suite 341 and 66 Fursac), of which 1,315 were directly operated (including 559 Sandro, 453 Maje, 213 Claudie Pierlot, 24 Suite 341 and 66 Fursac), and 371 were managed through partnerships. The network opened/closed +9 points of sale in the first half, of which -25 in France, +8 in Europe, 0 in North America and +26 in Asia. These brands are present internationally in 43 countries, after the opening of Malaysia in June 2021.

Sales

Group revenues amounted to € 453.3 million in the first half of 2021.

In the second quarter of 2021, SMCP recorded strong momentum in all regions, made solid progress on the full-price strategy, leading to a significant reduction in the share of promotional sales, and continued to execute the One Journey strategic roadmap begun in late 2020.

Financial debt structure

Compared to December 31, 2020 (refer to Note 2.2 of the FY 2020 Consolidated Financial Statement), the Group has activated the 5-year extension option of the € 140 million state-guaranteed-loan (reimbursement plan schedule from June 2022 to June 2026), has signed a new € 53 million state-guaranteed-loan, and has repaid the € 40 million Bridge Loan and the first € 55 million tranche of the € 265 million amortizable term loan (see note 3.10.9).

Covid-19 impacts

Measures taken by governments to fight the Covid-19 pandemic continued to severely disrupt SMCP's activities in 2021, and significantly affected the half-year financial statements. Thus, the lockdown of stores in most countries for several months, as well as the halt in international travel, explain the reduction in its sales and profitability compared to 2019.

The assumptions and estimates on the basis of which certain balance sheet and income statement items are valued have been revised to take into account the consequences of the context of sanitary crisis. The issues concerned are as follows:

- the Group has continued its process of renegotiating its leases, with the aim of optimizing their rental amount. The rent rebates of € 5.8 million in the first half of 2021 have been recognized in the income statement as negative variable rent and not as a change in the lease, as they are not considered as a substantial change to the terms and conditions of the contract. The accounting treatment adopted is consistent with the simplification measure provided for in the amendment to IFRS 16 - Leases published by the IASB on May 28, 2020 and adopted by the European Union on October 15, 2020 and extended by the IASB on March 31, 2021 and adopted by the EU on August 30, 2021. It introduces a simplification measure under certain conditions allowing lessees to elect to account for lease adjustments due until the end of June 2022 as negative variable rents (i.e., immediately in profit or loss) due to the health crisis, without the need to analyze whether they are granted in application of the contractual or legal clauses governing the performance of the contract,

- the Group has benefited from part-time working measures in the various countries in which it operates. These measures have been applied mainly during closed-stores periods, and concern both store employees and head office staff. These measures have been deducted from personal expenses for an amount of € 8.0 million,

- indemnities received from governments or public administration as protection measures have been deducted from the expenses in respect of which the indemnities were obtained

The Group is confident in the ability of its brands and teams to return to profitability and to implement the new strategic plan announced at the end of 2020 and to make SMCP a global leader in accessible luxury.

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, 2021, and were approved by the Board of Directors on September 2, 2021. They should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2020 and the consolidated interim financial statements as of June 30, 2020 for a comparative analysis.

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

The Group's scope of consolidation as of June 30, 2021 is identical to the scope of consolidation on December 31, 2020 (note 3.11.4).

3.7.2 Accounting principles and methods

The condensed consolidated interim financial statements for the period ended June 30,2021 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 30,2021, as well as the amendment to IFRS 16 - Lease published by the IASB on March 31,2021, extending by one year the simplification measure relating to rent reductions obtained as a result of Covid-19 and adopted by the European Union on August 30, 2021. This amendment was applied in advance as of June 30, 2021 by SMCP.

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 2020, 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.

The rate is 33.7%

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

In presence of impairment indicators related to 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 3.10.1).

- **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 as of June 30, 2021 for post-employment benefits corresponds to the amount calculated for 2020 fiscal year prorated over six months.

3.7.2.1 New standards and interpretations

In March 2021, the IASB published an amendment to IFRS 16 which extends the application period until June 30, 2022 for "Covid-19 related rent discounts". This amendment simplifies the analysis to be performed by lessees and allows, under certain conditions, the effect of these adjustments to be recognized immediately in the income statement in the form of negative variable rents.

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 rate from January to June, exchange rate fluctuation was not significant during these six months.

Assets and liabilities were converted at the closing rate in effect on 6/30/2021.

The table below shows the exchange rates applied to the operations:

		12/31/2020 Closing	6/30/2020 Average	6/30/2021 Closing	6/30/2021 Average
			6 months		*6 months*
SWISS FRANC	EUR/CHF	1.0802	1.0639	1.0980	1.0942
EURO	EUR/EUR	1.0000	1.0000	1.0000	1.0000
POUND STERLING	EUR/GBP	0.8990	0.8743	0.8581	0.8685
US DOLLAR	EUR/USD	1.2271	1.1015	1.1884	1.2056
CANADIAN DOLLAR	EUR/CAD	1.5633	1.5031	1.4722	1.5041
CHINESE YUAN	EUR/CNY	7.9806	7.7541	7.6855	7.7975
HONG KONG DOLLAR	EUR/HKD	9.5142	8.5484	9.2293	9.3570
SINGAPORE DOLLAR	EUR/SGD	1.6218	1.5409	1.5976	1.6060
DANISH KRONE	EUR/DKK	7.4409	7.4648	7.4362	7.4369
NORWEGIAN KRONE	EUR/NOK	10.4703	10.7363	10.1717	10.1789
SWEDISH KRONA	EUR/SEK	10.0343	10.6610	10.1110	10.1296
PATACA	EUR/MOP	9.7656	8.8052	9.4784	9.6373
TAIWAN DOLLAR	EUR/TWD	34.3750	33.0708	33.1595	33.8016
JAPANESE YEN	EUR/JPY	126.4900	119.2072	131.4300	129.8019
MALAYSIAN RINGGIT	EUR/MYR	4.9340	4.6829	4.9336	4.9382

3.8 Business combinations

Business combinations, where the Group obtains control of one or more businesses, are accounted for using the purchase method.

Business combinations are measured and disclosed in accordance with IFRS 3, "Business Combinations".

A business combination must be completed within 12 months of the acquisition date. Costs incurred in connection with the acquisition are expensed in the period in which they are incurred.

Acquisitions and disposals of non-controlling interests are recognized directly in equity.

The main assumptions and estimates relating to business combinations concern the following

- the choice of valuation methods and assumptions used to identify and determine the amount of intangible assets acquired through business combinations

- the allocation of goodwill to Cash Generating Units ("CGUs") and groups of CGUs.

3.8.1 Acquisition

The group did not acquire control of any entities over the period January 1st to June 30, 2021.

3.8.2 Segment information

According to IFRS 8 - Segment Reporting, an operating segment is a component of an entity that engages in business activities from which it may earn sales and incur expenses, including sales and expenses relating to transactions with other components of the same entity; and

whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

for which separate financial information is available.

3.8.2.1 Group operating segments

SMCP's activities are managed through three separate operating segments within the meaning of IFRS 8, corresponding to the four brands, each with its own customer base:

- Sandro
- Maje
- Other brands (including Claudie Pierlot & Fursac)

Each brand has its own identity with dedicated creative teams and plays a key role in the Group's strategy. They are directed and managed by separate management teams with their own financial information.

The main operational decision-maker is the Executive Committee (COMEX) of SMCP S.A. which reviews the activities and performance of each of the four brands on a monthly basis.

The Claudie Pierlot and Fursac brands are grouped together in the same sector for the following reasons:

- their geographic coverage is very similar, with most of their business conducted in France and Europe (>90% of Retail Revenue in 2020),
- their logistics resources have been pooled,
- their long-term EBITDA margins are similar,
- their respective weight in terms of activity is not significant at the SMCP Group level (2020: Claudie Pierlot and Fursac jointly accounted for 13% of Group revenue).

3.8.2.2 Financial information by operating segment

The tables below set out the Group's financial information by operating segment as of June 30, 2021 and June 30, 2020:

	Sandro	Maje	Other brands	Holdings	6/30/2021
	in €m	*in €m*	*in €m*	*in €m*	*in €m*
Sales [(1)]	212.0	182.9	58.4	-	453.3
Adjusted EBITDA [(2)]	48.5	47.9	3.9	-	100.3
Adjusted EBITDA excluding IFRS 16 [(3)]	20.2	25.8	(4.8)	-	41.2
Depreciation, amortization, and impairment	(34.3)	(29.4)	(11.3)	-	(75.1)
Adjusted EBIT [(4)]	**14.2**	**18.5**	**(7.5)**	**-**	**25.2**
Goodwill [(5)]	336.0	237.3	58.0	-	631.3
Right of use	207.0	156.7	73.0	48.4	485.1
Intangible assets	321.9	227.7	65.3	64.8	679.7
Property, plant and equipment	34.2	27.4	11.5	11.7	84.8
Capital expenditure [(6)]	7.7	4.9	3.6	7.1	23.3

(1) Sales include Retail sales and sales with Group partners.
(2) Adjusted EBITDA is a non-gaap measure defined by the Group as the recurring operating income before depreciation, amortization, impairment and before the share-based Long-Term Incentive Plan.
(3) Adjusted EBITDA excluding IFRS 16 is a non-gaap measure defined by the Group as the adjusted EBITDA restated for rents included in IFRS 16..
(4) Adjusted EBIT is a non-gaap measure defined by the Group as the recurring operating income before the share-based Long-Term Incentive Plan.
(5) The Group opted to allocate the goodwill according to the same weighting as the brands.
(6) On June 30, 2021 capital expenditure breaks down as follows: (see Note 3.4. Consolidated statement of cash flows) - excluding right of use:
Purchases of property, plant, and equipment: € 16.8 million.
Purchases of intangible assets: € 3.3 million.
Purchases of financial instruments: € 1.1 million.
Change in trade payables for fixed assets: € 2.1 million.

	Sandro	Maje	Other brands	Holdings	6/30/2020
	in €m	*in €m*	*in €m*	*in €m*	*in €m*
Sales [(1)]	177.1	139.5	56.3	-	372.8
Adjusted EBITDA [(2)]	26.3	24.9	3.9	-	55.1
Adjusted EBITDA excluding IFRS 16 [(3)]	(3.0)	1.5	(4.7)	-	(6.2)
Depreciation, amortization, and impairment	(40.7)	(32.0)	(12.1)	-	(84.8)
Adjusted EBIT [(4)]	**(14.4)**	**(7.1)**	**(8.2)**	**-**	**(29.7)**
Goodwill [(5)]	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 [(6)]	7.0	10.2	5.3	8.6	31.0

(1) Sales include Retail sales and sales with Group partners.
(2) Adjusted EBITDA is a non-gaap measure defined by the Group as the recurring operating income before depreciation, amortization, impairment and before the share-based Long-Term Incentive Plan.
(3) Adjusted EBITDA excluding IFRS 16 is a non-gaap measure defined by the Group as the adjusted EBITDA restated for rents included in IFRS 16.
(4) Adjusted EBIT is a non-gaap measure defined by the Group as the recurring operating income before the share-based Long-Term Incentive Plan.
(5) The Group opted to allocate the goodwill according to the same weighting as the brands.
(6) On June 30, 2020 capital expenditure breaks down as follows: (see Note 3.4. Consolidated statement of cash flows) - excluding right of use:
Purchases of property, plant, and equipment: € 17.0 million.
Purchases of intangible assets: € 6.2 million.
Purchases of financial instruments: € 1.9 million.

Change in trade payables for fixed assets: € 6.2 million.

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

3.8.2.3 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 excluding IFRS 16.

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

	6/30/2020	6/30/2021
	in €m	*in €m*
Recurring operating income	**(34.7)**	**20.8**
Share-based Long-Term Incentive Plan	5.0	4.4
Adjusted EBIT	**(29.7)**	**25.2**
Depreciation, amortization, and impairment	84.8	75.1
Adjusted EBITDA	**55.1**	**100.3**
IFRS 16 impact	(61.3)	(59.1)
Adjusted EBTDA excluding IFRS 16	**(6.2)**	**41.2**

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, Belgium and Switzerland), along with Middle East (mainly the United Arab Emirates).

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 Mainland China, the Hong Kong Special Administrative Region of China and South Korea).

The table below sets out sales by geographic region of delivery. Sales on wholesale and online sales are allocated based on the customer's country of residence.

	France	EMEA	Americas	APAC	6/30/2021
	in €m	*in €m*	*in €m*	*in €m*	*in €m*
Net sales	141.9	114.0	59.1	138.4	**453.3**
Non-current assets	1,701.8	155.2	8.4	91.0	**1,956.4**

	France	EMEA	Americas	APAC	6/30/2020
	in €m	*in €m*	*in €m*	*in €m*	*in €m*
Net sales	133.0	106.6	38.3	94.9	**372.8**
Non-current assets	1,715.0	188.9	53.4	85.6	**2,042.9**

3.8.2.5 Financial information by key customer

No customer accounted for more than 10 %of Group sales during the ended period June 30, 2021.

3.9 Notes to the income statement

3.9.1 Sales

	6/30/2020	6/30/2021
	in €m	*in €m*
Sales of goods	372.8	453.3
Sales	**372.8**	**453.3**

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

	6/30/2020	6/30/2021
	in €m	*in €m*
Retail	340.0	400.8
- Directly operated stores	*113.7*	*138.9*
- Concessions ("corners")	*101.8*	*108.5*
- Outlets	*33.9*	*47.0*
- Affiliates	*8.6*	*11.6*
- Online	*81.9*	*94.8*
Partnered retail sales	32.8	52.5
Sales	**372.8**	**453.3**

3.9.2 Cost of sales

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.*

	6/30/2020	6/30/2021
	in €m	*in €m*
Raw materials consumed	(28.2)	(26.6)
Finished products consumed	(41.9)	(70.7)
Subcontracting and ancillary expenses	(30.6)	(31.1)
Commissions	(42.1)	(43.3)
Net foreign exchange gain/(loss) on operating items	-	(0.9)
Cost of sales	**(142.8)**	**(172.4)**

3.9.3 Share-based payments

The expense recognized during the period for share-based Long-Term Incentive Plan totaled € 4.4 million.

3.9.4 Other non-current income and expenses

(in €m)	6/30/2020	6/30/2021
Other income	2.0	7.7
Other expenses	(48.0)	(12.4)
Other non-current income and expenses	**(46.0)**	**(4.7)**

As of June 30, 2021, other non-current operating income and expenses represented a net expense of € 4.7 million and mainly related to the closure of point of sales for € 2.8 million (of which a reversal of depreciation of fixed assets of € 6.1 million and a charge resulting of the disposal write off of these assets of € 8.9 million), impairment of right of use in France for € 1.0 million and, rent renegotiation cost for € 1.1 million.

As of 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. 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

	6/30/2020	6/30/2021
	in €m	*in €m*
Interest expenses on borrowings	(13.5)	(13.9)
- New RCF & NEU CP	*(1.7)*	*(1.1)*
- Term Loan	*(3.6)*	*(4.2)*
- Bridge	*(0.7)*	*(0.4)*
-State-guaranteed loan	-	*(1.5)*
- IFRS 16	*(7.5)*	*(6.6)*
- Others	*(0.1)*	*(0.1)*
Net exchange gain/ (loss)	(1.2)	1.6
Other financial expenses	0.7	(2.9)
Financial income	**(14.0)**	**(15.2)**

The breakdown of interest expenses is as follows:

	6/30/2020 *in €m*	6/30/2021 *in €m*
New RCF & NEU CP	(1.7)	(1.1)
- Interest paid	*(1.2)*	*(0.1)*
- Accrued interest	*(0.5)*	*(1.0)*
- Amortization of issuance costs	*(0.0)*	*(0.0)*
Term Loan	(3.6)	(4.2)
- Interest paid	*(2.9)*	*(3.6)*
- Accrued interest	*(0.0)*	*(0.0)*
- Amortization of issuance costs	*(0.6)*	*(0.6)*
Bridge	(0.7)	(0.4)
- Interest paid	*(0.2)*	*(0.3)*
- Accrued interest	*(0.3)*	-
- Amortization of issuance costs	*(0.2)*	*(0.1)*
State-guaranteed loan	(0.0)	(1.5)
- Interest paid	*(0.0)*	*(0.3)*
- Accrued interest	*(0.0)*	*(1.1)*
- Amortization of issuance costs	*(0.0)*	*(0.1)*

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. This option has been exercised in 2021.
SMCP has committed not to pay dividends to its shareholders in 2020 and 2021.
On June 30, 2021 SMCP contracted a loan if € 53 million guaranteed by the French state, with a maturity of one year and an option to extend for up to five additional years.

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.

in €m	6/30/2020	6/30/2021
Deferred tax	(5.6)	(1.3)
Current tax	11.9	1.1
Income tax expense	**6.3**	**(0.2)**

For the six-month period ended on June 30, 2021, 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.

The rate stood at 33.7%.

For the six-month period ended on June 30, 2020, 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 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.

3.9.6.2 Deferred tax position

Deferred taxes liabilities relating to the trademarks and leasehold rights in France were calculated based on 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:

	6/30/2020 *in €m*	6/30/2021 *in €m*
Net profit (group share)	(88.5)	0.6
Numbers of shares - before dilution *	73 945 651	74 571 845
Numbers of shares - after dilution	78 855 799	78 673 498
Earnings per share (€)	(1.20)	0.01
Diluted earnings/(loss) per share (€)	(1.20)	0.01

Diluted earnings per shares can't reflect an earnings-enhancing effect on dilutive instruments, 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 net value of goodwill as of June 30, 2021 totaled € 631.3 million.

in €m	1/01/2021	Change in scope of consolidation	Impairment	Translation adjustment	6/30/2021
Goodwill - gross value	683.2	-	-	-	683.2
Impairment	(51.9)	-	-	-	(51.9)
Goodwill - net value	**631.3**	**-**	**-**	**-**	**631.3**

The following table illustrates the movements that occurred during the previous period:

in €m	1/01/2020	Change in scope of consolidation	Impairment	Translation adjustment	6/30/2020
Goodwill - gross value	683.2	-	-	-	683.2
Impairment	-	-	(51.9)	-	(51.9)
Goodwill - net value	**683.2**	**-**	**(51.9)**	**-**	**631.3**

3.10.1.2 Intangible assets

The table below illustrates changes over the period presented:

(in €m)	1/01/2021	Acquisitions	Disposals	Depreciation & amortization	Other	6/30/2021
Trademarks	663.0	-	-	-	-	663.0
Leasehold rights	3.8	1.5	-	-	(2.2)	3.1
Other intangible assets	44.4	1.3	(0.2)	-	0.6	46.2
Intangible assets	**711.3**	**2.8**	**(0.2)**		**(1.6)**	**712.3**
Amort. /impairment of intangible assets	(26.7)	-	-	(5.6)	(0.3)	(32.6)
Amort. /impairment of intangible assets	**(26.7)**	**-**	**-**	**(5.6)**	**(0.3)**	**(32.6)**
Net value of intangible assets	**684.6**	**2.8**	**(0.2)**	**(5.6)**	**(1.9)**	**679.7**

(in €m)	1/01/2020	Acquisitions	Disposals	Depreciation & amortization	Other	6/30/2020
Trademarks	663.0	-	-	-	-	663.0
Leasehold rights	7.4	-	-	-	-	7.4
Other intangible assets	35.3	5.9	(0.2)	-	(1.6)	39.4
Intangible assets	**705.7**	**5.9**	**(0.2)**	**-**	**(1.6)**	**709.9**
Impairment of leasehold rights	-	-	-	-	-	-
Amort. /impairment of intangible assets	(15.9)	-	0.0	(5.2)	(0.0)	(21.1)
Amort. /impairment of intangible assets	**(15.9)**	**-**	**0.0**	**(5.2)**	**(0.0)**	**(21.1)**
				-		
Net value of intangible assets	**689.8**	**5.9**	**(0.1)**	**(5.2)**	**(1.6)**	**688.7**

As of June 30, 2021, the Group's trademarks consist of four brands Sandro, Maje, Claudie Pierlot, and Fursac and amount to a total of € 663 million, with € 320 million for Sandro brand, € 226 million for Maje brand, € 54 million for Claudie Pierlot brand and € 63 million for Fursac brand. The amount is unchanged since December 31, 2020.

3.10.2 Property, plant and equipment

The table below illustrates changes over the period presented:

in €m	1/01/2021	Acquisitions	Disposals	Depreciation & amortization	Translation adjustment	Other	6/30/2021
Technical fittings, equipment and industrial tools	5.7	-	(1.4)	-	-	-	4.3
Property, plant and equipment in progress	9.3	4.0	-	-	0.1	(3.6)	9.8
Advances and down payments on property, plant and equipment	0.4	-	-	-	-	(0.3)	0.1
Other property, plant and equipment	199.7	12.8	(2.4)	-	4.1	4.8	219.0
Property, plant and equipment	**215.1**	**16.8**	**(3.8)**	**-**	**4.2**	**0.9**	**233.2**
Amort. /impairment of technical fittings, equipment and industrial tools	(3.7)	-	1.4	(0.8)	-	-	(3.1)
Amort. /impairment of other property, plant and equipment	(124.5)	-	2.3	(20.7)	(3.0)	0.6	(145.3)
Amort. /impairment of property, plant and equipment	**(128.2)**	**-**	**3.7**	**(21.5)**	**(3.0)**	**0.6**	**(148.4)**
Net value of property, plant and equipment	**86.9**	**16.8**	**(0.1)**	**(21.5)**	**1.2**	**1.5**	**84.8**

in €m	1/01/2020	Acquisitions	Disposals	Depreciation & amortization	Translation adjustment	Other	6/30/2020
Technical fittings, equipment and industrial tools	5.4	-	-	-	-	-	5.4
Property, plant and equipment in progress	11.2	5.1	-	-	-	(3.7)	12.5
Advances and down payments on property, plant and equipment	0.1	-	-	-	-	(0.1)	-
Other property, plant and equipment	173.3	11.9	(0.1)	-	(1.6)	1.3	184.9
Property, plant and equipment	**190.0**	**17.0**	**(0.1)**	**-**	**(1.6)**	**(2.5)**	**202.9**
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)
Amort. /impairment of property, plant and equipment	**(96.1)**	**-**	**2.2**	**(21.9)**	**1.2**	**2.0**	**(112.6)**
Net value of property, plant and equipment	**93.9**	**17.0**	**2.1**	**(21.9)**	**(0.4)**	**(0.5)**	**90.2**

3.10.3 Agreement Lease

3.10.3.1 Right of use

Rights of use break down as follows:

in €m	12/31/2020	6/30/2021		
	Net	Gross	Amortization, depreciation, and impairment	Net
Stores	308.6	567.2	(246.3)	320.9
Offices and warehouses	50.5	70.7	(22.5)	48.2
Capitalized fixed rents	**359.1**	**637.9**	**(268.8)**	**369.1**
Leasehold rights	117.6	129.9	(13.9)	116.0
Right of use	**476.7**	**767.8**	**(282.7)**	**485.1**

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

Gross value in €m	Capitalized discounted fixed lease payments			Leasehold rights	Total
	Stores	Offices and warehouses	Total		
January 1st, 2021	517.5	69.2	586.7	132.9	719.6
Arrangement of new leases	49.6	3.2	52.7	0.4	53.2
Expirations and early terminations	(12.1)	(1.5)	(13.6)	(4.2)	(17.8)
Reclassification of fixed assets in progress	-	-	-	0.1	0.1
Other (foreign exchange difference)	12.2	(0.1)	12.1	0.7	12.7
As of June 30, 2021	**567.2**	**70.7**	**637.9**	**129.8**	**767.8**

Amortization, depreciation and impairment in m€	Capitalized discounted fixed lease payments			Leasehold rights	Total
	Stores	Offices and warehouses	Total		
January 1st, 2021	(208.9)	(18.7)	(227.6)	(15.3)	(242.9)
Depreciation	(43.5)	(5.3)	(48.8)	(1.0)	(49.7)
Amortization and impairment	-	-	-	(0.9)	(0.9)
Expirations and early terminations	8.1	1.4	9.4	3.8	13.2
Other (exchange rate)	(2.0)	0.1	(1.9)	(0.4)	(2.3)
As of June 30, 2021	**(246.4)**	**(22.5)**	**(268.8)**	**(13.9)**	**(282.7)**
Net value as of June 30, 2021	**320.9**	**48.2**	**369.1**	**116.0**	**485.1**

Gross value in m€	Capitalized discounted fixed lease payments			Leasehold rights	Total
	Stores	Offices and warehouses	Total		
January 1st, 2020	510.0	75.4	585.4	130.4	715.8
Arrangement of new leases	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)
As of June 30, 2020	**543.6**	**75.6**	**619.2**	**130.4**	**749.6**

Amortization, depreciation, and impairment in m€	Capitalized discounted fixed lease payments			Leasehold rights	Total
	Stores	Offices and warehouses	Total		
January 1st, 2020	(100.6)	(11.0)	(111.5)	(9.9)	(121.4)
Recovery of rent-free periods	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 (exchange rate)	1.2	0.0	1.2	0.4	1.7
As of June 30, 2020	**(150.2)**	**(17.0)**	**(167.2)**	**(10.8)**	**(178.0)**
Net value as of June 30, 2020	**393.4**	**58.6**	**452.0**	**119.7**	**571.6**

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

3.10.3.2 Lease liability

Lease liabilities break down as follows:

in €m	12/31/2020	6/30/2021
Lease liabilities at more than 5 year	100.4	99.0
Lease liabilities at more than 1 year but less than 5 years	221.5	225.8
Lease liability at less than one year	98.2	98.9
Total	**420.1**	**423.7**

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

in €m	Stores	Offices and warehouses	Total
January 1st, 2021	367.6	52.6	420.1
Arrangement of new leases	49.0	3.2	52.1
Reimbursement of the nominal	(51.0)	(5.0)	(56.0)
Changes in incurred interests	0.1	0.1	0.2
Termination of lease	(2.1)	(0.1)	(2.2)
Other	9.5	(0.1)	9.4
As of June 30, 2021	**373.0**	**50.7**	**423.7**

in €m	Stores	Offices and warehouses	Total
January 1st, 2020	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)
As of June 30, 2020	**431.4**	**61.0**	**492.4**

3.10.4 Valuation of intangible assets with an indefinite useful life

3.10.4.1 Points of sales valuation

The Group defines its wholly owned sales as CGUs, i.e., the smallest grouping of assets (including rights of use, property, plant and equipment and intangible assets) that can individually generate cash flows.

A targeted review of the value of the certain or foreseeable point of sales closure has been achieved and the potential impact has been recognized as of June 30, 2021.

3.10.4.2 Goodwill valuation

While the points of sale were not tested, an impairment test was carried out on the groups of CGUs corresponding to the Group's three operating sectors: Sandro, Maje, Other Brands (see 4.2.1).

This impairment test was carried out in a context where the Covid pandemic continued to significantly disrupt commercial operations in the first half of 2021.

As part of the preparation of its annual strategic plan, the Group has reviewed the business outlook for its various segments, taking into account the expected impact of this situation. This strategic plan serves as the basis for the impairment test performed on each of the Group's CGU groupings as of December 31, 2020. It compares the net carrying amount of the CGU combination, comprising the brand name, the portion of goodwill allocated, rights of use, other non-current assets and working capital, with the higher of the fair value net of exit costs and the value in use of the CGU combination.

The value in use of the SMCP group is assessed on the basis of DCFs derived from an 8-year business plan. The Group expects to return to a level of profitability comparable to that of 2019 in 2023.

With no change since 2020, the Group has used for all these CGU groupings a discount rate of 10% and a long-term growth rate of 2%.

Of these three business segments, Others Brands only had intangible assets with a carrying amount close to their recoverable amount. The amount of these intangible assets at June 30, 2021, as well as the impairment amount that would result from a 100 basis point change in the discount rate after taxes, or a 100 basis point change in the growth rate beyond the duration of the plans, or a 200 basis point decrease in average compound sales growth over the duration of the plan or a 200 basis point decrease in average of the EBIT rate over the duration of the plan compared with rates applied at June 30, 2021 are detailed below:

in €m	Book value of assets in CGU combination at 6/30/2021	1.0% increase in the discount rate after taxes	1% decrease in the growth rate beyond the duration of the plans	Average cumulative sales growth rate decreased by 2%	Average cumulative EBIT rate decreased by 2%
Sandro	683.1	-	-	-	-
Maje	516.0	-	-	-	-
Other Trademarks	189.9	(16.4)	(4.4)	(15,9)	(28,2)
Total	**1,389.0**	**(16.4)**	**(4.4)**	**(15,9)**	**(28,2)**

Sensitivity to changes in the discount rate

The book value of the Sandro CGU combination would be higher than the recoverable amount if the discount rate was higher than 12.6% (ie discount rate used of 10% increase by 260 basis points).

The book value of the Maje CGU combination would be higher than the recoverable amount if the discount rate was higher than 15.4% (ie discount rate used of 10% increase by 540 basis points).

Sensitivity to perpetual growth rate variation

Assuming a perpetual growth rate of zero, the carrying amount of the Sandro CGU grouping and the Maje CGU grouping would remain below their recoverable amount.

Sensitivity to sales variation rate

The book value of the Sandro CGU combination would be higher than the recoverable amount if the annual sales variation rate was lower than 5.1% every year.

The book value of the Maje CGU combination would be higher than the recoverable amount if the annual sales variation rate was lower than 9.4% every year.

As every year, SMCP has reviewed its forecast targets with regard to the economic and health situation of the countries in which the Group operates it points of sale. The SMCP Group has historically respected its forecasts, except in 2019 with the impact of the gilets jaunes (yellow bibs) protests and demonstrations in Hong Kong, and in 2020 with the Coronavirus pandemic.

3.10.5 Inventories

The table below illustrates changes during the first half of 2021:

			6/30/2021 *in €m*
	Gross value	Impairment	Net value
Raw materials and other supplies	31.3	(6.9)	24.4
Finished products	202.8	(17.9)	184.9
Total inventories	**234.1**	**(24.8)**	**209.3**

			6/30/2020 *in €m*
	Gross value	Impairment	Net value
Raw materials and other supplies	36.6	(5.3)	31.3
Finished products	253.0	(22.0)	231.0
Total inventories	**289.6**	**(27.3)**	**262.3**

3.10.6 Trade receivables

	1/01/2021	Changes in gross value	Impairment	Reversals	Translation adjustment	Change in scope of consolidation	6/30/2021
Trade receivables	**53.6**	(5.6)	-	-	0.6	-	**48.6**
Provisions for impairment	**(0.1)**	-	(0.2)	-	-	-	**(0.3)**
Trade receivables, net	**53.5**	**(5.6)**	**(0.2)**	**-**	**0.6**	**-**	**48.3**

	1/01/2020	Changes in gross value	Impairment	Reversals	Translation adjustment	Change in scope of consolidation	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)**
Trade receivables, net	**58.4**	**(19.0)**	**(0.0)**	**(0.0)**	**(0.3)**	**(0.4)**	**38.8**

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.

7% of trade receivables are overdue as of June 30, 2021.

3.10.7 Other receivables

On June 30, 2021, other receivables totaled € 64.3 million and included prepaid expenses for € 20.7 million, advance payments to suppliers for € 10.7 million, tax receivables for € 21.8 million, particularly VAT recoverable by the Group from the tax authorities in the countries in which it operates and € 5.0 million of income tax receivables, mainly in France and Italy.

3.10.8 Share capital

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

A capital increase of 80,010 shares was approved by the Board of Directors on March 23, 2021;

As of June 30, 2021, the Company's fully subscribed and paid-up share capital amounted to € 83,267,404. It can be break down as follow:

- 74,798,149 fully paid-up ordinary shares with a value of one euro and ten cents (€ 1.10).
- 899,491 class "G" shares (the "ADP G, which are preference shares withing the meaning of Articles L.228-11 et seq of the French Commercial Code and have a value of one euro and ten cents (€ 1.10).

3.10.9 Consolidated net debt

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

en m€	12/31/2020 Published	12/31/2020 Restated (*)	Cash Impact	Reclass LT(1) to ST(2)	Translation adjustment	06/30/2021
Cash and cash équivalents	127.1	127.1	2.7	-	0.6	130.5
Current bank overdrafts	(2.6)	(2.6)	0.2	-	-	(2.5)
Cash and cash equivalents net of current bank overdrafts	**124.5**	**124.5**	**2.9**	**-**	**0.6**	**128.0**
Short-term borrowings and debt	(39.9)	(149.0)	(42.3)	(12.8)	-	(204.1)
Bank borrowings	(465.4)	(356.3)	56.5	12.8	-	(287.0)
Deposits and sureties received	(0.3)	(0.3)	0.2	-	-	(0.1)
Accrued interest on borrowings	(1.7)	(1.7)	(0.7)	-	-	(2.4)
Operating net debt	**(382.8)**	**(382.8)**	**16.6**	**-**	**0.6**	**(365.6)**

(*) The € 55-million- tranche of the amortizable term loan repayable in May 2021 and the € 55 million of NEU CP, which were presented in the annual consolidated financial statements as of December 31,2020 on the line "Non-current financial debt", have been reclassified on the line "Bank overdrafts and short-term borrowings and debt".

(1) "LT" stands for long-term

(2) "ST" stands for short-term

Compared to December 31, 2020, and as indicated in Significant Events 3.6.2, the Group has activated the 5-year extension option of the € 140 million state-guaranteed loan, signed an additional state-guaranteed loan of € 53 million, and repaid the € 40 million Bridge Loan and the first € 55 million tranche of the € 265 million amortizable term loan. As of June 30, 2021, the debt is composed of € 210 million amortizable term loan, the € 50 million RCF, the € 193 million state-guaranteed loan, the remaining € 35 million NEU CP and various bank debts of € 8.1 million.

The Group's debt leverage was 3.6x on June 30, 2021. The TLA and PGE covenants are met as of June 30, 2021.

3.10.10 Current and non-current provisions

The table below illustrates changes over the period presented:

in €m	1/01/2021	Additions	Reversals (utilized provisions)	Reversals (surplus provisions)	Other comprehensive income	6/30/2021
Provisions for risk and charges	4.0	0.1	(0.6)	0.1	-	3.6
Provisions for pension liabilities	4.5	0.5	(0.1)	-	-	4.9
Total non-current provisions	**8.5**	**0.6**	**(0.7)**	**0.1**	**-**	**8.5**
Provisions for contingencies	1.1	0.5	(0.2)	-	-	1.4
Total current provisions	**1.1**	**0.5**	**(0.2)**	**-**	**-**	**1.4**

in €m	1/01/2020	Additions	Reversals (utilized provisions)	Reversals (surplus provisions)	Other comprehensive income	6/30/2020
Provisions for risk and charges	3.8	6.1	(0.6)	-	-	9.2
Provisions for pension liabilities	3.9	0.5	(0.1)	-	-	4.4
Total non-current provisions	**7.7**	**6.6**	**(0.7)**	**-**	**-**	**13.6**
Provisions for contingencies	0.7	0.1	(0.2)	-	-	0.6
Total current provisions	**0.7**	**0.1**	**(0.2)**	**-**	**-**	**0.6**

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

3.10.11 Fair value of financial assets and liabilities

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

				31/12/2020		30/06/2021	
				en m€		*en m€*	
	Notes		Fair value hierarchy	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Loans and receivables		P&C	(*)	19,6	19,6	19,0	19,0
Non-current financial assets				**19,6**	**19,6**	**19,0**	**19,0**
Trade receivables	**3.10.6**	P&C	**(*)**	**53,5**	**53,5**	**48,3**	**48,3**
Derivative instruments eligible for hedge accounting (***)		JV par AERG/ JV par CdR	**2**	**2,0**	**2,0**	**0,3**	**0,3**
Cash and cash equivalents	**3.10.9**	P&C	**(*)**	**127,1**	**127,1**	**130,5**	**130,5**
Term Loan		Coût amorti	(*)	207,7	210,0	153,8	156,1
State-guaranted-loan		Coût amorti	(*)	138,9	140,0	125,1	126,0
Medium term loan		Coût amorti	(*)	9,7	9,7	8,1	8,1
Deposits and sureties received		Coût amorti	(*)	0,3	0,3	0,1	0,1
Accrued interest on borrowings		Coût amorti	(*)	1,7	1,7	2,4	2,4
Non current financial debt	**3.10.9**			**358,3**	**361,7**	**289,5**	**292,7**
Trade and other payables		Coût amorti	**(*)**	**128,7**	**128,7**	**123,2**	**123,2**
Bank overdraft		Coût amorti	(*)	2,6	2,6	2,5	2,5
Term Loan		Coût amorti	(*)	54,4	55,0	53,9	55,0
State-guaranted-loan		Coût amorti	(*)	-	-	65,4	67,0
RCF		Coût amorti	(*)	-	-	50,0	50,0
NEU CP		Coût amorti	(*)	54,7	55,0	34,7	35,0
Bridge		Coût amorti	(*)	39,9	40,0	-	-
Bank overdrafts and short-term borrowings and debt (*)	**3.10.9**			**151,7**	**152,6**	**206,6**	**209,5**
Derivative instruments eligible for hedge accounting (***)		JV par AERG/ JV par CdR	**2**	**0,8**	**0,8**	**4,2**	**4,2**

(*) 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

On June 30, 2021, the fair value of derivative instruments was 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).

3.10.12 Other liabilities

Other liabilities amounted to € 75.3 million on June 30, 2021 and were mainly composed of taxes, duties and other payroll-related liabilities totaling € 51.7 million and advances and prepayments from customers of € 8.6 million.

3.10.13 Liquidity risk

Taking into account the cash available (€ 130.5 million) and the RCF facilities (€ 150 million undrowned), the Group considers that its liquidity position is in line with its needs.

3.10.14 Capital markets risk management

The Group is exposed to the same risk and uncertainty as set out in note 5.17 Financial instruments and market risk management for consolidated financial statements on December 31, 2020. No additional risk was identified during the first half of 2021.

The fair values of asset and liability derivative financial instruments on June 30, 2021:

in €m	Positive Fair Value	Negative Fair Value	Net Fair Value
Terms	0.2	(3.4)	(3.2)
Options	0.1	(0.8)	(0.7)
Total	**0.3**	**(4.2)**	**(3.9)**

The fair value of asset and liability derivative financial instruments was as follows on December 31, 2020:

in €m	Positive Fair Value	Negative Fair Value	Net Fair Value
Terms	1.5	(0.5)	1.0
Options	0.6	(0.4)	0.2
Total	**2.1**	**(0.9)**	**1.2**

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 on December 31, 2020.

3.11.2 Headcount

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

Operational employees	6/30/2020	6/30/2021
France	2,440	2,408
Europe (except France)	1,554	1,520
America	709	525
Asia	1,286	1,363
Total headcount	5,989	5,816

3.11.3 Transactions with associated companies and related parties

The Group's transactions with related parties mainly concern:

- compensation and similar benefits granted to members of the Board of Directors and the Supervisory Board,
- transactions with members of the Board of Directors and the Supervisory Board.

Related party transactions are carried out on a market price basis.

During the first half of 2021, there were no significant changes.

3.11.4 Scope of consolidation

The table below shows the scope of consolidation as of June 30, 2021 is unchanged from December 31, 2020.

3.11.1 Subsequents events

3.11.1.1 Governance

On August 2, 2021, the Board of Directors announced that it had taken note of the resignation of Daniel Lalonde. As a result, the Board of Directors appointed Isabelle Guichot, previously Chief Executive Officer of Maje, as Chief Executive Officer and Director of the SMCP Group. Daniel Lalonde will work alongside Isabelle Guichot for a transition period and will leave the Group by October 2021.

4. STATUTORY AUDITORS' REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Period from January 1, 2021 to June 30, 2021

To the Shareholders of SMCP S.A.,

In compliance with the assignment entrusted to us by your 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 consolidated financial statements of SMCP S.A., for the half-year ended June 30, 2021;
- the verification of the information presented in the half-yearly management report and conclusion on work not seen.

Due to the global crisis related to the Covid-19 pandemic, the condensed half-yearly consolidated financial statements of this period have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our procedures.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France.

A limited review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, Interim Financial Reporting, as adopted by the European Union.

II - Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review prepared on September 7, 2021.

We have no comments to make on its fair presentation and its consistency with the condensed half-yearly consolidated financial statements.

Paris La Défense,
September 9, 2021

The Statutory Auditors

KPMG S.A.	Deloitte & Associés
Valéry Foussé *Partner*	Albert Aidan *Partner*